as lieutenant general, United States Air Force, under the provisions of section 504 of the Officer Personnel Act of 1947, to be assigned to a position of importance and responsibility designated by the President under subsection (b) of section 504.

The following-named officers for temporary appointment in the United States Air Force under the provisions of section 515, Officer Personnel Act of 1947:

To be major general

Brig. Gen. Hugh Arthur Parker, 505A, Regular Air Force.
Brig. Gen. Walter Irwin Miller, AO913582, Air Force Reserve.
Brig. Gen. John Paul Doyle, 274A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Manning Eugene Tillery, 293A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Edward Pont Mechling, 327A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Frank Hamlet Robinson, 336A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Walter Robertson Agee, 413A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Harold Winfield Grant, 497A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Henry Keppler Mooney, 589A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Raymond Judson Reeves, 1082A (colonel, Regular Air Force), United States Air Force.
Brig. Gen. Thomas Patrick Gerrity, 1613A (colonel, Regular Air Force), United States Air Force.

To be brigadier general

Col. Leslie Granger Mulzer, AO138777, Air Force Reserve.
Col. John Caswell Crosthwaite, 295A, Regular Air Force.
Col. Robert Scott Israel, Jr., 354A, Regular Air Force.
Col. Edgar Alexander Sirmyer, Jr., 394A, Regular Air Force.
Col. Lawrence McIlroy Guyer, 454A, Regular Air Force.
Col. Donald Philip Graul, 455A, Regular Air Force.
Col. John Coleman Horton, 457A, Regular Air Force.
Col. Winslow Carroll Morse, 515A, Regular Air Force.
Col. William Leroy Kennedy, 517A, Regular Air Force.
Col. George Frank McGuire, 539A, Regular Air Force.
Col. Edward Bone Gallant, 577A, Regular Air Force.
Col. Julian Merritt Chappell, 583A, Regular Air Force.
Col. Edward Nolen Backus, 604A, Regular Air Force.
Col. Robert Lee Scott, Jr., 640A, Regular Air Force.
Col. James Simon Cathroe, 18821A, Regular Air Force.
Col. Robert Edward Lee, 19033A, Regular Air Force.
Col. William Charles Kingsbury, 923A, Regular Air Force.
Col. Charles Anthony Heim, 1033A, Regular Air Force.
Col. Haskell Erva Neal, 1047A, Regular Air Force.
Col. George Bernard Dany, 1061A, Regular Air Force.
Col. Perry Bruce Griffith, 1075A, Regular Air Force.
Col. William Harvey Wise, 1083A, Regular Air Force.
Col. John William White, 1087A, Regular Air Force.
Col. Robert Morris Stillman, 1114A, Regular Air Force.
Col. Thomas Joseph Gent, Jr., 1130A, Regular Air Force.
Col. Dolf Edward Muehleisen, 1144A, Regular Air Force.
Col. Harold Lee Neely, 1161A, Regular Air Force.
Col. John Edward Murray, AO372910, Air Force Reserve.
Col. Emmett Buckner Cassady, 1095A, Regular Air Force.
Col. Cecil Edward Combs, 1203A, Regular Air Force.
Col. Lawrence Clinton Coddington, 1275A, Regular Air Force.
Col. Avelin Paul Tacon, Jr., 1566A, Regular Air Force.
Col. Claude Edwin Putnam, Jr., 1593A, Regular Air Force.
Col. Frank Edwin Rouse, 1595A, Regular Air Force.
Col. William Kemp Martin, 1697A, Regular Air Force.
Col. Ralph Lowell Wassell, 1730A, Regular Air Force.
Col. Horace Milton Wade, 1872A, Regular Air Force.
Col. Joseph Randall Holzapple, 1897A, Regular Air Force.
Col. Joseph James Preston, 1966A, Regular Air Force.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 22, 1955:

POSTMASTERS

ALABAMA

Hobson J. Horton, Fort Payne.

ARIZONA

Clarence Mortimer Palmer, Jr., Tombstone.

CALIFORNIA

Owen J. Underwood, Placentia.
Ray F. Hawkins, Vallejo.

GEORGIA

William B. Haskins, Dudley.

IDAHO

Thomas M. Vaughn, Richfield.

INDIANA

Bonita M. Weimann, Laketon.
Lee H. Williamson, Rolling Prairie.

IOWA

Glenn O. Jones, Atlantic.
George R. Helble, Bettendorf.
Allan H. Rohwer, Dixon.
Clarence A. Norland, Marshalltown.
Thursa L. Hinchliff, Minburn.
Ila O. Benge, Pleasantville.
David L. Rundberg, Yale.

KANSAS

Gordon K. Ethridge, Ada.
Wayne E. Rinne, Gardner.
Richard A. Carpenter, Girard.
Everett J. Fritts, Gorham.
Jean D. Fretz, Liberal.
Harold H. Kneisel, Powhattan.

MAINE

Allan Joseph Wentworth, Kittery.

MASSACHUSETTS

Roger H. Hinds, Canton.

MISSISSIPPI

Lealon P. Yarber, Belmont.

NEBRASKA

Norris P. Sensel, Culbertson.
James L. Vrba, Howells.

NEW HAMPSHIRE

Gerald P. Merrill, Pittsburg.

NEW JERSEY

Helen B. Abbott, Alloway.
Helen A. Grod, Hackensack.

NEW MEXICO

Bill Foster, Portales.

NEW YORK

Ida Mae Hopkins, Cincinnatus.
Eva H. Chambers, Dresden.
Ignatius Fafinski, Dunkirk.
William F. Pfarrer, Hilton.
Henrietta B. Heitmann, South Kortright.
John L. Button, South New Berlin.
Leon P. Carey, Woodstock.
Richard M. Hunter, Wappingers Falls.

NORTH CAROLINA

James M. Armstrong, Belmont.

OHIO

Richard J. Phillips, Bowling Green.

OKLAHOMA

Bill M. Penwright, Calumet.

PENNSYLVANIA

William H. Strauch, Cressona.
Charles R. Root, Gillett.
Julia K. Hammond, Lima.

TENNESSEE

Norris Y. Brown, Bullsgap.
Sarah L. Graves, Louisville.
Fred Gentry, McEwen.
Jesse F. Branson, Washburn.
Gettis H. Hudson, Whitwell.

VIRGINIA

Thornton S. Terry, Axton.
Dorothy M. Cliborne, McKenney.

WEST VIRGINIA

Richard L. McDowell, Burlington.

WISCONSIN

Robert R. Smith, Caroline.
David P. Berger, Port Edwards.
Terence P. Arseneau, Washburn.

WITHDRAWALS

Executive nominations withdrawn from the Senate June 22, 1955:

POSTMASTERS

MICHIGAN

Lealie F. Augsbach to be postmaster at Spring Lake in the State of Michigan.

PENNSYLVANIA

Frank A. Bialas to be postmaster at Wilmore in the State of Pennsylvania.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 22, 1955

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Most merciful and gracious God, inspire us now with a more vivid sense of Thyself, in whom alone we may find strength for today and hope for tomorrow.

Grant that we may also have a conscience that is more sensitive and alert to the fact of human solidarity and the reality that mankind is one in origin and destiny.

Make us eager to minister to all the members of the human family in their struggles and longings for the blessings of health and happiness.

May it be the goal of all our aspirations to hasten the coming of that glorious day when there shall be peace on earth and good will among men.

Hear us in the name of the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communi-

cated to the House by Mr. Hawks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On June 8, 1955:

H. R. 625. An act to provide for the adjustment of tolls to be charged by the Wayland Special Road District No. 1 of Clark County, Mo., in the maintenance and operation of a toll bridge across the Des Moines River at or near St. Francisville, Mo.;

H. R. 3879. An act to amend section 2 of the act of March 2, 1945, pertaining to the Columbia River at Bonneville, Oreg.;

H. R. 4646. An act to amend section 4421 of the Revised Statutes in order to remove the requirement as to verifying under oath certain certificates of inspection, and for other purposes;

H. R. 4817. An act relating to the payment of money orders;

H. R. 5223. An act to continue until the close of June 30, 1956, the suspension of duties and import taxes on metal scrap, and for other purposes; and

H. R. 5224. An act to amend title 14, United States Code, entitled "Coast Guard," to authorize certain early discharges of enlisted personnel, and preserve their rights, privileges, and benefits.

On June 15, 1955:

H. R. 3825. An act to make retrocession to the Commonwealth of Massachusetts of jurisdiction over certain land in the vicinity of Fort Devens, Mass.;

H. R. 4294. An act to amend section 640 of title 14, United States Code, concerning the interchange of supplies between the Armed Forces; and

H. R. 4725. An act to repeal sections 452 and 462 of the Internal Revenue Code of 1954.

On June 16, 1955:

H. R. 5085. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1956, and for other purposes;

H. R. 5100. An act to amend Veterans Regulation No. 7 (a) to clarify the entitlement of veterans to outpatient dental care;

H. R. 5106. An act to amend the Servicemen's Readjustment Act of 1944 so as to authorize loans for farm housing to be guaranteed or insured under the same terms and conditions as apply to residential housing; and

H. R. 5177. An act to authorize the Administrator of Veterans' Affairs to reconvey to Richland County, S. C., a portion of the Veterans' Administration hospital reservation, Columbia, S. C.

On June 21, 1955:

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;

H. R. 891. An act for the relief of Alberto Cortez Cortez;

H. R. 970. An act for the relief of Kyung Ho Park (Syung Sil Park) and his wife, Mrs. Young Sil Lee;

H. R. 1002. An act for the relief of L. S. Goedeke;

H. R. 1401. An act for the relief of Ewing Choat;

H. R. 1487. An act for the relief of Rosa Maria Phillips;

H. R. 1656. An act for the relief of Chen Chih-Keui;

H. R. 1974. An act for the relief of Shirley W. Rothra;

H. R. 2236. An act for the relief of Mary Rose and Mrs. Alice Rose Spittler;

H. R. 3020. An act for the relief of Buonaventura Giannone;

H. R. 4659. An act to amend section 16 of the act entitled "An act to adjust the salaries of postmasters, supervisors, and employees in the field service of the Post Office Department," approved October 24, 1951 (65 Stat. 632; 39 U. S. C. 876c);

H. R. 5089. An act to extend the time for filing application by certain disabled veterans for payment on the purchase price of an automobile or other conveyance, and for other purposes;

H. R. 5398. An act to increase the efficiency of the Coast and Geodetic Survey, and for other purposes;

H. R. 5695. An act to continue until the close of June 30, 1958, the suspension of certain import taxes on copper; and

H. R. 5907. An act for the relief of Albert Woolson.

On June 22, 1955:

H. R. 4359. An act to amend the act of September 30, 1950 (64 Stat. 1096), to provide for the conveyance of certain real property to the city of Richmond, Calif.; and

H. R. 5146. An act to authorize the President to promote Paul A. Smith, a commissioned officer of the Coast and Geodetic Survey on the retired list, to the grade of rear admiral (lower half) in the Coast and Geodetic Survey, with entitlement to all benefits pertaining to any officer retired in such grade.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McBride, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 232. Joint resolution authorizing the erection of a memorial gift from the Government of Venezuela.

The message also announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4904. An act to extend the Renegotiation Act of 1951 for 2 years.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1894. An act to provide for the participation of the United States in the International Finance Corporation.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1747. An act to increase the public benefits from the national park system by facilitating the management of museum properties relating thereto, and for other purposes.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1956

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5046) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, 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 Rhode Island? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. FOGARTY, FERNANDEZ, LANHAM, DENTON, CANNON, TABER, HAND, and JENSEN.

GENERAL GOVERNMENT AGENCIES APPROPRIATION BILL, 1956

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6499) making appropriations for the Executive Office of the President and sundry general Government agencies 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 Alabama? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. ANDREWS, MAHON, SHEPPARD, GARY, RABAUT, SHELLEY, CANNON, FENTON, COUDERT, WILSON of Indiana, JAMES, and TABER.

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent that the conferees on the disagreeing votes of the two Houses may have until 12 o'clock tonight to file a conference report on the bill H. R. 6499.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

MOSES AARON BUTTERMAN

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1085) for the relief of Moses Aaron Butterman, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 1, line 10, after "Act", insert ": *And provided further*, That the exemption granted herein shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

WENCENTY PETER WINIARSKI

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1660) for the relief of Wencenty Peter Winiarski, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Line 7, strike out all after "fee." down to and including "available." in line 11.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

ORRIN J. BISHOP

Mr. LANE. Mr. Speaker, I ask unanimous consent that the proceedings whereby the House concurred in the amendment of the Senate, to the bill H. R. 4249 for the relief of Orrin J. Bishop be vacated and that the Clerk of the House be authorized to request the return of the message to the Senate notifying them that the House had concurred in the said amendment.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CARL E. EDWARDS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 947) for the relief of Carl E. Edwards, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 5, strike out all after "*Provided*," down to and including "enactment" in line 7 and insert "That no benefits other than hospital and medical expense actually incurred shall accrue prior to the date of enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

IS "PRO" BOXING A SPORT OR A RACKET?

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, the best of fighters and managers will confide to you—off the record—that the boxing "business" would not look too good if it had to stand up to an investigation.

New talent has a hard time breaking into the "closed circuits" of the big cities.

So many people get to "own a piece of" a promising young fighter, that he begins to resemble a commodity, rather than an athlete.

Mobsters have muscled in on the game, to the detriment of clean sport. Ask the police departments of any large city, who are familiar with the ways and the hangouts of the criminal elements. Fighters and managers who are "on the level" don't like the setup, but what can they do about it? Only an aroused public opinion can save the sport for the boxers and the fans.

The most recent tipoff came with the action of Governor Leader, of Pennsylvania, who suspended boxing operations in his State for 90 days following the strange circumstances surrounding the Johnson-Mederos contest.

It is no secret that this popular sport is under the tight and all-powerful control of a few men who run the game to suit themselves, with little regard for the boxing commissions in the several States, as audiences, through the medium of radio and television, have become national instead of local, it would seem that this professional sport should be subject to Federal control since it has failed to regulate itself.

Monopolistic drives, to put it mildly, have "sewed up" the game.

For this and other reasons, I believe that professional boxing should answer to a searching investigation that will expose every hidden combination and influence.

I, therefore, request that a subcommittee of the Judiciary Committee of the House of Representatives be given specific instructions and adequate funds to conduct a far-reaching investigation of all phases of professional boxing.

INDEPENDENT OFFICES APPROPRIATION BILL, 1956

Mr. THOMAS. Mr. Speaker, I call up the conference report on the bill (H. R. 5240) making appropriations for the sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1956, and for other purposes and ask unanimous consent that the statement of the Managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 871)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5240) making appropriations for the sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1956, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 10, 17, 18, 20, 22, 37, 42, 47, 49, 51, 54, 58, 59, and 60.

That the House recede from its disagreement to the amendments of the Senate numbered 12, 28, and 52 and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$233,000,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$5,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$11,300,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: "$32,650,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$3,500,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$160,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,262,500"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$97,595,500"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$11,600,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$145,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$58,750"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$3,005,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,125,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,100,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$117,500"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amend-

ment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed by said amendment insert "twenty-three passenger motor vehicles, of which twelve shall be"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$263,700"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$5,000,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$3,000,000"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$8,200,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$81,750,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"General expenses: For necessary expenses of the Interstate Commerce Commission not otherwise provided for, including not to exceed $5,000 for employment of special counsel; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), at rates not to exceed $50 per diem for individuals; newspapers (not to exceed $200); purchase of not to exceed forty passenger motor vehicles, of which twenty shall be for replacement only; and not to exceed $330,000 for expenses of travel; $10,437,000, of which $125,000 shall be available for expenses necessary to carry out such defense mobilization functions as may be delegated pursuant to law: *Provided*, That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such.

"Railroad safety: For expenses necessary in performing functions authorized by law (45 U. S. C. 1–15, 17–21, 34–46, 61–64; 49 U. S. C. 26) to insure a maximum of safety in the operation of railroads, including authority to investigate, test experimentally, and report on the use and need of any appliances or systems intended to promote the safety of railway operation, including those pertaining to block-signal and train-control systems, as authorized by the joint resolution approved June 30, 1906, and the Sundry Civil Act of May 27, 1908 (45 U. S. C. 35–37), and to require carriers by railroad subject to the Act to install automatic train-stop or train-control devices as prescribed by the Commission (49 U. S. C. 26), including the employment of inspectors and engineers, and including not to exceed $163,050 for expenses of travel, $974,500.

"Locomotive inspection: For expenses necessary in the enforcement of the Act of February 17, 1911, entitled "An Act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto", as amended (45 U. S. C. 22–34), including not to exceed $112,620 for expenses of travel, $709,500."

And the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$330,000"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$60,135,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$12,565,000"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$120,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$16,000,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,150,000"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$132,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,955,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the number proposed by said amendment insert "thirty"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$72,500"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$145,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$75,800"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$27,216,000"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$158,002,000" and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$500,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,600,000"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert: "$10,750,000"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$8,200,000"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$530,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 50, and 53.

ALBERT THOMAS,
EDWARD P. BOLAND,
CLARENCE CANNON,
JOHN PHILLIPS,
C. W. VURSELL,
HAROLD C. OSTERTAG,
JOHN TABER,
Managers on the Part of the House.

WARREN G. MAGNUSON,
LISTER HILL,
ALLEN J. ELLENDER,
A. WILLIS ROBERTSON,
RICHARD B. RUSSELL,
JOHN L. MCCLELLAN,
EVERETT MCKINLEY DIRKSEN,
LEVERETT SALTONSTALL,
WILLIAM F. KNOWLAND,
JOSEPH R. MCCARTHY,
CHARLES E. POTTER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 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, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TITLE I—INDEPENDENT OFFICES

Alexander Hamilton Bicentennial Commission

Amendment No. 1: Reported in disagreement.

Civil Service Commission

Amendment No. 2—Payment to civil-service retirement and disability fund: Appropriates $233,000,000 instead of $250,000,000 as proposed by the House and $216,000,000 as proposed by the Senate.

Federal Civil Defense Administration

Amendments Nos. 3 and 4—Operations: Authorize the use of $5,000 for the purchase of newspapers, periodicals, and teletype news services instead of $1,000 as proposed by the House and $9,000 as proposed by the Senate; and appropriate $11,300,000 instead of $11,000,000 as proposed by the House and $11,600,000 as proposed by the Senate.

Amendment No. 5—Emergency supplies and equipment: Appropriates $32,650,000 instead of $30,000,000 as proposed by the House and $35,300,000 as proposed by the Senate.

Funds appropriated to the President

Amendment No. 6—Disaster relief: Appropriates $3,500,000 instead of $2,000,000 as proposed by the House and $5,000,000 as proposed by the Senate.

Federal Power Commission

Amendment No. 7—Salaries and expenses: Restores language proposed by the House.

In the language of the proviso pertaining to the furnishing of assistance and information relating to the electric power and gas industries, the committee of conference does not intend to restrict regulatory activities but just the dissemination of information related thereto.

Federal Trade Commission

Amendments Nos. 8 and 9—Salaries and expenses: Authorize the use of $160,000 for expenses of travel instead of $144,250 as proposed by the House and $175,000 as proposed by the Senate; and appropriate $4,262,500 instead of $4,225,000 as proposed by the House and $4,300,000 as proposed by the Senate.

General Accounting Office

Amendment No. 10—Salaries and expenses: Strikes out language proposed by the Senate.

General Services Administration

Amendments Nos. 11 and 12—Operating expenses, Public Building Service: Appropriate $97,595,500 instead of $95,960,000 as proposed by the House and $99,231,000 as proposed by the Senate; and earmark $7,000,000 for repair and improvement of buildings in the District of Columbia as proposed by the Senate instead of $7,500,000 as proposed by the House.

Amendment No. 13—Emergency operating expenses: Appropriates $11,600,000 instead of $10,000,000 as proposed by the House and $13,200,000 as proposed by the Senate.

Amendment No. 14—Repair, improvement, and equipment of federally owned buildings outside the District of Columbia: Authorizes the use of $145,000 for expenses of travel instead of $100,000 as proposed by the House and $190,000 as proposed by the Senate.

Amendments Nos. 15 and 16—Operating expenses, Federal Supply Service: Authorize the use of $58,750 for expenses of travel instead of $46,600 as proposed by the House and $70,900 as proposed by the Senate; and appropriate $3,005,000 instead of $2,890,000 as proposed by the House and $3,120,000 as proposed by the Senate.

Amendments Nos. 17, 18, and 20: Restore language proposed by the House limiting transfers between appropriations or funds in certain items of the General Services Administration.

Amendment No. 19—Administrative operations: Appropriates $4,125,000 instead of $4,000,000 as proposed by the House and $4,250,000 as proposed by the Senate.

Amendment No. 21—United States Post Office and Courthouse, Nome, Alaska: Appropriates $1,100,000 instead of $1,000,000 as proposed by the House and $1,200,000 as proposed by the Senate.

Amendment No. 22: Strikes out language proposed by the Senate. In striking the matter proposed by the Senate relating to tape operated recording and reproducing electric writing machines the committee of conference states that this is a matter subject to definition and the Bureau of the Budget should review the entire subject.

Amendment No. 23—Abaca fiber program: Authorizes the use of $117,500 for administrative expenses instead of $100,000 as proposed by the House and $135,000 as proposed by the Senate.

Housing and Home Finance Agency

Amendments Nos. 24, 25, and 26—Office of the Administrator, Salaries and expenses: Authorize the purchase of 23 passenger vehicles instead of 12 as proposed by the House and 33 as proposed by the Senate; authorize the use of $263,700 for expenses of travel instead of $169,325 as proposed by the House and $358,100 as proposed by the Senate; and appropriate $5,000,000 instead of $4,300,000 as proposed by the House and $6,050,000 as proposed by the Senate.

Amendment No. 27—Reserve of planned public works: Appropriates $3,000,000 instead of $2,500,000 as proposed by the House and $3,500,000 as proposed by the Senate.

Amendment No. 28—Capital grants for slum clearance and urban renewal: Appropriates $50,000,000 as proposed by the Senate instead of $60,000,000 as proposed by the House.

Amendment No. 29—Public Housing Administration, administrative expenses: Appropriates $8,200,000 instead of $8,000,000 as proposed by the House and $8,400,000 as proposed by the Senate.

Amendment No. 30—Annual contributions: Appropriates $81,750,000 instead of $80,000,000 as proposed by the House and $83,500,000 as proposed by the Senate.

Interstate Commerce Commission

Amendment No. 31: Strikes out language proposed by the House and inserts language proposed by the Senate making three separate appropriations for this agency. Item for general expenses as proposed by the Senate is amended to provide for the purchase of 40 passenger motor vehicles instead of 50 as proposed by the Senate, to authorize the use of $330,000 for expenses of travel instead of $358,880 as proposed by the Senate, and to appropriate $10,437,000 instead of $10,583,000 as proposed by the Senate. Appropriations provided total $12,121,000 instead of $11,975,000 as proposed by the House and $12,267,000 as proposed by the Senate.

National Advisory Committee for Aeronautics

Amendments Nos. 32 and 33—Salaries and expenses: Authorize the use of $330,000 for expenses of travel instead of $310,000 as proposed by the House and $350,000 as proposed by the Senate; and appropriate $60,135,000 instead of $56,000,000 as proposed by the House and $63,500,000 as proposed by the Senate.

Amendment No. 34—Construction and equipment: Appropriates $12,565,000 instead of $11,700,000 as proposed by the House and $13,000,000 as proposed by the Senate.

National Science Foundation

Amendments Nos. 35 and 36—Salaries and expenses: Authorize the use of $120,000 for expenses of travel instead of $89,500 as proposed by the House and $150,000 as proposed by the Senate; and appropriate $16,000,000 instead of $12,250,000 as proposed by the House and $20,000,000 as proposed by the Senate.

National Security Training Commission

Amendment No. 37—Salaries and expenses: Strikes out language proposed by the Senate.

Renegotiation Board

Amendment No. 38—Salaries and expenses: Appropriates $4,150,000 instead of $3,750,000 as proposed by the House and $4,250,000 as proposed by the Senate.

Securities and Exchange Commission

Amendments Nos. 39 and 40—Salaries and expenses: Authorize the use of $132,000 for expenses of travel instead of $125,000 as proposed by the House and $138,360 as proposed by the Senate; and appropriate $4,955,000 instead of $4,875,000 as proposed by the House and $4,997,000 as proposed by the Senate.

Selective Service System

Amendments Nos. 41, 42, 43, 44, 45, 46, and 47—Salaries and expenses: Authorize the purchase of 30 motor vehicles for replacement only instead of 20 as proposed by the House and 39 as proposed by the Senate; strike out language proposed by the Senate; authorize the use of $72,500 for expenses of travel, National Administration, Planning, Training, and Records Management instead of $70,000 as proposed by the House and $75,000 as proposed by the Senate; authorize the use of $145,000 for expenses of travel, State Administration, Planning, Training, and Records Servicing instead of $140,000 as proposed by the House and $150,000 as proposed by the Senate; earmark $75,800 for the National Selective Service Appeal Board instead of $75,000 as proposed by the House and $76,700 as proposed by the Senate; appropriate $27,216,000 instead of $26,958,875 as proposed by the House and $27,474,000 as proposed by the Senate; and restore language proposed by the House providing $20,963,700 for expenses of local boards.

Veterans Administration

Amendments Nos. 48 and 49—General operating expenses: Appropriate $158,002,000 instead of $155,000,000 as proposed by the House and $161,004,000 as proposed by the Senate; and strike out language proposed by the Senate.

Amendment No. 50: Reported in disagreement.

Amendment No. 51—Outpatient care: Strikes out language proposed by the Senate.

Amendment No. 52—Hospital and domiciliary facilities: Strikes out language proposed by the House and inserts language as proposed by the Senate.

Amendment No. 53: Reported in disagreement.

Amendment No. 54: Corrects section number.

TITLE II—CORPORATIONS

Housing and Home Finance Agency

Amendment No. 55—Office of the Administrator, housing loans to educational institutions: Authorizes the use of $500,000 for administrative expenses instead of $425,000 as proposed by the House and $575,000 as proposed by the Senate.

Amendments Nos. 56 and 57—Office of the Administrator, revolving fund (liquidating programs): Authorize the use of $2,600,000 for administrative expenses instead of $2,500,000 as proposed by the House and $2,700,000 as proposed by the Senate; and authorize $10,750,000 for nonadministrative expenses instead of $10,000,000 as proposed by the House and $11,500,000 as proposed by the Senate.

Amendment No. 58—Home Loan Bank Board: Authorizes $2,995,000 for nonadministrative expenses as proposed by the House instead of $2,870,000 as proposed by the Senate.

Amendments Nos. 59 and 60—Federal Savings and Loan Insurance Corporation: Authorize $985,000 for administrative expenses as proposed by the House instead of $500,000 as proposed by the Senate; and authorize $90,000 for expenses of travel as proposed by the House instead of $15,000 as proposed by the Senate. The committee of conference is agreed that the increase of $485,000 over the budget estimate shall be used only for making examinations of insured institutions on at least a 12-month basis, and no part

of the increase shall be used for reappraisals of property security underlying loans insured by the Corporation.

Amendments Nos. 61 and 62—Public Housing Administration: Authorize $8,200,000 for administrative expenses instead of $8,000,000 as proposed by the House and $8,400,000 as proposed by the Senate; and authorize the use of $530,000 for expenses of travel instead of $500,000 as proposed by the House and $560,000 as proposed by the Senate.

ALBERT THOMAS,
EDWARD P. BOLAND,
CLARENCE CANNON,
JOHN PHILLIPS,
C. W. VURSELL,
HAROLD C. OSTERTAG,
JOHN TABER,
Managers on the Part of the House.

Mr. THOMAS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

The THOMAS. I yield.

Mr. PHILLIPS. Very briefly, I see in a number of places we refer under the selective-service provisions to the local committees. I take it for granted that it is understood that all provisions include both local committees and appeal boards.

Mr. THOMAS. That is true.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 2 insert:

"ALEXANDER HAMILTON BICENTENNIAL COMMISSION

"For an additional amount for 'Alexander Hamilton Bicentennial Commission,' $15,000: *Provided*, That said appropriation shall be immediately available and remain available until expended."

Mr. THOMAS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The SPEAKER. The question is on the motion offered by the gentleman from Texas that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 50: Page 31, line 11, insert: "*Provided further*, That no part of any appropriation shall be used to pay educational institutions for reports and certifications of attendance at such institutions an allowance at a rate in excess of $1 per month for each eligible veteran enrolled in and attending such institution."

Mr. THOMAS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The SPEAKER. The question is on the motion offered by the gentleman from Texas that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 53: Page 41, line 1, strike out:

"SEC. 108. No part of any appropriation contained in this title shall be used to pay the compensation of any officers and employees who allocate positions in the classified civil service with a requirement of maximum age for such positions."

Mr. THOMAS. Mr. Speaker, I move that the House concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. THOMAS moves that the House recede from its disagreement to the amendment of the Senate numbered 53, and concur therein with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 108. No part of any appropriation contained in this title shall be used to pay the compensation of any officers and employees who allocate positions in the classified civil service with a requirement of maximum age for such positions: *Provided*, That (1) ability and (2) qualifications for employment to such positions shall be the governing considerations."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

(By unanimous consent, at the request of Mr. YATES, the following remarks, made by him later in the day under a special order previously granted him, were ordered to be printed at this point in the RECORD.)

Mr. YATES. Mr. Speaker, I want only to comment on the amendment I offered when this bill was before the House which, in effect, prohibited any agency in the executive branch from refusing employment in the Federal service to a person solely because of his age. The House accepted the amendment, but it was stricken from the Senate bill. The conference report which we bring back to the House today, restores it, and, in my judgment, is a significant and progressive step toward breaking down one of the most unfair and unreasonable employment evils confronting our aging citizens—and that is the much too prevalent practice of refusing to hire a person because his birth certificate says that he was born too long ago.

And what is too long ago? I stated that this is an evil confronting our aging citizens. Is a person an aging citizen at age 35 or 40? Is 36 years of age too ripe an age for a Federal tax collector? Is a woman 35 years of age too old to be a good secretary? The Civil Service Commission thinks so—it has refused to even consider applications of persons beyond these years for jobs of this type.

Early this year my attention was called to the case of a young machinist in St. Louis named Nick C. Mlinarich, who was laid off from his job. In order to qualify for unemployment compensation, he had to show that he had tried to get a job elsewhere. He happened to see a form announcement by the United States Civil Service Commission of an examination for tax collector GS-5. When he applied for the position his application was returned by the Commission with the statement that he did not qualify—that there were minimum and maximum age limits—from 18 to 35. He was prohibited from seeking this job only because he was 36 years old, even though he may have been completely qualified for it in all other respects. He was never given an opportunity to present his other qualifications.

In the New York Times of September 25, 1954, the story appeared of the recruitment of 100 stenographers and typists by the Federal Government, but they must be under 35 years of age. How many of our secretaries are under age 35? Their most valuable quality is experience and knowledge, which only come with years of work and training. And these are not the only cases of barring employment because of age.

Suppose maximum age were a barrier to election to Congress—imagine what would happen to this Congress if there were such a thing as maximum age to our election. Today, no Member of Congress is under 30. Thirteen percent of the Representatives and only 4 percent of the Senators are under 40. If the test used by the Civil Service Commission were used for congressional employment, almost all of us would be out of jobs.

We must face up to the fact that our country is growing older. While the Nation's total population has doubled since 1900, the age group from 45 to 64 has trebled. The number of persons over 64 has quadrupled.

Other figures show that one-third of the country's working force is now over 45; by 1975 about half the population of voting age will be past 45. Does it make sense to recognize as valid an employment practice which refuses to hire so many people solely on account of age?

A few months ago there were 2.8 million persons unemployed. Of these 2 million were age 45 and under; 800,000 were 46 and older. Shortly thereafter, 426,400 unemployed workers found jobs. Of these, 349,600 were 45 and under; 76,800 were 46 and older. What do these statistics show? They show that workers over 45 make up 29 percent of the total unemployed, and that when new jobs open up, only 18 percent of such persons get new jobs.

A man who finds himself out of a job after he has passed his middle forties, or a woman past 35, is in a very tough spot. Unless he has some special skill which happens to be in short supply, he has an exceedingly difficult time getting through the hiring gate. Many concerns have a fixed policy which forbids the hiring of any worker except under special circumstances, who is 45 years of age or over. For a woman, this discrimination is likely to set in some 10 years earlier.

Even when no such fixed policy exists, the prejudice against hiring a middle-aged or older worker is so general that he is more than likely to be turned down. The records show that depending on the kind and skill he possesses, it is from 2 to 6 times harder for a worker in these age brackets to get a job than for the younger man. His period of unemployment between jobs is likely to stretch into many anxious weeks and months. And when finally he does get back on a payroll—if he does—it may be at reduced wage or under circumstances that give him no real job security. For the rest, far too many, after repeated turndowns, give up the struggle and take themselves out of the labor market entirely.

Far too many of our older people are living frustrated and anxiety ridden lives, either dependent on others or

struggling to make ends meet on inadequate incomes. Faced with problems relating to health and medical care, places to live, and the need for recreation, they find life increasingly difficult. We must not deny our fellow Americans a chance to earn their living and maintain their self-respect.

Difficult in employment is only one aspect of the problems of our aging citizens. As a Nation, our immediate task is to provide roles for our older people, which will make use efficiently of their admitted skills and experience, for the good of the community, the Nation, and their own self-respect. We must also determine how best we can aid the communities in providing more adequate health, housing, recreational, and educational facilities geared to the particular needs of our older people. This is a real problem which we must face up to now. Our aging citizens must not become America's displaced persons; and we must also make sure that the essential employability of these older workers is maintained in the event the needs of our defense programs should suddenly demand their services.

All this is imperative in the highest degree. For to the extent that we fail to find ways to remedy this present situation, these older people, and those now approaching their later years, will become an increasing social, medical, and financial burden on their children, their communities, and on the total economy.

In the Independent Offices Appropriations bill of 1952, I offered an amendment, which the Congress accepted, which was designed to take care of just this situation, to eliminate age as the sole test. The Civil Service Commission, even though it knew it was the intention of the Congress to remove its maximum age restrictions, nevertheless continued its frustrating practice on the ground that a person's age was a definite factor in job classification. It used a loophole in the language to avoid the congressional intent. We have corrected that loophole today. The language of this amendment has no loopholes. It states specifically that ability and qualifications are to govern employment to a given position—not age, and it is the specific intention of the amendment not to permit the known qualifications to be used by the Commission as a loophole to again use age as a barrier to Federal employment. We want cooperation, not evasion.

Mr. Speaker, the amendment in this report is a good one. It strikes a real blow at an unreasonable and unconscionable barrier to the right of a person to earn a living. It shatters the concept that a birth certificate should be the exclusive test of a person's ability to work. Ability and qualifications replace age as a test for a Federal job, which is as it should be. I hope that private industry will take note of the constructive measure taken in Federal employment today and will take steps too, to eliminate age as the exclusive test for employment.

The second matter in this conference report, which I want to discuss, relates to the appropriation for the Federal Power Commission. This bill contains every penny that the Federal Power Commission asked not only from the Congress but from the Bureau of the Budget. It is rare that the Bureau of the Budget does not cut the appropriation requests of an executive agency. It made no reduction this year for the Federal Power Commission because the Commission needed all of its funds to deal with the regulation of the natural-gas industry, including the so-called natural-gas producers. The House and the Senate gave the Commission the funds they requested to hire an additional 41 employees for that job of regulating the entire natural-gas industry. The Commission now has no excuse to hamper it. It has the money. It has the approval of the Congress to hire the necessary number of employees for the job. The Supreme Court of the United States has stated specifically that the independent producers of natural gas are subject to the regulations of the Federal Power Commission. I think that the refusal of the Federal Power Commission to take steps to make effective regulations for the natural-gas industry up to the present time is disgraceful. It is about time for it to end its sitdown strike against regulating the independent producers of natural gas and getting on with the job of protecting the public. If the task is too much for the present Commission, they ought to resign and let somebody handle the job who wants to do it and do it properly. If the Commission is waiting for the Congress to change the law to exempt the independent producers of natural gas from regulation, it has a long wait, because I predict that Congress is not going to do it. The public need which prompted the passage of the act in 1938 to protect the public from exorbitant rates is still present and will be recognized by the Congress.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. DIES. Mr. Speaker, I ask unanimous consent that a subcommittee of the Committee on Interstate and Foreign Commerce may be permitted to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may be permitted to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

COMMITTEE ON EDUCATION AND LABOR

Mr. BAILEY. Mr. Speaker, I ask unanimous consent that a subcommittee of the Committee on Education and Labor may be permitted to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

COMMITTEE ON AGRICULTURE

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 266 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective from January 3, 1955, the Committee on Agriculture, acting as a whole or by subcommittee, is authorized and directed to make studies and investigations into the following matters:

(1) The restoration of foreign markets for American agricultural products, the development of international trade in agricultural products, and the disposal of agricultural surpluses pursuant to Public Law 480 and Public Law 665, 83d Congress;

(2) All matters relating to the establishment and development of an effective Foreign Agricultural Service pursuant to title VI of the Agricultural Act of 1954;

(3) All matters relating to the development, use, and administration of the national forests;

(4) Price spreads between producers and consumers;

(5) The formulation and development of improved price support and regulatory programs for agricultural commodities; matters relating to the inspection and grading of such commodities; and the effect of trading in futures contracts for such commodities;

(6) The administration and operation of agricultural programs through State and county ASC committees and the administrative policies and procedures relating to the selection, election, and operation of such committees;

(7) The development of the pilot plant watershed projects authorized by the 83d Congress and the administration and development of watershed programs pursuant to Public Law 566, 83d Congress;

(8) The administration, use, and disposition of lands acquired pursuant to title III of the Bankhead-Jones Farm Tenant Act: *Provided*, That the committee shall not undertake any investigation of any matter which is under investigation by another committee of the House.

For the purposes of such investigations and studies, the committee or any subcommittee thereof is authorized to sit and act during the present Congress at such times and places within or outside the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, to make such inspections or investigations, to use such governmental facilities without reimbursement therefor, and to require, by subpena or otherwise, the attendance and testimony of such witnesses, and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary: *Provided*, That hearings and investigations outside the United States shall be conducted only by subcommittees of not to exceed five members and shall be limited to matters enumerated in items (1) and (2) above. Subpenas may be issued over the signature of the chairman of the committee, or any member of the committee designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths or affirmations to witnesses.

The committee may report to the House (or to the Clerk of the House if the House is not in session) at any time during the pres-

ent Congress the results of its investigation and study, together with such recommendations as it deems advisable.

With the following committee amendment:

Page 1, line 3, strike out "and directed."

The committee amendment was agreed to.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN] and yield myself such time as I may need.

Mr. Speaker, this is the usual resolution authorizing the Committee on Agriculture to make certain investigations. It is limited in accordance with the policy announced at the beginning of the session that a committee shall specify in the authorizing resolution the scope of its investigation and limited also in that investigations outside of the United States shall be only for two purposes, the first 2 named in the resolution, and provides that it shall be done by a subcommittee of 5. I know of no objection to the resolution.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. THORNBERRY. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. When the resolution was reported, I heard no termination date, no date for reporting to the Congress. Can the gentleman tell us how long this resolution would be in effect and what date is provided for reporting to the Congress?

Mr. THORNBERRY. It is the same as any other general resolution for a legislative committee, just like the one that the gentleman's own committee operates under. It says during this present Congress, the committee shall report the results of its investigation.

Mr. MILLER of Nebraska. I thank the gentleman.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, no quorum is 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. 92]

Andresen, August H.	Gathings	Norblad
Barden	Green, Pa.	Polk
Bass, N. H.	Gregory	Powell
Bell	Gubser	Prouty
Bolton, Oliver P.	Hébert	Reed, N. Y.
Canfield	Heselton	Rivers
Chatham	Holifield	Shelley
Chiperfield	Holt	Short
Coudert	Horan	Smith, Va.
Dawson, Ill.	James	Steed
Dempsey	Johansen	Taylor
Diggs	Judd	Thompson, N. J.
Dingell	Kearney	Tollefson
Doyle	Kearns	Velde
Eberharter	McCulloch	Vursell
Ellsworth	McDowell	Widnall
Evins	Mailliard	Wolcott
Fisher	Meader	Zelenko
	Morrison	
	Mumma	

The SPEAKER. On this rollcall 374 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REPORT OF NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 194)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed with illustrations:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, a report of the National Advisory Council on international monetary and financial problems submitted to me through its Chairman, covering its operations from July 1, to December 31, 1954, and describing, in accordance with section 4 (b) (5) of the Bretton Woods Agreements Act, the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development for the above period.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 22, 1955.*

COMMITTEE ON AGRICULTURE

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, while the Cow Palace at San Francisco is ringing with praise for the United Nations, I should like to call attention to one important but little known fact concerning this organization.

In his book, In the Cause of Peace, Trygve Lie, former Secretary-General of the U. N. refers to the position of Assistant Secretary-General for Political and Security Council Affairs as the "premier" assistant secretaryship of the U. N.

Lie points out that the man holding that position is entrusted with directing the Secretariat department "most concerned with the preservation of international peace and security" which he (Lie) describes as the "organization's highest responsibility."

Among his many duties, this Assistant Secretary-General serves the Military Staff Committee of the U. N. Security Council. According to the U. N. Charter, the Military Committee advises and assists the Security Council on all questions relating to the Council's military requirements for the maintenance of international peace and security, the employment of and command of forces placed at its disposal, the regulation of armaments, and possible disarmament.

In view of the importance attached to the position by Lie, let us see who has served as the "premier" or top Assistant Secretary-General of the United Nations.

From 1946 to 1949, it was A. A. Sobolev, a Russian Communist. From 1949 to 1953—when Americans were being killed in Korea while fighting under the spider-web banner of the United Nations—it was C. E. Zinchenko, a Russian Communist. From 1953 to December 1954, it was I. S. Tchernychev, a Russian Communist. And now it is Dr. Dragoslav Protitch, a Yugoslav Communist.

In other words, the top official in the U. N. department "most concerned with the preservation of international peace and security"; the department which serves the Security Council in the "employment of and command of forces—military—placed at its disposal" is today, was during the Korean war, and always has been a Communist.

Let it be remembered that some 35,000 Americans gave up their lives during the Korean conflict; a war which never could have been waged by North Korean and Chinese Communists without the active support of Russia.

And yet all during that war, a Russian Communist sat as the Assistant Secretary-General heading the United Nations organization responsible for the employment and command of U. N. military forces.

Mr. THORNBERRY. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I would like to ask someone connected with the committee 2 or 3 questions about this investigation.

No. 1: I think the family-type farm should be given consideration, and I would just like to ask someone who will speak for the committee if the question of the family-type farm as distinguished from the factory-type farm will be given consideration in this investigation.

Mr. COOLEY. Mr. Speaker, if the gentleman will yield, I can assure the gentleman from Texas that consideration will be given to the matter he has mentioned.

Mr. PATMAN. Further, Mr. Speaker, I will ask the chairman if the question of whether or not efficiency on the farm is being pushed and urged and pressed so far that it is probably reacting against the general welfare of all the people.

Mr. COOLEY. Well, I would like to say to my friend that all of our agricultural experts and all the departments of agriculture in all the several States and Territories through all the years have cultivated the art of production and have increased production per unit almost 50 percent in the last few years. Now, efficiency is being emphasized, and the thought I have in mind that the gentleman has in mind is that we have been paying perhaps too much attention to the art of production and too little to the art of distribution and of marketing.

Mr. PATMAN. There is a question as to whether or not it will react against

the family-type farm to the extent that the general welfare is harmed.

Mr. COOLEY. Naturally, if you mechanize all of the big farms of the country, you would plow under the small farms of the country. I might say to the gentleman that I represent a State that has more small farms than any other State in the Union. We have more people living on farms in my State than any other State in the Union. I can assure the gentleman that the chairman of the Committee on Agriculture is very vitally interested in the welfare of the small farmers.

Mr. PATMAN. There are a lot of Members of Congress I know that are interested in the support-price program. Many Members believe that the family-size farmer should be given 100 percent support price on his products, if he goes out in the field and he works and he produces. He is then enabled to go into the market and sell his products or get a guaranty of 100 percent up to a certain amount, enough to give that farm family a decent living; in other words, giving the farm family a decent wage that the farm family works for. That will be considered, I take it.

Mr. COOLEY. I am sure that the welfare of all the small-type farmers will be considered.

Mr. PATMAN. And particularly support prices as they operate against the family-type farm and the factory-type farm.

Mr. COOLEY. Yes.

Mr. PATMAN. I thank the gentleman.

Mr. THOMFSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. THOMPSON of Texas. I should like to assure the gentleman from Texas [Mr. PATMAN], whose interest in the family-size farm is parallel with my own, that the first order of business, the first instructions given to the subcommittee by the chairman of the committee, had to do with the family-sized farm. That will be taken care of over this coming week end.

Mr. PATMAN. I am very much encouraged. I know all Members are encouraged.

I certainly hope this resolution will pass.

Mr. THORNBERRY. Mr. Speaker, I have no further requests for time.

Mr. ALLEN of Illinois. Mr. Speaker, I reserve the balance of my time.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to, and a motion to reconsider was laid on the table.

BAR GRAFTERS FROM GOVERNMENT CONTRACTS

Mr. HOSMER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOSMER. Mr. Speaker, recent disclosures of irregularities in the purchase of Government uniform caps, although they occurred under a previous administration, indicate a corrective course of action that could well be taken today.

Firms which have been found to have engaged in bribery or other forms of fraud should be barred from Government contracts forthwith.

The investigations referred to have shown that some contractors used gifts and other forms of bribery to get business or make a higher profit. I think it is important to discourage practices of this kind. Dishonesty of this type can undermine our Government.

Recently a Federal court here in Washington ruled that the FHA is legally justified in refusing to grant mortgage insurance to a firm which previously reaped "windfall profits."

The court held that the FHA was not acting arbitrarily in declining to grant a hearing before denying the insurance. It ruled that the refusal was based on "previous unsatisfactory business experience in other transactions."

The same moral issue is involved in governmental contracts, such as the purchase of military supplies, and I believe we can eliminate, or at least, control this form of grafting by barring the grafters from future contracts.

CUSTOMS SIMPLIFICATION BILL OF 1955

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 282 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6040) to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and now yield myself such time as I may desire.

Mr. Speaker, House Resolution 282 makes in order the consideration of the bill H. R. 6040, to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws.

House Resolution 282 provides a closed rule with 2 hours of general debate on the bill itself, and amendments may be offered only at the direction of the Committee on Ways and Means. Points of order are waived.

Mr. Speaker, according to the report on this bill, H. R. 6040 seeks to provide improved procedures for the valuation of imports and the conversion of foreign currency into dollars for the purpose of assessing customs duties.

The bill would change present law so that export value would be the preferred basis of valuation for the purpose of assessing duties. Under the present law either foreign value or export value is used as the preferred basis for valuation in assessing duties, depending upon whether the foreign value or the export value is higher. In other words, under the present law, the higher value is used as the basis for valuation.

H. R. 6040 also redefines certain terms used in the definitions of export value, United States value, constructed value, and American selling price.

The bill also proposes to authorize the Secretary of the Treasury to provide by regulations for the use of the foreign-exchange rate first certified for a particular quarter of a year as long as the rate certified for the day of exportation does not vary by 5 percent or more from the certified rate. This would eliminate the requirement, under present law, that the customs collector check the daily rate for each day's importations.

Section 5 of the bill, as reported from the Committee on Ways and Means, states that nothing in the bill is to be considered as repealing, modifying or superseding any provision of the Antidumping Act, 1921, and in addition requires the Secretary of the Treasury, after consulting with the Tariff Commission, to review the operation and effectiveness of the Antidumping Act and to report to the Congress on this subject within 1 year after the effective date of the bill.

Mr. Speaker, the Committee on Ways and Means asked for the usual type of rule which they feel they need on a bill of this type. The Committee on Rules felt that this was the only practicable method under which H. R. 6040 could be considered, and I urge the adoption of the rule.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from California [Mr. HINSHAW], and ask unanimous consent that he be permitted to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HINSHAW. Mr. Speaker, air transportation between the United States and Mexico presents an extraordinary and sorry picture. Mexico refuses to permit any United States flag carrier to fly nonstop from any major United States city to Mexico City. Instead, this important and lucrative traffic is handled by foreign airlines.

Why is this? Because Mexico insists upon and has a monopoly on certain important United States-Mexico City nonstop runs. Further, it has permitted at least one other foreign airline flying nonstop from the United States to land in Mexico City while denying similar rights to United States carriers.

The fact is that for more than 9 years the United States has been endeavoring to work out on a reciprocal basis a just and equitable bilateral air-route agreement with Mexico. During this period there have been four formal intergovernmental negotiations and almost continuous conferences. All these efforts have failed.

Mexico has based its insistence upon these special privileges on various grounds. Principally it has asserted that the Mexican lines cannot successfully compete with United States carriers on these routes. This is belied by the experience of the carriers of other countries with whom the United States has entered into bilateral air-route agreements.

Mexico has played a game which otherwise would be incredible were it not that governments are involved. They have played upon the sympathy of the United States for small nations to gain their end. Mexico has consistently taken advantage of our unwillingness to deal with her at arm's length, but now she has come to the end of her rope.

While Mexico and the United States have been negotiating for more than 9 years, as I have stated, Compania Mexicana Aviacion—CMA—which started out with the limitation of 3 flights per week from Los Angeles to Mexico City, has grown until today it is flying from 14 to 20 round-trip flights per week between Los Angeles and Mexico City at better than 90-percent load factor. Numbers of times Mexico has urged the United States to lift its limitations on capacity and that if the United States would only lift those limitations, Mexico has assured us that they would very shortly execute the bilateral agreement of the Bermuda type with the United States. Such an agreement would provide among other things reciprocal nonstop flights between Los Angeles and Mexico City. Each time, the United States has accepted the Mexican assurances that the agreement would soon be negotiated and has finally granted unlimited flight service from Mexico City to Los Angeles, but to this day no bilateral agreement has been executed between Mexico and the United States because each time, after our good will has been shown, Mexico has refused to enter upon the bilateral agreement as promised.

As a sop to the United States during this period, an American air carrier from the west coast was granted permission to enter Mexico at El Paso and proceed via Monterey to Mexico City. That is a very indirect route, but DC–6 equipment was used. In 1951 Compania Mexicana Aviacion started using DC–6 equipment on direct nonstop flights from Los Angeles to Mexico City and thereafter the American air carrier flying via El Paso suffered almost a complete loss in that its operation had been short-circuited and it was obliged to suspend operations. The story is practically the same between Middle West, east coast, and gulf coast points.

The CONGRESSIONAL RECORD of yesterday carries an important statement by the distinguished Senator from Louisiana, Mr. ELLENDER. I speak on behalf of the west coast of the United States, as chairman of the California delegation in the House of Representatives, and I am sure California's Members of the United States Senate will concur. California, and particularly southern California, is very close to Mexico in both things of the spirit and things of commerce. The total air traffic between Mexico City and southern California is far heavier than that between Mexico City and any other community in the United States, and, I believe, the foreign world.

It is well known that the United States in its negotiation of Bermuda-type agreements with other countries has refused to sanction either limitations on capacity or agreements for division of traffic. The United States believes and has insisted upon reasonable competition and reciprocal rights so far as air routes are concerned. We have negotiated some 45 Bermuda-type agreements with various countries including almost all of our Latin-American neighbors, but because we have felt so kindly toward Mexico and have wished to be of particular assistance to Mexico because indeed she is our next-door neighbor, we have failed utterly in establishing this very necessary arrangement.

At various times the suggestion has been made that air routes with Mexico should be negotiated on a piecemeal or individual-route basis instead of an overall approach. So to do is clearly unsound. First, it is contrary to the basic concepts of our many bilateral air-route agreements with other nations. Second, it could result in a sacrifice of the interests of one section of the United States in favor of those in another geographical area. Any such result would be intolerable.

The time for action has come. By some means, a fair, just, and equitable overall air-route agreement with Mexico must be negotiated, executed, and become operative, and now. Otherwise the United States can have no choice but to cease permitting Mexican air commerce entry into the United States. The time has come when I, for one, stand ready to recommend such action to our own Government in the event of further dilly-dallying and shilly-shallying by our neighbor to the south. The present situation is ridiculous, and it must not continue.

Mr. Speaker, I ask unanimous consent that the special order granted me for this afternoon be vacated.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to speak out of order and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, the reason I have taken this time is to call the attention of the membership to the remarks of the gentleman from Ohio [Mr. JENKINS], the ranking Republican member of the Committee on Ways and Means, which appeared in the CONGRESSIONAL RECORD, Tuesday, June 21, pages 8906–8909, in regard to certain proposed amendments to the Social Security Act and the letter which the gentleman from Ohio inserted, which letter was received from Mrs. Hobby, Secretary of Health, Education, and Welfare, wherein she set forth at quite some length the reason why it was inadvisable in her judgment, and certainly in my judgment, that we proceed in the Committee on Ways and Means without public hearings on this very important and very comprehensive subject which could cost us an additional $2 billion a year. I trust all Members will read this letter. The Committee on Ways and Means just began meeting yesterday, Tuesday, and the present plans apparently are to close up Friday without any hearings and then go before the Committee on Rules and request a closed rule. That is going to mean, of course, that the membership of the House is not going to be able to follow this matter with the intelligence they should because the Committee on Ways and Means itself will not have so considered it. The gentleman from Ohio [Mr. JENKINS] has stated it:

> Inasmuch as there will be no public hearings on this matter and no transcript, and since it is vital that the membership of the House be kept acquainted with these proceedings of such tremendous significance to the American people—

He is thereby including these matters in the RECORD.

Mr. Speaker, I am going to do the same thing in my extended remarks at this time to bring out further matters and to continue to do so until such time as this matter does come before the House. At the same time I intend to go before the Committee on Rules and ask them to protect the House against what I regard as highly dangerous procedure; to ask at least that there be an open rule on this proposed bill so that the House can debate and consider this matter with some intelligence, even though the Committee on Ways and Means has voted not to pursue the proper and adequate procedures necessary to carefully consider proposed legislation. Indeed, the House cannot with safety rely upon its Committee on Ways and Means in respect to the proposed amendments to the Social Security Act.

Mr. KEAN. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from New Jersey.

Mr. KEAN. The gentleman mentioned $2 billion to be taken out of the trust fund annually. That is an estimate made by the Social Security Administration, and a great many people feel that it would be at least $2½ billion.

Mr. CURTIS of Missouri. I am glad the gentleman mentioned that. As a matter of fact, those giving the estimates we do have, have said that we do not know and that we cannot know without a great deal more study. That is one of the reasons why this procedure is so highly improper and not conducive to good legislation.

I would like to reemphasize certain points I made during the debate on the rather comprehensive extension of the social-security program in the 83d Congress. These remarks appear in the CONGRESSIONAL RECORD of June 1, 1954, beginning on page 7450.

I tried to point out the peculiarity of social-security legislation as it relates to the committee system of the Congress. Most programs as we all know go through two basic sifting processes before they become operative. The matter is first referred to the legislative committee which goes into the merits of the program and decides whether or not the program should be authorized. If the program is authorized, then the same program must go before an entirely different committee composed of different personnel for an appropriation. Finally, of course, all programs must have the money to pay for them and a third and entirely different committee is assigned to the job of determining ways and means of getting the money to pay for the programs.

In the case of social-security legislation one committee acts as legislative committee, appropriations committee, and ways and means committee. The basic committee system is bypassed.

It becomes doubly important that this single committee having been given the power of three committees on this basic piece of legislation, exercise great caution in its consideration of proposed changes to it.

Any committee which requests a closed rule of the Rules Committee should be able to truthfully state that in considering the proposed legislation upon which a closed rule is requested the greatest amount of study and care was taken. A closed rule will undoubtedly be asked for in the case of this proposed legislation. And how, indeed, can the Ways and Means Committee properly satisfy the Rules Committee or the House that it has taken proper care and made proper studies on a matter which will cost from two billion to two billion and one-half dollars annually for as many decades as we can see ahead in the future, when no public hearings were held? When the basic decision of what was to be done was made in a caucus of the members of one political party and the votes taken in committee from thence on were voted according to the binding of the political caucus?

I wish that pleas were of some value in the partisan atmosphere in which we seem to be trying to legislate. I would plead with the majority leadership of the House as well as of the Ways and Means Committee to desist from their present course of action. It is this kind of legislating which undermines the very structure of our Congress. It is extremely important in these days that we be building up rather than tearing down the power, the dignity and respect of the independent legislative body. As many political philosophers have pointed out time and again it is the strength of the independent legislative body responsive to the people which is the basic bulwark of any free society.

There are many issues of great importance where we can properly draw political lines, and in my judgment where we should draw political lines. In fact it is entirely possible that there are basic differences of opinion on how is the best way to adequately care for the old and disabled people of our society which could properly become political issues. However, at this stage of the proceedings what differences there may be cannot even be drawn out because of the procedures being followed in pushing out this legislation without proper study or consideration.

I suppose the political theory of those who conceived this movement is to try to make it appear that their political opponents are not interested in the welfare of the old people and the disabled. They count on the fact that it is hard to get across to the people of the country that the matter can be one of proper procedure calling for proper study and not one of whether substantively one is for or against the objectives of the proposals.

Yet, those who will courageously stand up for proper studies and considerations are truly the ones most concerned about the welfare of these peoples. Hasty legislation is apt to be bad legislation defeating the very objectives sought to be attained. This social-security program can be wrecked, if indeed it has not already got within it the very seeds of its own destruction. And what will wreck it for sure is just this kind of cheap politics. The social-security program is too much a vital part of our social structure to tamper with idly.

In this atmosphere charged with politics I want to remind my colleagues on the other side of the aisle that there are 15 different proposals for liberalizing the present social security program, each being pushed by the special groups concerned. I am going to set out one as an example with some reference to the Republican position on it. Under the present social security system, an individual below age 72 who is otherwise entitled to benefits suffers a loss of those benefits if he earns over $1,200 a year. This provision is the so-called "work clause". The limitation has come under frequent attack. Many believe that it operates to prevent our older people from continuing in gainful employment, and that it is directly contrary to the American tradition of encouraging our people to provide for their own security through their own efforts.

The Republican Party has played a major role over the years in liberalizing this restrictive provision. In 1952, the Republican members were largely responsible for increasing the allowable amount of earnings to $75 a month.

Last year, the new Republican social security law increased the amount to $1,200 a year. There are now about 20 bills which have been introduced on both sides of the House to provide further liberalization of the work clause.

I am sure that the membership of the House as well as millions of social security beneficiaries will be interested to know that yesterday, June 21, the Democratic majority of the Committee on Ways and Means rejected by a strict party vote a Republican motion to hold public hearings on liberalization of this discriminatory restriction as well as on 14 other aspects of liberalizing the social security program.

Now, indeed, how will we pay for the added $2 billion of annual cost which the 3 extensions being proposed will bring? By putting in a provision to increase the social security tax 20 years from now, as we did last year in the Social Security Extension Act? Indeed, let us remember that last Congress was the first Congress which had the courage to permit an increase of tax written into the social-security law to go into effect. All Congresses before had passed legislation to keep the tax increases from taking effect. How many Congresses in the future will have the courage to let the tax increases come about?

The test is here at hand. This Congress seems quite ready to vote for these increased benefits, which undoubtedly on their face are fine and desirable, but will this Congress pass a tax increase to go into effect in 1956 to pay for these benefits, or will it write into the law an increase which will face a future Congress in the hopes that that later Congress will let the increase be effective? I suggest that if the Congress which votes the benefits and has the political credit for doing that popular thing has not the courage to do that which will not be popular—increase the tax—then the Congress in the future which has only the unpleasantness facing it will not do it.

I do not want to appear melodramatic in my remarks, but I must remind everyone that the political philosophers of the 18th century argued that no democracy could long survive, because if you put into the hands of the people themselves (or their direct representatives) the purse strings of the society they will spend themselves out of existence. For a century and a half this Nation has stood up and proven these pessimists to be wrong. But as Abraham Lincoln said, and he was well aware of the predictions of these prophets of doom, in regard to a similar crisis, "We are testing whether this Nation or any nation so conceived and so dedicated can long survive." And 150 years is a short span in the history of mankind and its governments.

Of course, I think we will survive the test. I am not so certain that those persons presently making up this 84th Congress will meet the test, although I hope they will. The reason I think we will survive the test is because I believe the American people are way ahead of this shoddy thinking going on right now, and they will see to it sooner or later, 2 years, 4 years, or 10 years—I don't know how soon—but sooner or later they will see to it that they have representatives who can and will stand tests of this sort.

Mr. ALLEN of Illinois. Mr. Speaker, I reserve the balance of my time.

Mr. TRIMBLE. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, little did I realize 2 months ago when I faced my colleagues in the House in their vehement protest against gag-rule procedures on H. R. 1, the extension and amendment of our Reciprocal Trade Agreements Act, that I would be here opposing a gag rule on this legislation. I am surprised to find the advocates of free trade, the proponents of selling American small industries down the river, back here again with a proposal to gag the Members of the House of Representatives by imposing a closed rule on the consideration of this legislation. Even the title to the legislation is misleading and an insult to the intelligence of the Members of this House, because the two things it says are the purposes of the bill are not the purposes at all.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Illinois.

Mr. MASON. Instead of a customs simplification bill, this should be called a customs complication bill.

Mr. BAILEY. I would say to the gentleman that it is going to be quite harmful to all of those foreign products that are brought into this country on which we have an ad valorem duty assessment. That will cover the glass industry, the pottery industry, and the chemical industry.

I would be remiss in my duty if I did not protest this kind of procedure to solve a question which, if it is passed by this House, will add to the misery of the State of West Virginia, where six of our products are already hit. Now the second largest industry is the chemical industry, and it is going to injure the chemical industry more than any other project subject to competition with foreign imports. Yet, they are trying to ram it through under a closed rule.

I appeared before the Committee on Rules yesterday and asked for a modified rule that would permit us to offer one amendment that would be to strike section 2 out of this bill. I think I can assure you that if we succeed in striking section 2 out of this bill they will not want to go ahead with the passage of the bill. They are not caring anything about simplification. That does not mean anything at all. It is another method to destroy the small industries of these United States, and I am opposed to it.

I do not know that I shall bother to delay the business of the House by demanding a rollcall on the rule, but I most certainly propose to take some of the time in debate, and I propose to support the motion of the gentleman from Pennsylvania to recommit this bill and strike out section 2. If you are in any way interested in protecting the pottery, glass, and textile industries, and the chemical industry, you will rally to the support of the gentleman from Pennsylvania to recommit this bill and take section 2 out of it.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I should be glad to yield.

Mr. MASON. Does not the gentleman think, with a bill as far reaching as this affecting so many industries in this Nation, we ought to have a quorum present when we discuss it?

Mr. BAILEY. We should have a quorum present, and we certainly should not suspend ordinary legislative procedures and ram a bill of this importance to the industry of America down the throats of some supposedly intelligent Members of Congress.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. HOFFMAN of Michigan. If we keep on having rollcalls and quorum calls how can we adjourn over Friday, Saturday, Sunday, maybe Monday, and not get back until Tuesday?

Mr. BAILEY. I do not know anybody responsible for more rollcalls and quorum calls than the gentleman from Michigan himself.

Mr. HOFFMAN of Michigan. Is the gentleman congratulating me?

Mr. COLMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Speaker, I rise in opposition to this rule. As I understand, it is a closed rule and, as my colleague from West Virginia well stated, this will prevent any amendment to strike out section 2 which is the heart of the bill.

Many of us must oppose this bill with section 2 in it, especially those of us coming from textile and rubber districts.

This starts an entirely new procedure in the fact that it establishes what is known as an export valuation. It interferes with some of our present legislation, and to me as the bill now stands, Mr. Speaker, it is bad legislation; and I am hopeful, knowing that the rule will be passed because there are not enough votes to change it in any way, that when a motion to recommit the bill with instructions is offered, we can have sufficient support against this bill so that it may be recommitted with instructions to strike out section 2. It is that section of the bill that continues to do harm and to injure our domestic industry.

This bill, Mr. Speaker, seeks to repeal certain obsolete provisions of the customs laws which, in of itself, is commendable, but the bill goes much further. It proposes changes in the methods of determining the dutiable value of products which is most brazen and drastic, the most flagrant of which would be the transferring of the power to determine the valuation of these items to foreign exporters. The proposal in this legislation to substitute export value for the present foreign value as a basis of assessing ad valorem rates of duty is objectionable for the reason that it invites discrimination in practices in international trade.

It will be an invitation of course to allow the exporter to set a price for exportation to the United States, which may not be the price to other nations. These prices might be much lower as offered to the United States than those offered to other countries and could be lower than the prices charged for the same products at home.

This legislation would run afoul of the present law in that it would interfere with the Antidumping Act of 1921 and the countervailing duty section of the Tariff Act of 1930. It would tend to nullify the provisions of both of those laws that have been on the statute books for so many years. It has been the general complaint of other countries doing business with the United States that there is a great deal of uncertainty in our custom laws and under the controversial section 2 of this present bill there is no doubt in my mind that this legal phraseology will add further to uncertainty.

In its present form; Mr. Speaker, H. R. 6040 would further lower tariffs on several items, which will affect severely our own domestic industries. With the passage of H. R. 1 that legislation will be most harmful to our domestic manufacturers and by passage of this bill the same industries will be further affected. I have in mind particularly those industries mentioned at the time of the hearings on this bill before the Committee on Ways and Means on May 23 and 24, 1955, when several statements were made in opposition primarily to section 2. The chemical industry, the crockery industry, the rubber industry, the textile industry, and countless other domestic industries are most fearful that the passage of this bill will subject these industries to damaging price pressure from imports through hidden effective tariff reductions. Since under the rule the bill cannot be amended to strike out this bad section; namely section 2, I am hopeful that the motion to recommit with instruction striking out this controversial section will prevail, so that our own domestic industries may be helped in their struggle for existence and that our people may have the opportunity to be retained on their jobs in those industries and not legislated out of employment by lower tariff rates which invite still competition.

Mr. COLMER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. COOPER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6040), to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6040), with Mr. BURNSIDE in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Tennessee [Mr. COOPER] will be recognized for 1 hour and the gentleman from Ohio [Mr. JENKINS] for 1 hour.

The gentleman from Tennessee is recognized.

Mr. COOPER. Mr. Chairman, I yield myself 23 minutes.

Mr. Chairman, H. R. 6040 is designed to provide improved procedures for the valuation of imports for the purpose of assessing duties and for the conversion of foreign currencies into dollars. In addition, the bill repeals several obsolete sections contained in the present customs laws.

I introduced this bill at the request of the administration. My distinguished friend and committee colleague the gentleman from Ohio, the Honorable THOMAS A. JENKINS, introduced a companion bill, H. R. 6041, to the one that is before us today. The President in his foreign economic policy message to the Congress of January 10 of this year stated, "the problems of tariff classification, of proper valuation of imported articles, and of procedures for administering the customs laws are complex and perplexing. Over the years these problems have grown to the point where they now constitute an unwarranted and unintended burden on trade."

The Committee on Ways and Means received favorable departmental reports from the Departments of State, Interior, Commerce, and Agriculture. In addition, representatives of the Department of the Treasury appeared before our committee in public hearings and executive session to urge enactment of H. R. 6040.

The State Department in its report urging enactment of this legislation stated:

> Representatives of foreign governments have indicated that uncertainty and delays created by United States valuation procedures are one of the most important single barriers which their businessmen face in trying to do business in the United States. Foreign exporters, as well as American importers, have indicated that improvements in valuation procedures are the most important and most-needed reforms in the whole area of simplification of United States customs administration.

The Department of Agriculture in urging the enactment of this legislation stated:

> The general effect of the present proposals we believe would be to reduce the possibility of overvaluation of imports, and consequently of assessment of duties at higher levels than necessary or intended under the Tariff Act, and to simplify the procedures for valuation.

This report further stated:

> The amendments proposed in H. R. 6040 and H. R. 6041 should liberalize our import trade procedures and thus make possible increased earnings of dollars by countries which we know can absorb more of our agricultural products.

Government experts have devoted years to studying ways in which our valuation procedures for the purposes of assessing duty could be revised so as to bring about greater speed in administration, increased certainty with respect to valuation, and more commercial realism in our customs laws. The Committee on Ways and Means has spent a considerable amount of time in this study and considered legislation along these lines in the 82d and 83d Congresses. In the 83d Congress our committee twice reported and the House twice passed a bill which would substantially have accomplished the same major purposes as the pending bill. When the first bill, the Customs Simplification Act of 1953, reached the Senate, the Senate Committee on Finance deleted the provisions contained in this bill due to the fact that it desired to hold public hearings and give more consideration to the proposed changes in our customs valuation bases and procedures for conversion of currency. The gentleman from Ohio [Mr. JENKINS] then introduced another bill which included substantially the same provisions which the Senate had deleted and the House passed the second bill as introduced by the gentleman from Ohio [Mr. JENKINS]. In this Congress our committee has again held full hearings on these amendments.

I will now comment briefly on the various sections of the bill.

SECTION 1—EFFECTIVE DATE

This act would be effective on and after the 30th day following the date of enactment.

SECTION 2—VALUE

Section 2 is the core of the bill. It deals with the valuation of imported merchandise for the purpose of assessing duties. It would make export value the primary basis for such valuation. The changes relating to valuation cover only imported merchandise which is subject to ad valorem rates of duty—that is, a determination of duty as a percent of the valuation of the goods. At the present time our primary method of valuation is either foreign value or export value, whichever is the higher. Foreign value is the going wholesale price in the country of origin for domestic consumption in that country. Export value is the going wholesale prices of goods for export to the United States.

The bill would eliminate foreign value and make export value the primary basis of valuation for customs purposes. The administration of foreign value as a basis for valuation has been difficult—a source of dissatisfaction to the Customs Bureau and to importers and a source of considerable annoyance to foreign countries. Foreign value is very difficult to establish in many cases because of the necessity for investigations in the foreign country involved in order to ascertain such value. In addition, the courts have given very restrictive interpretation to the statutory definition in present law of this method of valuation. It has often happened that appraisement of goods has been withheld for many months and sometimes for years awaiting the results of a foreign investigation. These investigations and delays have resulted in considerable cost to the Government, as well as considerable annoyance and financial loss to the importing trade.

The elimination of foreign value and the substitution of export value as the primary basis for customs valuation is expected to greatly expedite appraising imported merchandise and to considerably reduce costs of administration. The principal advantage of adopting export value as the primary basis of valuation is the elimination of a necessity for customs appraisers to make parallel investigations of export and foreign values to determine which is higher. In most cases all the information needed in order to determine export value can be found in the United States.

There are some who would lead you to believe that making export value the primary basis for valuation substantially reduces protection for domestic producers. This is not so. The whole purpose of this bill, as I have recited above, is to simplify and make more efficient our customs procedures which in themselves were never intended in any way to form a wall of protection against imports.

In the process of bringing about commercial realism in our valuation methods through the changes contemplated by this bill, there is only a very small reduction in dutiable value and revenues collected from duties. In 1954 our total imports were just under $10.5 billion. Of that amount, $5.8 billion were nondutiable and, of course, not affected in any way by this legislation. About $3.3 billion of our imports are dutiable on the basis of specific duties. These are not affected by H. R. 6040 since this bill relates only to those duties which are assessed on an ad valorem basis. Ad valorem imports in 1954 were $1.411 billion. This is the area to which the proposed changes in valuation bases relate, and the decrease in valuation of these imports proposed in this bill is only 2.5 percent, or a total valuation of $1.376 billion compared to $1.411 billion under present law in 1954. The effect on custom duties collections in 1954 would have been, had this legislation been law, a decrease of 2 percent in duties collected or a reduction from $259 million to $254 million. As I have already stated, there would have been some offsetting savings in the cost of administration and certainly much greater efficiency of administration.

It is true that the changes in the basis of valuation in the case of a few commodity groups affect their valuation in a rather substantial manner. For example, in the case of the commodity group including drugs and herbs, the appraised valuation in fiscal 1954 would have been decreased 16 percent. However, in this case, our total imports in 1954 were under $15 million. The effect runs from this high of 16 percent to a low of nothing for several commodity groups. The average effect on the valuation of all commodity groups is a percentage decrease in appraised value of 2.5.

The only concern which could have any basis in fact is not the figures of appraised value which I have been discussing but the measure of the extent to which this legislation would indirectly affect protection. On this basis the sample study made by the Treasury Department indicates that applying the percentage reductions in valuation to the average duty applicable to each of the commodity groups, the groups most affected—that is, those in which the effect on valuation would be 4 percent or more—the average effect on the duty-paid cost of the goods would be 1.1 percent. This would range down to an effect of two-tenths of 1 percent on duty-paid cost in the groups least affected. The average for the whole would be one-half of 1 percent of duty-paid cost. This

average indicates that the overall effect on duties is almost negligible.

Even though, as I have pointed out, there was never any intent that customs procedures should afford protection, to placate the concern which some persons have manifested about these proposed changes in the past, a safeguard provision was inserted in the bill. Section 2 (e) makes it mandatory that full consideration be given to any reduction in the level of tariff protection "which has resulted in or is likely to result from the amendment of section 402, the value section, of the Tariff Act of 1930 made by this act in any action relating to tariff adjustments by executive action." This means that in peril-point, escape-clause, and any other proceedings relating to tariff adjustments, the Congress would be directing that full consideration be given to any reduced protection as a result of enactment of this bill.

Having disposed of the so-called tariff impact of section 2, I would now like to discuss other import aspects of this valuation provision that will do much to simplify our customs procedures and lend certainty thereto.

Under present law where neither export value nor foreign value can be determined, subsidiary bases for valuation are provided with the next in order of preference being United States value followed by cost of production if United States value also cannot be determined. In certain specific cases goods are valued on the basis of American selling price. The bill retains all of these alternative bases. However, it does rename the "cost of production" basis by calling it "constructed value."

In addition, the bill redefines certain terms used in the value provisions of our customs laws.

In the definition of "export value," which follows substantially the definition in present law, an amendment is made so as to provide that actual sales as well as offers for sale might be considered. The present language reads, in prescribing how export value shall be determined, that the value shall be considered "at which such or similar merchandise is freely offered for sale." This would be changed to read "at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale." In substance, this makes no change in present procedures, because actual sales are now considered.

The language "sold or, in the absence of sales," is also added in the definition of "United States value" for the same reason that it is inserted in the definition of "export value." The definition of "United States value" essentially follows the existing definition contained in present law. The present law provides arbitrary limits with respect to the percentages to be deducted for commissions, 6 percent; profits, 8 percent; and for general expenses, 8 percent. The new version provides for the following allowances: First, any commission usually paid or agreed to be paid or the addition for profit, and general expenses usually made in the principal market of the United States on imported merchandise of the same class or kind as the merchandise undergoing appraisement; second, the usual costs of transportation and insurance, and the other usual expenses incurred with respect to such or similar merchandise from the place of shipment to the place of delivery; and third, in addition to the present allowance for duty an allowance for other Federal taxes.

As I indicated earlier the "constructed value" basis would be substituted in H. R. 6040 for the "cost of production" basis provided in present law. The name of this method of valuation is properly changed to "constructed value" because this basis of valuation is not simply a matter of cost of production but is instead the method of valuation which has for its purpose the construction of a dutiable value beginning with the cost of materials and manufacturing processes and building up to the nearest equivalent of what the dutiable value would be if the primary basis of valuation were ascertainable. In determining the cost of materials there would be excluded any internal tax which was remitted or refunded upon the exportation of an article produced from the materials subject to such a tax. The unrealistic arbitrary percentages provided in present law for general expenses (not less than 10 percent of the cost of materials and fabrication of the article), and profit (not less than 8 percent of the sum of cost of materials and fabrication and of the usual general expenses) are abandoned. In lieu thereof it is provided that the usual general expenses and the usual profit with respect to the merchandise of the kind undergoing appraisement would be included in the determination of "constructed value."

The definition of "American selling price" as provided in H. R. 6040 follows generally the definition contained in existing law with certain minor changes. As in the case of "export value" and "United States value" the language "sold or, in the absence of sales" is inserted before "offered for sale" in the definition. The language "to all purchasers" contained in present law is deleted. The reason for this deletion is that the term "all purchasers" in the present statute has been interpreted as meaning "all" in a sweeping literal sense. These words have caused considerable trouble in administering the valuation statute and the meaning ascribed to them by the courts does not comport the actual conditions under which a large part of the commerce of the world is conducted. This judicial construction has caused the departure from the concept of valuation of the United States as being predicated on transactions at the wholesale level. The judicial construction is impractical in the face of actual business realities and would be corrected by this legislation.

In addition, the valuation section of H. R. 6040 would provide definitions of certain significant phrases used with respect to valuation which have been the subject of a century of litigation. Two of these definitions are designed to overcome the controlled market doctrine developed by the Customs Court, which has had the effect of precluding the use of the primary method of valuation in a great number of cases. As interpreted by the courts, our valuation laws have failed to keep abreast of the developments of modern commerce. The definitions prescribed in H. R. 6040 recognizes accepted modern-day conditions and practices in commerce and will greatly increase the opportunity for use of the primary method of valuation in determining dutiable value of imported merchandise.

Section 2 of H. R. 6040 is essential to our objectives of achieving customs efficiency, expedition and certainty. The changes proposed by this section will permit a speedier processing of customs entries because of the elimination of the need for many time-consuming investigations abroad. It will eliminate many of the uncertainties in valuation and the unexpected results which sometimes prove disastrous to importers. It will make the alternative valuation bases more nearly equal in money amounts and thus substantially remove both the incentive and the opportunity for the creation of special practices designed to obtain the most advantageous valuation standard.

SECTION 3—CONVERSION OF CURRENCY

Present law provides for a quarterly proclamation of the valuation of foreign coin on the basis of metal content. Conversion of foreign currency valuations for customs purposes is made at the gold coin parity unless such parity varies by more than 5 percent from the buying rate for the currency in the New York market as certified by the Federal Reserve Bank of New York. In cases where there is no proclaimed rate for the currency in question or if the proclaimed rate does vary by more than 5 percent from the New York buying rate, then customs collectors are required to convert foreign currencies at a certified daily rate. The result of present law is that in most cases the daily certified rates are used. As a consequence each collector is required to check the daily rate for each day's importations since those rates, which are certified to 6 to 8 decimal places, are subject to frequent although minor variations.

The changes proposed in H. R. 6040 to currency conversion procedures in our customs laws will permit more efficient currency conversion operations. The Secretary of the Treasury is given the authority to continue for a 3-month period to use the rate of exchange first certified by the Federal Reserve Bank of New York so long as the rate certified for any period does not vary by 5 percent or more from such first certified date. This change will eliminate the effect of present law which requires each customs collector to check the daily rate for each day's importations. In the committee report which accompanied H. R. 6040, the Committee on Ways and Means has specifically stated that this change in law should in no way be construed to indicate an approval of the use of multiple exchange rates.

SECTION 4—REPEAL OF OBSOLETE PROVISIONS

This section might be termed a "clean-up" provision in that it repeals a number of obsolete sections of the tariff laws. The Committee on Ways and Means was

assured by Treasury representatives that these repeals do not affect any present operations, duties, or obligations of the Customs Bureau. This section will, however, make an important contribution to the simplification and clarification of the customs laws. A detailed description of the changes which will be made by section 4 of H. R. 6040 may be found in the record of the printed hearings of the Committee on Ways and Means and the committee report which accompanied this legislation.

As I previously indicated, H. R. 6040 embodies the recommendations of the President of the United States for simplification of our customs procedures. The departments of the executive branch of our Government have supported the enactment of this legislation. The Committee on Ways and Means has given careful study to this legislation in public hearings and in executive sessions. It is my personal view that the enactment of this bill will make an important contribution to easing trade relations with other countries. I respectfully urge my colleagues in the House to join me in voting for the enactment of the Customs Simplification Act of 1955.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Ohio.

Mr. JENKINS. Is it not true that the saving in time and the saving in terms of facility for millions of people who deal in this kind of business would more than compensate for the decrease in appraised value?

Mr. COOPER. The gentleman is correct that the savings would tend to offset the loss in duty collections.

Mr. VORYS. Mr. Chairman will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Ohio.

Mr. VORYS. Is not this bill for customs simplification in line with the recommendations of the Randall Commission on which the gentleman and I served?

Mr. COOPER. The gentleman is correct.

Mr. VORYS. It seems to me it is decisively along the lines of our recommendations, and I am happy to support it.

Mr. COOPER. That is correct.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from West Virginia.

Mr. BAILEY. May I ask the distinguished gentleman from Tennessee, when you were drafting this legislation setting forth the objects of the legislation—and the title of the bill is, "A bill to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws"—why did you not take the Members of the House into the confidence of the committee and tell them you were proposing to change the valuation from the foreign value to the export value, and that it would probably affect the import duties on goods coming into this country?

Mr. COOPER. The gentleman is just mistaken as to the purpose of the bill. There are many provisions in the bill. It runs to 16 pages.

Mr. BAILEY. It does not settle the matter to say I am wrong. Maybe I am wrong sometimes. But I just recall the comments of the gentleman from Ohio as to how useful this legislation would be to importers and how much it would cut down the expense of Government. I am asking this question: Are we legislating for the importers of this country or are we legislating to cut down jobs in the Treasury Department or the State Department or other jobs? We are legislating for the welfare of the American people and to protect American industry.

Mr. COOPER. That is exactly what we are doing. We are legislating for the welfare of this Government and the people of this country.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. BONNER. With reference to the term "export value" to the United States; is there any difference between the export value to the United States and the export value to any other country.

Mr. COOPER. In general, no; that is true.

Mr. BONNER. Do I make my question clear to the gentleman?

Mr. COOPER. Yes, I understand.

Mr. BONNER. For example, if Czechoslovakia shipped goods to the United States and placed an export value on it and then Czechoslovakia shipped to South America, would there be a difference in the export value?

Mr. COOPER. Of course, the main thing we are interested in is the value of the goods coming in to this country.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. BONNER. Mr. Chairman, will the gentleman yield himself further time to answer my question?

Mr. COOPER. Mr. Chairman, I yield myself 1 more minute because the balance of the time has been promised to other Members.

Mr. BONNER. I certainly do not want to indulge too much on the gentleman's time, but I think I have a right to ask certainly a fair question. Is there a differential in the export value to this country and any other country?

Mr. COOPER. Rarely ever except where there are good reasons for a difference—sometimes there might be. As I stated we are interested in the export value to us. Good business practices, such as quantity purchases, may vary from country to country and affect the price.

Mr. BONNER. The gentleman says rarely, but is there? That is all I want to know.

Mr. COOPER. I do not know—some countries may have a two-price system. I invite your attention to page 5 of the report and the letter from the Department of State on this subject.

Mr. BONNER. Does the gentleman mean that the country that we are going to give this advantage to would have two prices? There is too much of that going on now, may I remind my dear friend.

Mr. COOPER. No, that is not the intention and it not the purpose of this legislation at all, as the report states.

Mr. BONNER. But the gentleman does not give us any assurance that there is a firm export value as to any particular country that we import from.

Mr. COOPER. In general, that is true. That is the true situation.

Mr. JENKINS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I appreciate that this bill comes before us under rather unusual circumstances and in a rather unusual atmosphere. We find this situation: That the leader of this debate on the Democratic side speaks my piece exactly and I speak his piece exactly. We agree fully because we both represent the position taken by the Committee on Ways and Means. This great committee recommended the passage of this bill by almost a total vote. Only two voted against reporting it out.

I would like to talk with you just a little with reference to the necessity for this legislation. I daresay that of the Members here, except those who come from the big coastal cities, very few have ever been in a customhouse. I daresay very few of us have ever had any direct business with a customhouse. It is a great and colossal business. I remember a little incident that happened in the Committee on Ways and Means a number of years ago, along about the time I became a member of the committee. You know the Committee on Ways and Means has never been on a junket anywhere. I am not condemning junkets; but the Ways and Means Committee, in spite of its thriftiness, once got up enough spirit to vote a junket for themselves. They realized just what I have already said, that none of them knew anything about customhouses. So they passed a resolution that provided a sum of money sufficient to pay their expenses if they would all go to Baltimore or Philadelphia to see a customhouse. The clerk of the committee spent $1.50 for something by way of preparation, and that was all that was spent, and the committee did not take that junket, and as far as I know they have never taken any trip yet.

This case really calls for action, because there are about 8,000 people working for the Government in the customs service in all parts of the world. There are many thousands of dollars invested in the facilities to carry on this work, and it produces millions of dollars of income for the Government. It is something that we should not neglect. It merits our best treatment.

We have no customhouses in my district. Naturally a lot of our products go out of the country and a lot of products come into our districts. I introduced two bills which passed the House in the last Congress. They went to the Senate and were stalled there for some reason or other. But the necessity for this legislation has remained and is still with us. For instance, the rate of exchange of currency used between purchasers and sells in different countries is an important subject. This bill facili-

tates the determination of currency rates and, thus, facilitates the job of the customs appraisers.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to my distinguished friend.

Mr. MASON. On the question of the necessity for this bill, we passed a customs simplification bill in 1953 and 1954. As a result of that, 700,000 backlog cases have been cleared from the docket, and the docket is practically clear now.

So the necessity for this has been practically wiped out by the previous bills we have passed.

Mr. JENKINS. In spite of what the gentleman says, that is just not the true situation.

Mr. MASON. Well, that is the testimony of Mr. Rose who carries this out.

Mr. JENKINS. No. That is not the case at all. I should invite the gentleman to look at the record.

Mr. MASON. The backlog of cases that were held up has disappeared.

Mr. JENKINS. The backlog has been greatly reduced.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to my distinguished colleague on the committee.

Mr. BYRNES of Wisconsin. I think we want the record clear. The testimony of the Secretary was that the backlog of 900,000 entries in 1953 has now been reduced to a backlog of 600,000 cases. So there has been a real reduction in the backlog, but we still have a backlog of 600,000 cases.

Mr. JENKINS. Yes. If the whole backlog had been reduced, the problem would still be there.

Some of you, I am afraid, have been misled with reference to the tariff aspects of this bill. There is no tariff aspect in this bill. Of course, in doing business one man will gain a little and another will lose, but that is not a legal tariff. Last week, when we passed H. R. 1, that was the time that we handled the tariff question. That was the bill that took care of tariff matters. This is a bill dealing with commodities, but it does not deal with tariffs.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. Not just now.

That bill—I mean H. R. 1—took care of the chemical people and some other people who are interested in tariff. That bill, in part, took care of the people in my district and the people of West Virginia—the coal-mining and pottery districts. We hope that the improvements in the escape-clause procedure which we enacted will help them a great deal.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. Yes; I shall be glad to yield to my friend from West Virginia.

Mr. BAILEY. Did we get that relief from the House of Representatives?

Mr. JENKINS. What does the gentleman mean?

Mr. BAILEY. I thought it came from the Senate.

Mr. JENKINS. Oh, well, the gentleman voted for it the other day, did he not? No; I guess the gentleman voted against it, while the rest of us voted for it.

Mr. BAILEY. Do not indirectly accuse me of being out of my mind.

Mr. JENKINS. No; I would not do that; I would not do that at all. I know the gentleman is very capable and always able to take care of himself.

Let us proceed a little further to see just what has been done by this legislation. We have tried to straighten out the situation in regard to tariffs; now, we are attempting to do the same thing for customs. We recently revamped tariff procedures and we are now trying to do the same thing in customs. May I say to my Republican friends, especially those who pride themselves upon voting with the party, that the administration is strong for this measure and takes a lot of pride in it. The Treasury Department has gone out and done its work well and has cooperated actively with our committee. Let me say to you right here that Mr. H. Chapman Rose, the Assistant Secretary of the Treasury, who is responsible for developing this legislation, is one of the most capable men in the Government. If I may say so, this matter has moved very smoothly, both in the Department and in the committee, and we think this legislation brings credit to the country and will stabilize our customs service and be to our financial advantage.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to my friend and colleague.

Mr. SIMPSON of Pennsylvania. The distinguished gentleman from Ohio who, in the absence of our beloved colleague from New York, is ranking minority member, has for many years been opposed to a reduction of duty. He has been in favor of protecting American business. No one has a better record. So I ask the gentleman now if he favors that part of this bill which allows indiscriminate cutting of the protection of American business people?

Mr. JENKINS. I believe the gentleman and I have always been together on this matter of protection for our industries. It is true that if you strike out section 2 of this bill, to which the gentleman refers, you are not going to have anything left in this bill. Section 2 is the heart of this bill.

What does section 2 do? It does not levy any duty at all. All it does is that it enables the customs authorities to function more to our credit and our profit.

I challenge him to show that in the end section 2 levies any duty at all. There is no question but what some commodities will suffer a little loss, but as the gentleman from Tennessee said, the average reduction in duty will amount to less than one half of one percent.

Mr. COOPER. That is correct. The overall average is one-half of 1 percent.

Mr. JENKINS. The greater economy and the savings in administration which this bill will promote have been brought out here. The figures given you by the gentleman from Tennessee [Mr. COOPER] are correct.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to my distinguished friend the gentleman from Arkansas.

Mr. MILLS. Is it not a fact that there is no assurance under existing law that the protection which is involved in this particular section will be continued? In other words, is it not a fact that we were told by Mr. Rose, Assistant Secretary of the Treasury, that these reductions that might occur under this different definition of value could occur under existing law should certain practices be followed abroad?

Mr. JENKINS. There is no question about that. Mr. Rose brought that out. He explained that the foreign producer, if he is smart, can circumvent the valuation provisions of existing law.

Mr. MILLS. When the gentleman from Pennsylvania speaks, should he not point out what it is that we would have that we do not have under this legislation if the motion to recommit which he is to offer is adopted?

Mr. JENKINS. I hope he does. I hope the gentleman will take note of what the distinguished gentleman from Arkansas stated and will follow his request.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from North Carolina.

Mr. JONAS. When we substitute export value for foreign value do we not in effect invite dumping?

Mr. JENKINS. No. This law provides specifically that it is to have no effect whatever on the protection afforded by the existing antidumping law.

Mr. JONAS. The first criterion is export value. That means the value of exports to the United States from the country by which exported.

Mr. JENKINS. There are several different kinds of value used today. I know one of the very able lawyers who has come before us for years stated that his main objection to the customs program has been the complex valuation provisions. He says that the export value is the proper value. That is what we ought to have. I think the great weight of the testimony before our committee favors export value.

Mr. JONAS. Might not the export value to the United States, which is the criterion under this bill, be different from the export value to other countries? There is no assurance they will be the same?

Mr. JENKINS. It might be, but it is the business of our people to find out about those things. The Antidumping Act will provide a safeguard. There is nothing in this bill which gives a blessing to a two-price system.

Mr. JONAS. If the ad valorem rate is based on the export value to the United States, there is no assurance that export prices to other countries might not be higher?

Mr. JENKINS. We can find that out pretty well. These people who work in the Customs Service and who do this job advocate export value. The men who do the work say that is the proper criterion.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. What does this last section mean?

Mr. JENKINS. To what does the gentleman refer?

Mr. NICHOLSON. I am talking about this antidumping provision.

Mr. JENKINS. It means that nothing in this law will infringe upon the antidumping law. That is what it means.

Mr. NICHOLSON. It says that at the top, but then it goes down and toward the bottom it says that the Secretary of the Treasury, after consulting with the United States Tariff Commission, shall review the operation and effectiveness of such Antidumping Act and report thereon to the Congress.

Mr. JENKINS. Yes; that is there and that is a double protection.

Mr. NICHOLSON. It is an admission that there must be some dumping in there.

Mr. JENKINS. Not at all. It simply provides that the Secretary must keep a close watch on the matter. He must do that under present law. In fact, I am satisfied that he does it.

Now, Mr. Chairman, I wish to say further and again that the substance of all three of the major provisions of this bill have been considered and adopted by this House on at least one occasion during the last Congress.

President Eisenhower, in his message of January 10, 1955, on foreign economic policy, stated that uncertainties and confusion arising from the complex system of valuation on imported articles causes unwarranted delays in the determination of customs duties, and he again urged Congress to give favorable consideration to legislation for remedying this situation. H. R. 6040 carries out this recommendation. Because of my continuing interest in the problem of customs simplification and in view of my previous sponsorship of substantially identical legislation, I introduced a companion bill, H. R. 6041.

The bill was developed in the Treasury Department where the responsible official was the Honorable H. Chapman Rose, Assistant Secretary of the Treasury. Mr. Rose is a fellow citizen of the great State of Ohio and I am certain that members on both sides of our committee will agree that he is one of the ablest representatives of the executive department with whom our committee has ever worked.

During the public hearings held by our committee on this legislation, representatives of a few industries testified as to their concern that adoption of the new valuation procedures would result in a lowering of their tariff protection. There is no question but that a lower duty will result in some areas by reason of the new valuation procedure. This effect has been analyzed carefully by the Treasury Department, and the facts were frankly laid before our committee. In all but a few cases, the reduction in duty would be very minor and insignificant in effect. For example, in the case of pottery and other clay products, the reduction in the value upon which the existing duty will be imposed will be about 1 percent. The actual reduction in duty will be far less than 1 percent.

I believe that I can say in all sincerity that I stand second to none in this House in my concern that American industry receive adequate tariff protection. This fact was amply demonstrated during our recent consideration of H. R. 1, the reciprocal trade extension act. I would not support the pending bill if I were convinced that it would result in any substantial increase in the tariff reductions already authorized in H. R. 1. In that regard, I should point out that section 2 of this bill provides that any possible effect on protection resulting from the amendment of the valuation provisions will be considered by the Tariff Commission in connection with tariff negotiations and peril point or escape clause proceedings. Therefore, it is clearly our express intention that in future reciprocal trade negotiations any tariff reduction resulting from the adoption of the new valuation procedure must be taken into account by our negotiators in arriving at any further tariff concessions. Moreover, if any domestic industry should be subjected to injury or the threat of injury as the result of the new valuation procedure, it will have the same escape clause protection as is available today under the Reciprocal Trade Agreements Act. Of course, I would be less than frank if I did not admit to some concern over the effectiveness of escape clause proceedings in safeguarding our domestic industries. On the other hand, I am hopeful that the recent amendments to the escape clause which have now become law will provide a more effective opportunity for relief in case of real injury.

Finally, Mr. Chairman, I would like to say that this bill is part of the continuing program of the Republican Party to bring greater efficiency and economy into Government operations. For this reason, the bill deserves our support.

Mr. COOPER. Mr. Chairman, I yield 6 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, after due study and review of the provisions of section 2 of H. R. 6040, customs simplification bill, as well as the amendment thereto as reported out of the Ways and Means Committee, I have no other choice than to register my opposition to this bill in its present form.

My principal objections are, first, that the export value proposed as the basis for assessment of import duties on an ad valorem basis is itself narrowed down in the bill to the price on goods "for exportation to the United States"; second, that the use of "foreign value" is completely eliminated as a basis for assessment of duty; third, that the amendment adopted by the Ways and Means Committee saying "nothing in this act shall be considered to repeal, modify, or supersede, directly or indirectly, any provision of the Antidumping Act of 1921, as amended" would not overcome the confusion of having 2 conflicting laws on the same subject; and fourth, that the amendment does not mention the countervailing duty provided for in section 303 of the Tariff Act of 1930 which section would also be in conflict with H. R. 6040.

Let us briefly analyze the provisions of this bill and the effect it would have on American industry as well as on those who would administer it, if enacted.

Customs simplification as applied to this bill is a deceptive term. The avowed purpose of the bill is to lighten unnecessary and unintended burdens on trade at present imposed by complex customs machinery.

Assistant Secretary of Treasury Rose in his testimony before the House Ways and Means Committee said in connection with this bill:

> The benefits of greater speed of administration, increased certainty, and commercial realism warrant these changes in valuation procedures.

It is probably true that by using exclusively the "export value," eliminating entirely the "foreign value," whichever is higher, as a basis for assessment of ad valorem duties would speed up the actual physical liquidation of the imported merchandise from the customs house.

On the other hand, what about the time consumed and clerical and administrative expenditures that would be necessary in order to determine whether a given "export value" was a "fair value" and was not in violation of the Antidumping Act? The same question arises with respect to levying of a countervailing duty to offset any bounty or grant that might have been bestowed by a foreign country on particular exports. Unless these checks were made there would be no way of knowing whether dumping or actionable subsidization was taking place.

The substitution of "export value" as defined in H. R. 6040 for "foreign value" and "export value" as now defined in the present law would not result in simplification of customs procedures, unless the gathering of information that now makes possible dumping and subsidy detection were dropped.

Let me turn now to another aspect of section 2 of this bill.

By substituting "export value" for "foreign value" tariffs would be lowered, not by the usual method of reducing rates under the Trade Agreements Act, but by lowering the values placed on ad valorem imports, that is to say, on imported products on which duties are imposed on a percentage of their appraised value. Using the export value exclusively would have the side effect—over and above trade agreement concessions—of reducing tariffs on thousands of United States imports. This fact is admitted by the Treasury Department.

Imports on which duties are assessed on an ad valorem basis amounted to approximately $1.4 billion during the fiscal year ending June 1954. This is equal to approximately 13 percent of all United States imports in that year and 25 percent of all dutiable imports. The remainder is collected on a specific basis, that is, so many cents or dollars per pound or per yard, and so forth.

These one-lump tariff cuts, coming on top of the selective 5 percent a year

reductions allowed under H. R. 1, the Trade Agreements Act of 1955, would be entirely too much for many industries already suffering or threatened by low-wage price competition to stand. Especially in view of the tariff reduction granted in the recently signed Japanese trade agreement, any further indirect reductions of duties would be adding insult to injury.

How would these so-called side tariff cuts work out? Let us take, for example, a product the appraised foreign value of which is $100 with an ad valorem duty of 20 percent. If, by using the export value instead of the foreign value, the appraised value were cut by 10 percent to $90, the duty to be paid would drop by 10 percent to $90. The duty-paid cost to the importer would be reduced from $120 to $118. This reduction of $2 could very well be the margin that would make it impossible for a domestic manufacturer of the same product to compete with the lower priced imported product. In this manner the payment of import duties would be reduced much in the same way as the tax bill on your property might drop if its assessment value were set at a lower figure.

I have already pointed out that the export value proposed in this bill is itself narrowed down to the price on goods for exportation to the United States. This is an open sesame for international cartels and countries engaged in state trading to enter the United States market with rigged prices tailored to meet our domestic competitive conditions. Under this bill they could do so without regard to the prevailing market prices in the country of origin.

What would prevent cartels or amtorgs in fixing prices for exportation to the United States? These prices could be lower than those offered to any other country in the world being specifically designed for penetration of the United States market or even for driving domestic producers out of business, looking toward higher prices thereafter. These prices could also be so definitely below those prevailing for home consumption in the exporting country that they would be unfair and would fall under the Antidumping Act. Or the low prices could be made possible by virtue of a subsidy, thus falling under the countervailing duty section of the Tariff Act of 1930.

Let us suppose that such a shipper were charged with dumping in our market. He could immediately reply that the price of his wares were the true export price for shipments to the United States as defined in our law; and this, let us say, were entirely true. If we then moved against him under the Antidumping Act or under section 303 of the Tariff Act of 1930 he would be outraged.

It would be only a matter of time before we would need another customs simplification bill to take the snare out of our customs law. We would be accused of having a diversity of laws covering the same subject. Such protests would be well founded. It would be bad legislation to lead us into such a situation.

I will vote to recommit this bill with instructions to strike out section 2.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Washington.

Mr. HOLMES. Will the gentleman show in the act where countervailing duties, however granted, are removed in any way, shape, or form by this legislation?

Mr. BAILEY. It would have a tendency to kill the effect of it. They actually agreed here during debate today that if the gentleman from Pennsylvania [Mr. SIMPSON], succeeds in striking section 2 from the bill, there will be no reason for passing it. So the main objective of the bill is to change from a foreign value to an export value on shipment of goods into this country.

They say it does not affect our tariff procedures. It does and they have so acknowledged by telling you how it will affect them.

Mr. Chairman, I want to say in conclusion that I propose to join the gentleman from Pennsylvania [Mr. SIMPSON] in his attempt to recommit this bill and strike out that dangerous section; and I trust I will have the assistance of a number of Members of the House.

The CHAIRMAN. The time of the gentleman from West Virginia [Mr. BAILEY] has expired.

Mr. JENKINS. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Chairman, this bill (H. R. 6040) is called a simplification bill. I tell you it is that in name only. It is not a simplification bill. We passed the major portion of this bill, which is section 2, at least three times in the past. It was connected with bills which truly were simplification bills for customs purposes. This was taken out of the bill over in the other body. I would think they will do the same thing this time because this has no relationship to true customs simplification.

As a matter of fact under the bills we passed in 1953 and 1954, we so drastically reversed the policies then prevailing under customs procedures, that a backlog of some 900,000 cases has been, as you have been told, reduced to around 600,000. And entirely without regard to this bill, at the rate at which they are being eliminated today, they will all be eliminated within a few months and by the end of this year, without regard to this bill, which would not help by way of speeding up the reduction in backlog, that backlog will have been eliminated.

Mr. GAVIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. SIMPSON of Pennsylvania. If we want to require any other proof that the purpose of this bill is not principally simplification, listen to this. We were told by Mr. Rose that if we gave him $750,000 or perhaps $800,000, in order to speed up, to do the things that the most optimistic might believe could take place under this bill, to accomplish the things that this bill looks forward to, he could do it for that amount. In the same breath, as you can see, the cost of this bill, based upon a sample that they took last year—by "they" I mean the Treasury—would be $5 million.

So I conclude there is some purpose for this bill other than mere simplification. And what is that purpose? Apparently it is to do away with that great policy we adopted the other day of reciprocity in making trade agreements. We make a concession to some foreign country tariffwise and that country makes a concession to us. That is the reciprocal trade agreement program, a program which most of us have supported in this body, and it passed here last week on the basis of the conferees' report by a very, very large vote.

This does complete injustice to that procedure because here we cut tariffs by the hundreds, yes, by the thousands, and we do it entirely without any concession on the part of any other country.

Second, we do it without ever refering to the peril point. The peril point was one of the provisions of law the distinguished gentleman from West Virginia suggested some years ago and which was adopted by the Congress then and since that time on several occasions. It was put in to protect the American businessman from unjust and unreasonable cuts in duties which were made by the negotiators who travel around over the world seeking, they say, the best bargains they can get for our country. But what did we do here in Congress because bad bargains were being made? We provided that a peril-point study should be made on each item they were empowered to cut, and they were denied the right to cut below that peril-point result which was reached by the Tariff Commission in determining the point below which any cuts might be injurious to American business. On that basis, unless the President saw fit to overrule that peril-point finding, no tariffs have been cut below the peril point.

In the pending bill, however, called a simplification, we cut hundreds, and I mean it, hundreds of the effective protective rates upon industries, and we do it with no reference whatever to the peril point. The peril point imposed by this Congress to protect American business is completely disregarded.

Is it important that we look to the peril point? Yes, because some of these cuts in some industries, some of which were studied by the Customs Bureau, and they have presented the findings here, they deem would result in a lowering of protection of as much as 12 percent, all the way from 0 to 12 percent. It is claimed by certain industries not the subject of the study that in their instances the loss is as high as a 20-percent reduction in the duty rate. All that is done without the peril point. All that is done without regard to the reciprocal-trade program. All is contrary to the way Congress authorized a tariff-reduction bill.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from West Virginia.

Mr. BAILEY. It is not true that some of the wording contained in H. R. 6040 was picked up bodily from the report of the General Agreement on Tariffs and Trade and from the Randall report?

Mr. SIMPSON of Pennsylvania. The gentleman is correct. The gentleman refers to certain wording in this bill. If he asked me to point it out I could not do it here because I do not have the papers here, but some of the words are word-for-word excerpts of what is in the General Agreement on Tariffs and Trade.

Mr. BAILEY. Is it not also true that the other body before they approved H. R. 1 wrote into that a denial of responsibility for any connection whatever with GATT?

Mr. SIMPSON of Pennsylvania. The other body in considering H. R. 1 did provide that nothing therein should be construed as approval or disapproval of GATT, and this body right here in accepting the conferees' report made that same conclusion.

Mr. BAILEY. Is not this a backdoor procedure to get in what they could not get in through a regular approval of GATT?

Mr. SIMPSON of Pennsylvania. I believe it is. This bill under section 2, and section 2 is the only part of the bill about which I am concerned, and to which my motion to recommit will be addressed, changes the method upon which the figure is reached to which the duty applies from what we today call the foreign value. But then it made that refer to the export value which is defined as export price, and not the export price to anybody else in the world but the place that that particular country wants to sell the goods, to Uncle Sam, to the United States, to the country that is the big market and the country where they want to get the dollars and where they give a preferential price, or may give a preferential price—and this is an invitation, too, to do that. That price would be the base upon which our duty rate will apply hereafter, if this becomes a law. So that if the foreign price or the foreign value is $100 in order to take our market over here, and every country abroad wants it, this will make our export price to the United States $80, and if the duty is 10 percent in the first instance, the duty would be $10 and in the second instance it would be $8. American business today is protected by the $10, and now it will be protected by only $8.

We have disregarded the peril point and we have encouraged them to have a two-price system as a result of which the American businessman is injured. Even though it be only a trivial injury percentagewise, it might be just enough to bring it below the peril point and wipe out or jeopardize the American business in question. I do not think we want that kind of legislation.

The Treasury made a study. There are many hundreds of thousands of items shipped in. They pick out a certain percentage. Five percent in the port of New York and 2½ percent in certain other ports. They made it a sample study to ascertain the effect of adopting this export-price valuation instead of the foreign value method. They did not get every item. They got some of the items. I do not know whether they got the item about which you are the most interested, and the item about which there will be or there may be some unemployment back in your district or not. I do not know whether they considered that. But I do know in those which they did consider as set forth on page 20 of the report, you will find some very interesting industries—chemicals, the great chemical industry, the great industry that grew up here after World War I when we were caught with no productive facilities for chemicals and the chemical products which are so essential to the conduct of war. We built that industry. This is without reference to the peril point and without reference to the injury or damage of any kind to that industry by changing the method of valuation which would still further injure that industry by cutting the protection that industry has today. Let us not forget that every American industry in this present calendar year has been and will be subject to not 1 but 2, 3, and maybe 4 threats against the security which it has as an American business. Most of them have had to face the cuts made in the Japanese agreements just recently. You recall, if you read the papers a couple of weeks ago, after they announced those cuts made at Geneva in the Japanese agreements, a most distinguished Member of the other body announced, in effect, that they had cut tariffs over there on textiles to such a point where they should not be cut any more and where, perhaps, irreparable damage had already been done. And then there were the negotiations with the Swiss. Our negotiators who had gone abroad in connection with the Swiss agreements made a bad bargain and they had cut the duty with respect to the importation of watches too low, and our industry was seriously hurt. Our men made a case and it was ordered that the duty should be raised and the American industry protected. And what do you think we had to do—this great sovereign country of ours—because of some of these international agreements and because a bad bargain had been made, because Congress had not passed upon it, but somebody representing us had made a bad bargain and made a deal which should not have been made—what did we do? Let us take the chemical industry as one example or the rubber cuts and a number of others. We gave concessions to the Swiss to make up for those bad deals that we had made. Instead of dealing at arm's length like Yankee traders and acting in the interest of this country, we now take another industry and make concessions to it, to which they have objected, in order to make the Swiss happy.

As I suggested a moment ago, it will be my privilege to offer a motion to recommit this bill and to strike from it section 2. There are remaining parts of the bill. The part remaining I think no one will seriously object to, yet it is important. One section provides that whereas today the Federal Reserve Bank must reach conclusions as to the relative value of the American dollar with the dollar of other countries on a daily basis, this bill provides that the Secretary of the Treasury need not announce the daily rate unless it differs by 5 percent or more over the previous rate. Under this they need do it only once a month, unless that relative value shifts as much as 5 percent. I think we will all agree that is desirable legislation.

Other parts of the bill strike from the law many sections which are obsolete, not being used, and have not been removed. The section to which I have been directing my remarks, section 2, will be the basis of the recommittal motion, and I hope it will be adopted.

Mr. COLE. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. COLE. I understand the principal justification for eliminating the domestic price as being the basis for determining the tariff is because of the difficulty in determining what the domestic price is. I am curious to know why it is more difficult to determine the domestic price than the export price.

Mr. SIMPSON of Pennsylvania. Of course you will get a bill when you bring something into this country, and it will show the invoice price which, on the face of it, would be the export price. While they deny that they use that as the sole basis, it is fair to assume that the customs inspector will look at that and say that is the export price, and on this amount the duty would be levied.

The gentleman asks why it would not be just as easy to get the domestic price in the foreign country. They argue that we do not have to keep somebody over there to do that. Yet on that very point they say that the antidumping laws will be enforced, and they cannot be enforced unless you do know what the domestic price is in the country of origin. In fact, we will have to have our people abroad to learn what the domestic prices are.

Mr. COLE. I cannot understand why it should ever occur that the export price would be greater than the domestic price.

Mr. SIMPSON of Pennsylvania. I am told that the situation has arisen and may arise again where the export price may be higher than the price at which it is sold; maybe higher than the foreign value.

Mr. COLE. Is that not very unusual?

Mr. SIMPSON of Pennsylvania. Most unusual, yet I am told it could arise, and if it does it is contrary to GATT. But I think it is so negligible that little attention is being paid to it.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. JONAS. Did not the Secretary of the Treasury in his letter to the committee specifically state that the Treasury Department would continue to assemble information about foreign values, and therefore the argument that by making this change you would eliminate the necessity of making these foreign studies, does not hold, does it?

Mr. SIMPSON of Pennsylvania. The gentleman has made an important point.

They argue all the way through that the antidumping law will not be affected at all, and I think it would not be affected, because they go on and say: "We will continue to get information which would be necessary to the proper enforcement of the antidumping laws." I make the point, if they are going to get that information, then they must know what the foreign value is as compared with the price at which it is actually shipped to this country. I think every one of us who wants to make a record on behalf of the working people in our districts has a chance to say that the United States Congress is not going to do away with the protection we have without most carefully considering that protection and how to take care of the industries back home. I suggest that this method of completely doing away with the reciprocal trade agreements policy by making arbitrary tariff cuts without any hearing, by not selecting at all, by no selectivity, is the most dangerous policy to follow.

I suggest further that in passing over the peril point, in disregarding it, we are not only setting aside the policy which we in Congress adopted as necessary for the protection of American business, but we are also, by passing these hundreds of reductions without study, being unfair to American business. We are encouraging a double pricing method, a method which we have bitterly opposed with respect to foreign prices. We are endangering the whole area of our foreign relations. If we here in Congress do not let the American businessman and the worker know that there is a point below which his business will not be traded away, that there is a point below which the American workingman can be assured of support on the part of his Government, we are in a dangerous situation. So I suggest and I ask that when the motion to recommit is offered, it be given your support.

Mr. JENKINS. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, the gentleman from Pennsylvania [Mr. SIMPSON] says he expects to offer a motion to recommit to strike out section 2, the section which deals with the method of valuation. I will oppose that motion for the following reasons: If a businessman buys some merchandise abroad and then finds out that he has to wait months or even years before he knows how much duty he will have to pay on it; and then finds out that this duty is based on a valuation greater than the price he paid for the goods, he is not being treated fairly. This is often the situation under the present law.

It is most difficult for the customs authorities to get a true foreign value on some items. There are many in which the transactions in the country of origin are limited in quantity—so limited that manipulation for the purpose of securing a lower foreign value is possible. Thus there is often long delay in getting an honest and accurate figure.

And why in normal cases should an importer pay a duty based on a valuation higher than what he actually paid for the goods, unless there were dumping involved.

Passage of this bill would without question result in a more realistic valuation—a specific one. It is a fact that this bill would result in a lower valuation on a very limited number of imported items, as the gentleman from Pennsylvania says, but it is a truer valuation than that under present law.

What section 2 involves is only those items which are subject to ad valorem duty. These items represent only about one-third of our dutiable items, and only about one-fourth of the one-third would be affected in any way by passage of this bill.

The chart on page 26 of the hearings taken from a sample survey by the Treasury Department proves that the proposed change would result in duties being paid on these items based on a valuation only slightly higher than the invoice value instead of the present unrealistic figure.

Of course, the proposed change would require a strict enforcement of the Antidumping Act, and Assistant Secretary of the Treasury Rose has guaranteed that there would be such strict enforcement.

My friend from Pennsylvania argues that this bill would encourage double pricing by foreign countries.

The Committee on Ways and Means in its executive consideration of H. R. 6040 gave careful attention to the argument that the enactment of this bill and the elimination of foreign value as a basis for customs valuation would encourage a two-price system in trade with the United States. The committee received assurances from Treasury Department that the enactment of this bill would not be such an encouragement. In addition, the committee requested and received the views of the Department of State which were that the enactment of H. R. 6040 would not be inconsistent in any way with the policy of this Government toward two-price systems in international trade.

I believe a careful analysis of the logic of this situation should dispel any fear that the enactment of this bill would encourage the development of unfair trading practices with the United States. It is claimed that foreign countries will charge one price for a product for home consumption or for export to other countries and another substantially lower price for sale to the United States. Why would this be done? One reason might be that a foreign country desires to increase its dollar exchange earnings and therefore subsidizes its trade with the United States by giving of a grant or bounty to the exporters of certain merchandise to the United States. If this situation arises, the exports are now and will continue to be subject to a countervailing duty equal to the amount of the bounty or grant conferred upon the foreign export. The continued enforcement of this provision of law will discourage the development of such two-price systems.

Another reason for the development of a two-price system might be that the foreign exporter desires to capture a share of the United States market or to dispose of surplus production and therefore sells to the United States at a much lower figure than he charges for sales in other markets. If a foreign exporter sells to the United States at a differential below his going wholesale price in his home market, which is not justified by quantity, or similar commercial differences, his exports are subject to the application of a dumping duty equal to the difference in price if it is determined that the imports are likely to cause injury to a domestic industry in the United States.

The levying and collection of duties equal to the amount of any bounty or to the amount of dumping value is now the only effective discouragement to a two-price trading system based upon unfair trading practices. The enforcement of the Antidumping Act and the countervailing duty laws will continue to discourage the development of such unfair trading practices.

It was argued in committee that there would be no saving owing to the fact that in order to have the information available for antidumping questions, it is necessary for us to get the local wholesale prices anyway.

The Treasury Department has given us assurance that this act will not result in any lessening of enforcement of the Antidumping Act, 1921. The committee by its amendment contained in section 5, makes it clear that nothing in this bill repeals or modifies in any way the provisions of the Antidumping Act. The Secretary of the Treasury has written to the committee stating that under this bill the Treasury will continue to require information on customs invoices as to foreign value. This will mean that the Bureau of Customs will have current information on differences in prices in the foreign market and prices for exportation to the United States so that questions of dumping can be investigated before a complaint is made by a domestic industry.

Although there will be no reduction in the information obtained on customs invoices there will be a material saving in customs operations. This foreign value information will be recorded and maintained, but without the necessity for verification or foreign investigation until a possible dumping case arises. At the present time a determination of foreign value sufficiently well-founded to be defended in litigation must be made in connection with every entry subject to an ad valorem duty. These determinations naturally require numerous and extensive foreign investigation. The number of investigations will be substantially reduced if they need be made only where a possible dumping case requires investigation.

Some have said that we should change the wording in the bill by which valuations are based on the price "for export to the United States" and only leave the words "for export."

The committee also considered the possibility of defining "export value" as the price at which merchandise was sold for exportation to all countries. The Treasury Department advised us that this would increase rather than decrease the problems of administration of the

valuation provisions of the Tariff Act. Value information on prices for export to the United States is ordinarily available in the United States. Information on current prices for exportation to third countries would be available only in the country of exportation or importation. Determination of these values would therefore continue to require a great number of inquiries by our agents in foreign countries.

Moreover, the Treasury Department advised us this determination of third country prices as proved in the past to be one of the most difficult and uncertain of standards to use. Prices in third country trade are affected by such things as bilateral trading agreements, and quantitative and exchange controls on on importations in third countries. Practices such as these and many others are not present in trade with United States and make such figures very unreliable. The Treasury pointed out that the existence of these difficulties in determining third-country prices in the enforcement of the antidumping law has recently led the Treasury Department to redefine "fair value" for antidumping purposes to permit them to use the going wholesale price in the home market rather than have to look to third-country transactions. The valuation provisions of the customs laws once were interpreted by the courts to require third-country information and the difficulties involved led the Congress in 1938 to discard this basis of valuation.

Reintroduction of the standard of export prices to countries other than the United States would be a retrogressive step which would ignore the administrative experience with that standard.

This is a good bill. It will simplify our customs procedures and encourage that foreign trade so necessary for the welfare of the workers in the United States. The recommittal motion should be defeated.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, the gentleman from Pennsylvania [Mr. SIMPSON], stressed the points I had expected to stress, but I do want to answer and clarify some things that have been brought up in this debate.

For instance, the gentleman from West Virginia [Mr. BAILEY], stated that the passage of this bill would tend to nullify the antidumping laws and the countervailing duty laws. I would not use the word "nullify," because I do not think the bill goes that far, but I do say without fear of contradiction that it would invite the violation of those two laws, and if that is what you want to do, why, pass the bill.

Now, the gentleman from Ohio [Mr. JENKINS], the genial substitute ranking member of our committee, challenged anyone to find one word in this bill that levied a duty. Well, that challenge cannot be accepted, because there is no word in this bill that would levy a duty. But the provisions of this bill, without any question whatever, provide for automatic and arbitrary cuts in our duties without any rhyme or reason. So, if you want to make arbitrary cuts or automatic cuts without any words in the bill specifying that duties shall be reduced, why, pass the bill as it is.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from Ohio.

Mr. JENKINS. If the gentleman is an official and does not want to make those cuts and does not make them, then we do not lose anything, do we? I am still right.

Mr. MASON. If we pass this bill, we lose them, and not whether we want to or not. Of course, I said the gentleman was right in challenging us to find one word in the bill that would levy a duty. There is no word in the bill that specifically says we shall lower tariffs or duties, but the provisions of the bill and the effect of the bill will be automatic, arbitrary reductions in our duties.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. MASON. I am glad to yield to the gentleman from North Carolina.

Mr. JONAS. Does not this bill violate the reciprocity principle that we talked about so much during this session in H. R. 1?

Mr. MASON. Oh, this bill provides that we shall give concessions to foreign countries.

Mr. JONAS. But is there anything in the bill that provides a balancing concession to us?

Mr. MASON. It does not provide for anything. We make concessions to these foreign countries but we get nothing in exchange whatever. In that respect it does violate the reciprocity principle. The gentleman from Pennsylvania [Mr. SIMPSON] brought that out very emphatically, I thought.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. MASON. I am glad to yield.

Mr. BAILEY. Does not the gentleman think this is just a back-door arrangement to get the Congress to recognize some of the schemes of the General Agreement on Tariffs and Trade?

Mr. MASON. It is, in my opinion, just a back-door entrance to GATT.

Mr. BAILEY. I thank the gentleman.

Mr. MASON. I want to say this, that I am opposed to this bill, without any equivocation whatever. I am opposed to the whole bill and I shall certainly wholeheartedly and enthusiastically support the motion to recommit, to strike out the heart of the bill, section 2, which changes the valuation upon which we shall levy our duties.

That is about all I think I need to say to make my position clear.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. MASON] has expired.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Chairman, the effect of section II of this bill upon the firearms industry in the State of Connecticut which I have the honor to represent is one of the compelling reasons why I shall support the motion to recommit which will be offered by the gentleman from Pennsylvania [Mr. SIMPSON] to strike section II.

From the statements by witnesses of those who administer the custom laws, we are told that the administrative difficulties have largely been overcome and the accumulated cases will be cleared by the end of this year. This disproves the necessity of the bill at this time.

Under the guise of simplification, H. R. 6040 is a tariff cutting proposal. The biggest cuts in order to make an overall feasible bill are inflicted on chemical, firearms, and rubber manufactures. Action is thereby being taken by way of the so-called back door because apparently the same could not be accomplished directly.

Mr. Chairman, there is also the possibility with the 15 percent effect on firearms that such, if it became a reality, would have an important bearing upon the know-how of the manufacture of firearms which is always of vital importance to the security of our Nation.

Because of these apparent reasons and those which have already been enumerated and emphasized by my colleagues who have preceded me, I shall support and vote for Mr. SIMPSON's recommittal motion.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. SADLAK. I yield.

Mr. BATES. Mr. Chairman, I am opposed to this bill in its present form and will vote to recommit it.

The major problems associated with customs simplification have already been alleviated by the Customs Simplification Acts of 1953 and 1954 which I supported. As a consequence of these two acts the tremendous backlog of custom cases have been reduced from approximately 700,000 in January, 1953 to the point where at the end of this year, according to Treasury officials, no backlog at all will be present.

While the purpose of this measure is purported to further simplify customs, the net result is a tariff reduction which will admittedly have an adverse effect upon domestic industries and cause unemployment. In addition, contrary to our reciprocal trade policy which is supposed to be a two-way street, this is a unilateral concession on the part of the United States.

Surveys of 1954 imports related to this bill, while interesting, are not a reflection of the many variations that could develop in the future and, particularly if the abnormal demand for goods throughout the world should decrease. It would be at that time that the true significance of this bill would be felt.

The Congress has already passed H. R. 1 this year which further liberalizes trade and the State Department has completed negotiations under prior law granting further concessions. This bill would permit three cuts in duties in a single year. It would appear to me that enough has been done in this area for 1 year, and, in my judgment, we should be cognizant of the effects of action already taken before we embark upon an additional program without getting any concessions in return.

Mr. JENKINS. Mr. Chairman I yield the gentleman from New York [Mr. MILLER] 3 minutes.

Mr. MILLS. Mr. Chairman, I yield the gentleman from New York [Mr. MILLER] 2 additional minutes.

Mr. MILLER of New York. Mr. Chairman, I am extremely grateful to my distinguished colleague from Arkansas [Mr. MILLS] for the additional time. I know that he will conclude the debate for the proponents of this proposed legislation on that side and I know what an excellent job he will do. I wonder whether or not I can adequately anticipate his arguments in the time that I have because, Mr. Chairman, I am specifically, dogmatically, and vehemently opposed to this proposed legislation.

I have voted for reciprocal trade agreements in previous Congresses and their extension. After the Senate safeguards were incorporated in H. R. 1 I voted for the conference report. But I have always felt that the Congress should deal with tariff legislation with reason, with care, and with safeguards.

Mr. Chairman, regardless of what may be stated on the floor today, section 2 of this bill is not a simplification provision. It is a straight out-and-out tariff reduction provision. That is supported by the Treasury itself in a chart which it submitted to the committee in which it listed, if this legislation pass, industry after industry which would have a tariff cut of, in some cases, almost up to 16 percent; other groups with decreases up to 4 percent and others up to 2 percent. There are other groups with decreases of up to 4 percent, and others up to 2 percent.

If this bill is passed, every single Member of this House who represents an industry will find that that industry has suffered a tariff reduction.

I want to say something about an industry in my district, a woolen felt industry making papermakers' felts, used in the production of all paper in this country. The tariff cut in their case would be from 10 to 20 percent automatically if this bill were passed. That is in addition to the fact that since 1930 the tariff reductions in that field have been 75 percent, and as a result of H. R. 1, will be 15 percent more.

The current price list published by the British Paper Machine Felt Association shows that today a papermaker's felt sold in England by this English cartel costs in England $3.09. They sell it in the Western Hemisphere, in Argentina, for $2.79. That would be the price at which they could sell it in the United States, and they would immediately if this bill were passed.

You talk about antidumping provisions. The antidumping provision is not a tariff or revenue measure, it is a penal statute. It would require complaint on the part of the industry affected and investigation on the part of the Revenue Bureau to ascertain whether or not an industry was being hurt. The cost of the investigation would be tremendous, and the weight would be onerous and unthinkable on industry, to invoke antidumping to take care of this proposition.

We now have the solution under our present tariff law, where the customs officials examine export prices as compared with foreign market values. If the foreign market value is higher, that is the value we take, and that is the value we should take. That is the only procedure we can utilize in order to protect the industries of our country.

There are no peril-point provisions in this bill. There is no escape-clause provision in this legislation. We are automatically and arbitrarily reducing our tariffs by from 10 to 20 percent with no reciprocity involved at all. If we are going to reduce the tariffs to that extent, let us hold them back as a leverage in order to get equal concessions from foreign countries. Let us not automatically bargain this away with no reciprocity provisions for America at all. These provisions are automatically tariff-reduction provisions. This is a tariff-reduction bill. It is a larger tariff-reduction bill than H. R. 1.

Mr. JENKINS. If the gentleman will yield, his figures are absolutely wrong.

Mr. MILLER of New York. They were not proven wrong by the gentleman's statement.

Mr. JENKINS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I do not know that I can add too much to the discussion on this bill. I think the controversial aspects have been thoroughly discussed on both sides. I would say that I think in many cases they have been exaggerated both by the proponents and by the opponents of this section. I am inclined, however, to think that so far as the issue is concerned, we have gotten a little off base. The issue involved here is not one of protection versus free trade. As I see it, this section has to do with the matter of administration and procedure of customs laws. The question is whether you should try to put your procedures on a reasonable basis and on a logical basis and on a businesslike basis.

Anybody who wants to study my record will certainly not come up with the conclusion that I am a free trader or that I do not believe in providing protection to our domestic producers against unfair competition from imports, but it seems to me if we are going to give protection that protection ought not to be on the basis of complicating customs' procedures so that everything that comes in gets tied up in redtape; or that we do it in fictitious ways or in ways that leave loopholes. The present method of determining valuations is encumbering trade between the countries. Now that does not affect just the trade where we have some competition. Let us remember that there are many items that we get from foreign countries which we need, and which we have to have, and on which there is no competition at all with domestic production. Yet, as long as our procedures are complicated, they have to bear this handicap and the handicap is passed on to the American consumers. Let me just ask this simple question. What is the advantage, really, in having a system where you say to the customs' processor, "Do not make just one appraisal for each item that comes in, but make two. And then on the basis of that, determine the duty."

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. SIMPSON of Pennsylvania. The advantage of that is to make certain that the foreign country is not taking advantage of our great American market, and dumping its product into the United States. Therefore, we require that the processor look to make certain he is levying his duty on a fair price, namely, the price at which the product sells abroad.

Mr. BYRNES of Wisconsin. Of course, if it is to prevent dumping, then what is the advantage of having on your statute books any antidumping law because the present dual determination would automatically, if the gentleman is correct, take care of any dumping situation, and yet we know that we have dumping from time to time under the present law.

Mr. SIMPSON of Pennsylvania. The gentleman has asked another question I am sure he will realize on second thought. The answer to the last question is that the antidumping law in order that it be enforced requires you to know whether the other country has been selling at less than the fair price abroad. Therefore, you have to find that fact out anyway.

Mr. BYRNES of Wisconsin. You find that out, certainly. You will still in some cases have to make determinations of the market value in the country of origin. But you should at least limit yourself to those cases where there is reason to believe there is dumping and where there is reason to make the dual calculation. But, under the bill you will not have to do that every time a commodity comes into this country and every time an appraisal is made.

Mr. SIMPSON of Pennsylvania. Mr. Rose testified he would in every instance have the foreign values of the items stated on the invoice.

Mr. COOPER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BYRNES of Wisconsin. Mr. Chairman, as I understood the testimony of Mr. Rose, it was that if they could be relieved of the responsibility of making dual calculation in every case of an entry, they would thus be fortified and be in a better position to really make an investigation in those cases where there was some evidence of dumping, and that the Dumping Act therefore would become much more effective.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. JONAS. The following is a quotation from the letter of the Secretary of the Treasury to the chairman of the committee, appearing on page 5 of the report:

> I wish to advise your committee that it is the firm intention of the Bureau of Customs and the Treasury Department to continue to require foreign value information as a part of the information contained in custom invoices.

The information would be available right there in the Customs House, would it not?

Mr. BYRNES of Wisconsin. But that is not what you use. Even under this bill you will not necessarily use the invoice price as the export value, any more than

you will rely upon the invoice statement of what the market value is in the foreign country for the market value. At the present time they have to go way beyond the invoice figures to determine their foreign value or export value. The only point I wish to make is that if we are going to protect, let us do it in the area of duties. As far as the procedures and administration of our customs law is concerned, let us put them on as reasonable a basis as possible.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Michigan.

Mr. CEDERBERG. The gentleman admits there is a difference in the formula in figuring export value and a definite reduction in tariffs to some industries.

Mr. BYRNES of Wisconsin. Let us put it this way: In some instances the after duty cost of some items is going to be lower than it was before. If the gentleman will refer to the hearings, he will see tables showing the changes that will take place.

Mr. CEDERBERG. Your justification for that is simply because you are going to alleviate some of the paper work and the redtape that is required to do the job. Is that correct?

Mr. BYRNES of Wisconsin. And make it realistic.

Mr. CEDERBERG. In other words, the issue is, shall we make it more simple to carry out the act, and penalize certain industries in the process?

Mr. BYRNES of Wisconsin. I do not think we should look at it that way. I do not. Perhaps I am wrong, but I do not look at this act as an attempt to penalize any industry at all.

Mr. CEDERBERG. I have an industry in my district, a chemical industry, which is very much concerned about this. They say it will mean an increase of 8 or 9 percent in their particular case.

Mr. BYRNES of Wisconsin. Let me point out that some of the foreign exporters now recognize that our law today is such that they can so adjust their offering in their home market so as to eliminate the possibility of our applying the duty to the foreign valuation. In other words, at the present time domestic industry may have some protection by reason of dual valuations, but it is within the power of foreign industry itself to eliminate that protection.

Mr. CEDERBERG. If they cut their domestic price.

Mr. BYRNES of Wisconsin. No; it is not a matter of their cutting the domestic price, it is a matter of how they sell in their domestic market; it does not necessarily mean they have reduced the price one iota in their home country.

Mr. JENKINS. Mr. Chairman, I yield the balance of my time to the gentleman from Indiana [Mr. HALLECK].

The CHAIRMAN. The gentleman from Indiana is recognized for 5 minutes.

Mr. HALLECK. Mr. Chairman, I had not particularly planned to say anything in this matter. I do not claim to be an expert about it. I have sat here at least part of the afternoon and tried to read the report.

It is quite obvious, of course, that the fundamental issue here is the concern of some people about the lowering of tariffs. I can well understand that, and how it disturbs many people. I think, however, that we must also be concerned with the development of our foreign trade, for loss of foreign trade can be dangerous to us as well as to the people with whom we trade.

As I listened to the gentleman from Wisconsin [Mr. BYRNES], I think he laid before us the issue specifically as to this section 2 when he said that primarily it was a matter of using 1 system of valuation for purposes of determining tariffs instead of 2 systems.

I suppose as he indicates in some instances that could mean a reduction. But certainly the simplification would still be desirable. If it should result in an undue lowering of tariffs then certainly there must be and I am sure there are provisions in the law by which necessary readjustments can be made. And the escape clause and peril point would operate just that much more quickly.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield for a question?

Mr. HALLECK. I yield.

Mr. YOUNGER. In listening to the debate does it strike the gentleman as it strikes me that the opposition to this bill presupposes faulty administration rather than objecting to the main purposes of the bill?

Mr. HALLECK. I do not know whether I would characterize it quite that way or not. I am one of those who have argued through all of these controversies in the last and in this Congress that we could rely upon our administrators to carry out the law in such manner as would be proper.

In respect to the dumping possibilities, as I read the report, it is evident to me that there is specific provision which would require an examination of the whole matter of dumping that might be permitted by fixing the valuation at the foreign value which would be that of the goods exported as against the domestic price. As I read it, that would clearly mean that if this legislation is enacted and foreign prices or export prices are fixed measurably lower than the domestic price, then certainly it would be the responsibility of the Treasury and the Tariff Commission to make an investigation in respect to that. If they found that this method of determination of values of imports was being used to promote dumping, then there would be a responsibility to move against that and shut it off. It would seem to me, therefore, that while at the outset this sort of arrangement might be used by foreign exporters to cheapen their prices in export trade as against their domestic prices, as long as that was so to any considerable extent it would be very obvious and certainly susceptible to proof that the action being taken was to promote dumping and in violation of the statute which is already on the books.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. BAILEY. The proponents of this legislation insist that it is not necessary longer to continue some of the bureaus of the Government charged with the duty of collecting data on foreign costs of production. I am asking the gentleman, if they do not continue to collect such data how are they going to tell whether the Antidumping Act is being enforced? That is the danger to the antidumping legislation, for they will not have any facts from which they can determine whether some importation is a dumping operation or not, because under this bill they would not have to collect data on foreign costs of production.

Mr. HALLECK. If the gentleman will permit me to answer as best I can, dumping in foreign trade has always involved a situation where you sell abroad cheaper than you sell to your own people. That is my understanding of dumping. I have never thought that it had to do with the cost of production. Clearly the one-pricing arrangement here involved would not be such as to preclude the determination of a dumping situation if it became apparent, without regard to the cost of production, that the product was being sold domestically in the foreign country at a price considerably higher than it is being sold for export. Immediately that that appeared, then again, may I say, it is clear under the statutes presently on the books or language included in this act that the situation can be taken care of.

Mr. BAILEY. I would like the gentleman to point out those provisions. They are not in there.

Mr. GROSS. 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 Iowa?

There was no objection.

Mr. GROSS. Mr. Chairman, it has been suggested here this afternoon that Communist Poland is not dumping millions of pounds of canned ham into the United States each year because the price of this Polish import is a few cents a pound higher than ham produced in this country.

When the Polish Communists pour about $16 million worth of canned ham into this country each year and accept only about $1½ million worth of our products that is dumping in my book and it makes no difference how thick or thin the Communist ham is sliced.

To say that this legislation is necessary to strengthen the hand of the President at the forthcoming so-called Big Four Conference has no validity in fact unless it is admitted at the same time by those supporting the bill that it does what they have consistently denied this afternoon—provide further tariff concessions to foreigners to ship their cheap labor products into this country in competition with American agriculture, industry, and labor.

I shall certainly support the motion to recommit this bill and vote against it on final passage if that motion fails.

Mr. COOPER. Mr. Chairman, I yield the balance of my time to the gentleman from Arkansas [Mr. MILLS].

Mr. MASON. Mr. Chairman, before the gentleman begins will he yield?

Mr. MILLS. I yield to the gentleman from Illinois.

Mr. MASON. I just simply want to point out that the only way we can judge the future is by the past. In answer to the question that was raised about our doubts in reference to how this is going to be administered, we judge that for the last twenty-odd years it has not been administered efficiently or in the interests of the American producers. The State Department has engineered and run the whole show.

Mr. MILLS. May I say in answer to the gentleman's observation that we want also to judge the judger's accuracy about the interpretation of the past.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. GROSS. Is there anything in this bill to stop the dumping of 20 million pounds of Polish Communist canned ham in this country each year?

Mr. MILLS. The gentleman from Iowa has raised a point that I had not intended to discuss, but I will go into it in a general way before I get through.

Mr. GROSS. That is the question I wanted to ask the gentleman from Indiana [Mr. HALLECK].

Mr. MILLS. I wish the gentleman had.

Mr. GROSS. Is there anything in this bill to stop dumping? He said it is not occurring except on a certain basis.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to say to my friend from Iowa that I have been as disturbed as he has been at the importation of Polish ham that apparently comes from back of the Iron Curtain. I have undertaken to do something about it. I have made inquiry, I have raised some question about that, and I do not think it has to do with dumping because, as I understand it, the hams that come in here are sold at a pretty high price, at a higher price than the price for American hams. Before the gentleman undertakes to contend with me further, may I say that apart from the whole matter of foreign trade, certainly I have the same concern that he has about any of these matters in trading with countries back of the Iron Curtain. However, such investigation as I have made demonstrates to me that at the moment there may be certain limitations upon what actually might be done in a legal way to deal with that matter. As I said to the gentleman, I am perfectly willing to explore it with him at any time, but if I may say so further, I do not think that has anything to do with the issue that is here being presented to the House.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. It was suggested a moment ago there is nothing in here which has anything to do with Polish hams, whether from behind the Iron Curtain or not, but the fact is if they are not from behind the Iron Curtain there is a reduction effected in the protection of meat and meat products under this bill we are working on now, and I refer to section 2.

Mr. MILLS. Let me, if I may, get into a discussion of the provisions of the bill. The gentleman from Pennsylvania [Mr. SIMPSON] has served notice that he intends to offer a motion to recommit this bill to strike out section 2. One of our colleagues, I believe the gentleman from Illinois [Mr. MASON], referred to section 2 as being the heart or the core of the bill. Some of you to the left of me—I mean by location not by philosophy—will be interested, I am sure, in the fact that the very distinguished and able Assistant Secretary of the Treasury who administers this program, whom we affectionately refer to as "Chappie" Rose, made the statement before our committee that it was his thought, as I recall, that we need have no particular fear with respect to section 2. He frankly stated to the committee, as I remember, in accordance with the statement of the gentleman from Illinois, that without section 2 the administration would not be interested in the bill. I believe that is what he said.

Now let me apologize to my colleagues on the right over here for finding myself again in the position of advocating and trying to espouse the program that the President has laid down. Last year the House passed a provision, almost identical with this, if not identical, as a part of two bills reported from the Committee on Ways and Means. These bills were H. R. 5877 and H. R. 6584 of the 83d Congress.

Now, H. R. 6584, which included a section similar to section 2 of the bill before the House today, was reported by our committee unanimously last year. I do not know whether the gentleman from Illinois was present; I do not know whether the gentleman from Pennsylvania was present when the committee reported that bill, but the record of the proceedings in the committee specifically states that the bill with this provision in it last year was reported from our committee unanimously. The provision of the bill last year was deleted by the Senate Finance Committee. We were told that the reason for the deletion was because the Senate Finance Committee did not have time to conduct full hearings on this particular point. The session was about to close. They wanted to put through the other provisions in the bill.

Now the President comes back this year and requested in his foreign economic policy message to the Congress that we pass again the same provision that we passed last year. During our deliberations in committee on H. R. 6040 there did not appear to be too much opposition to the valuation section, as I remember. The distinguished gentleman from Ohio [Mr. JENKINS], the ranking Republican member on the committee present at this time, has spoken in favor of the bill. Certainly no one can accuse him of being a free trader or of desiring to do things here legislatively that will be injurious to American business.

Now let us look to some of the points that the gentleman from Pennsylvania makes as a reason why this bill should be recommitted and section 2 stricken from the bill. The gentleman says a lot about the fact that we do not make the peril point applicable to this determination. My friends, the peril point has no application whatsoever to this situation. The peril point applies to a particular point of time when a negotiation is being entered into to reduce a duty as of that time.

These statements expressing concern over the alleged absence of peril-point protection exaggerate the possible effect of the valuation provisions on imports into the United States. Taking 1954 as a typical year, total imports amounted to $10,491,000,000. The only part of this $10½ billion which could possibly be affected by the valuation changes is $1.4 billion of imports subject to ad valorem duties. In other words, in only slightly over 10 percent of our imports is valuation an element of duty determination. Moreover, out of this 10 percent of total imports which might be affected, the sample survey made by the Treasury indicated that only $366 million of imports would actually have been changed. It appears, therefore, that the effect of section 2 of this bill would probably be limited to approximately 3 percent of the imports into this country.

Moreover, it is important to remember that domestic industry has no assurance that under existing law it would continue to have the incidental protection resulting from a valuation higher than that placed on the goods in normal wholesale trade with the United States. To a great extent, foreign exporters have it within their power to so change commercial conditions that even under present law the value of the imported commodity would be determined by the going wholesale price to the United States. For example, the Treasury Department pointed out to the Ways and Means Committee that one particular item—synthetic fibers—in the sample survey showed quite a substantial decline in valuation under the proposed valuation standards. Investigation of the reasons for this change revealed that in 1954 valuation was being made on the basis of foreign value. This foreign value was based upon sales in smaller wholesale quantities in the home market and also included excise taxes which were remitted upon exportation. Since that time it has been brought to the attention of the Treasury Department that the home market price is subject to such restrictions on resale that under the present law it cannot be considered a freely offered price. Therefore, valuation of these commodities is now based upon export value to the United States, and this bill would not result in any material change in that valuation.

Valuation of imported goods depends upon commercial practices then in existence and may change from time to time. Accordingly, a change in valuation standards does not change a fixed condition such as is involved in the change of a tariff rate and is not appropriate for a peril-point proceeding. Since the Tariff Commission's determination of peril points are made only in connection

with the economic condition of an industry at a particular time, past peril-point determinations could not be relied upon. Any attempt to introduce a peril-point type of operation as a condition precedent to a change in valuation standards would require such a determination by the Tariff Commission in connection with every importation subject to ad valorem rates of duty. It is obvious that such an undertaking would be administratively impossible, even if the Tariff Commission were free, as it is not, to devote its full time to such a proceeding. Peril-point determinations have no proper relation to customs administrative practices including valuation standards.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, if the gentleman will yield, I am sure the gentleman wants to make a clear statement. The time that the gentleman refers to is today when we pass the law. There is no method by which you know whether the cuts in the bill will endanger any business.

Mr. MILLS. My friend knows there is all the protection that could be written into H. R. 1, which was passed just recently.

Mr. SIMPSON of Pennsylvania. That is after the horse is stolen and after the damage is done.

Mr. MILLS. No, no; my friend knows that it is not after the horse is stolen and the damage is done. The provisions which we agreed to in H. R. 1 have reference not only to actual injury but have reference to the threat of injury. And we say that any time an industry feels itself threatened, it has the right to go to the Tariff Commission, to present its case. That applies just as well to this situation as it does to any other rate changes in effect.

My friend from Pennsylvania [Mr. SIMPSON] is concerned and asks you to be concerned because in some of these situations he finds that the value now assessed on an article may well be reduced by 16 percent. I am sure he intends to be accurate about it, but he says that that means a reduction of perhaps 12 percent to 16 percent in the duty. It does not mean that at all. That is the value on which the ad valorem duty is figured.

Let us see what the justification is for his concern. What are we talking about here? As I have said, we are talking about only approximately $1,400,000,000 of imports into the United States out of a total of $10.5 billion a year, on an ad valorem basis. And out of that figure of $1,400,000,000 the Treasury tells us that only $366 million of imports are involved in any actual change in after-duty cost—$366 million of goods. The average reduction in the after-duty cost of those goods is one-half of 1 percent.

There has been a lot said here about the effect on the chemical industry, a $20-billion industry which faces competition of about $300 million of imports a year. But do you know that out of the entire $300 million of imports involved in this change in valuation by 16 percent only $15 million worth of those imports falls within that category?

To me this sounds like a lot to do about nothing. Why? There is not a thing in the world that has been proposed under this section that cannot be accomplished with respect to any article involved merely by the foreign producer manipulating and regulating his domestic market.

What we are talking about from another point of view is the question of imports that come in at an ad valorem rate on a foreign value. Altogether only 29.07 percent of our imports into the United States come in on the basis of foreign value. We are talking about making all of those appraisements on imports that come into the United States either on the basis of export value, United States value, or some other subsidiary bases of valuation and deleting the foreign-value classification. At the present time 59 percent of all of our exports come in on the basis of export value. The following table indicates the changes in bases of appraisement that would result under H. R. 6040:

Changes in bases of appraisement under customs sample survey

[In percent]

Basis of appraisement	Present law	H. R. 6040
Foreign value	29.07	
Export value	59.12	91.76
United States value	1.11	1.49
Cost of production	10.37	
Constructed value		6.41
American selling price	.33	.34

I say again we are concerning ourselves a great deal about nothing. Then we raise the question about whether or not we are repealing or modifying the antidumping law. All in the world my colleagues have to do is to get the statute and they will readily determine that we are not. There is no place in this statute on antidumping where there is any reference whatsoever to foreign value. The statute specifically says that in consideration of the question of dumping we shall consider foreign market value, which is an entirely different concept from foreign value.

I am certain that we can rely upon this administration which we Democrats sometimes refer to in all seriousness as a "businessman's administration," to look after the interests of American business. I do not say you can do it any better than a Democratic administration can, but certainly you are going to try to do as well. What did the Secretary of the Treasury say about this matter of dumping? The Secretary said—and this is to be found on page 5 of the committee report:

MY DEAR MR. CHAIRMAN: It has come to my attention that in the course of your consideration of section 2 of H. R. 6040, which would amend the valuation standards set forth in section 402 of the Tariff Act of 1930, concern has been expressed that the elimination of a foreign value by this amendment would interfere with the enforcement of the Anti-Dumping Act, 1921.

I wish to advise your committee that it is the firm intention of the Bureau of Customs and the Treasury Department to continue to require foreign-value information—

That is the question raised by the gentleman from Pennsylvania—

as a part of the information contained in customs invoices. Consequently, the Treasury Department will continue to have available to it foreign value information upon which to initiate investigation of possible sales at a dumping price wherever the discrepancy between invoice price and foreign value appears to warrant it.

We say specifically in the bill before us that we do not intend, in fact, nothing is in the bill that in any way modifies or changes this.

Now we talk about the question of this bill itself changing the provisions on countervailing duty. Let us see what we have in the countervailing duty section of the statute. Are we concerned in countervailing duties about the value of something? No. We are not concerned about what its value is, whether it is the United States value, whether it is the foreign value, or whether it is the export value. What we are concerned with is this, and I read:

Whenever any country * * * shall pay or bestow, directly or indirectly, any bounty or grant upon the manufacture or production or export of any article or merchandise manufactured or produced in such country.

Then it follows along as to what shall be done. That is what we are talking about in countervailing duties. It has nothing whatsoever to do with valuation. It does not in any way change the authority that now exists in law for the Secretary to protect American industry from dumping and for the Secretary to protect American industry by applying countervailing duties when a country bestows a bounty or a grant.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from West Virginia.

Mr. BAILEY. The gentleman will recall my remark on the floor previously that in appearances before the Tariff Commission they claimed they had not sufficient funds to make investigations abroad on the foreign costs, wage scales, and what have you. Now you are removing responsibility from the Customs Bureau to have that information.

Mr. MILLS. We are not removing that responsibility. I wish the gentleman would permit those of us who are on the committee to explain this thing. As much as I love my friend, every time he mentions customs duties he closes his mind to the great appeal I try to make to convince him and enlighten him on these things. I do not believe he listens to me. I think he is predisposed a little bit before I get a chance to speak.

Mr. BAILEY. I do to a certain extent.

Mr. MILLS. As great a student as he is on these matters, the gentleman sometime or other is going to awaken to the fact that no State in the United States, West Virginia, Arkansas, or any other State, is going to improve from the condition in which the gentleman so ably describes his own State as being by the enforcement of provisions of law that do not permit the exportation of goods from the United States. How in the world can the State of West Virginia, which the gentleman so ably represents, improve from its present situation without our bringing about some improvement in the trade that exists between us and the rest of the world?

Mr. BAILEY. Now that the gentleman has mentioned my name, if he will

yield to me may I say that I listen to him as long as his talks are along the line of reason, but when they become propaganda I am not interested in them.

Mr. MILLS. I appreciate the gentleman's statement that I can effectively propagandize anybody. As to my reasoning, I will plead guilty to weakness in that respect.

Mr. HARRISON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. HARRISON of Virginia. I want to commend the gentleman on his very able, clear, and lucid explanation of this bill. I was impressed with the remark the gentleman made when he started. He apologized for again coming down to the well of the House and taking over the burden of carrying out the President's program. Does not the gentleman think it would be more generous or gracious on his part if he would let the Republican leaders on the committee make his speech for him?

Mr. MILLS. Actually I am not asking that they do that. I am perfectly willing to join them in whatever they want to do to implement this part of the President's program that is before us today. But I frankly am always pleased to recommend to the House those elements of the President's program on which I myself go along.

Mr. HARRISON of Virginia. The gentleman might well have yielded to them on this matter.

Mr. MILLS. I did that merely to call the attention of my colleagues here on the left, and again I say by reason of the fact that their President has asked for it, I think they can go along in this particular instance with the assurance that no serious injury is going to occur to any segment of American industry.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. GAVIN. The bill states its purpose is to amend certain administrative provisions of the tariff act and to repeal obsolete provisions of the customs laws. I have not heard anything at all about the administrative provisions and the obsolete provisions. This has degenerated into a debate on tariffs. I wonder if the gentleman could come back to telling us what this bill is all about and whether this is some new technique that has been conceived of, devised to reach its objectives in lowering the tariffs, without confusing the membership of the House as to the purpose of the bill. Will the gentleman tell us about it?

Mr. MILLS. The gentleman remembers I said I thought this was a whole lot of to do about nothing so far as these tariff matters are concerned that have been discussed. This legislation has been recommended to us, I will say to my friend, the gentleman from Pennsylvania, by members of his administration in whom I have great confidence. Frankly, I know of no man in whom I have any greater confidence than I do in Mr. Rose, Mr. Johnson and Mr. McNeill of the Treasury Department. They presented this legislation to us strictly and solely as a vehicle to bring simplification into the field of valuation which is so basically a part of the assessment of duties when duties are levied on an ad valorem basis.

Mr. GAVIN. Why do we not debate this simplification business and tell us something about it. How are you going to simplify these matters?

Mr. MILLS. I wish the gentleman had made his observation earlier when all these extraneous matters were thrown into the debate. I am merely trying to point out that they are extraneous. The gentleman is exactly right—this bill ought to be debated on the question of whether it is actually bringing about a simplification.

Mr. GAVIN. I have been here since 1:15 p. m. when the debate started, and I am more confused now than I have ever been, and it is quite evident that the committee is, too. Nobody seems to know what it is all about.

Mr. MILLS. I am satisfied that that is not the fault of the gentleman, and I want the RECORD to so reflect, that it is not the fault of the gentleman. But the gentleman from Wisconsin very ably discussed this matter from the point of view of improving customs administration and bringing simplification into the field. I trust the gentleman will read what the gentleman from Wisconsin said.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SIMPSON of Pennsylvania. Under this bill, there is no question or no denial of the fact that existing protection for certain industries is decreased.

Mr. MILLS. Yes, to the extent on the average of one-half of 1 percent of the duty-paid cost which is computed by applying the percentage reductions in valuation to the average duty rate applicable.

Mr. SIMPSON of Pennsylvania. The gentleman will agree that that could conceivably be the straw that breaks the camel's back; would he not?

Mr. MILLS. Would the gentleman agree with me that if it is the straw that breaks the camel's back, or even threatens to break the camel's back, that he and others have fixed the way to bring about complete relief in that situation?

Mr. SIMPSON of Pennsylvania. We have done our best about it, and I am happy to say that the gentleman helped also to give that assurance this year.

Mr. MILLS. I signed the conference report. Certainly those provisions which we discussed are applicable in this situation.

Mr. SIMPSON of Pennsylvania. I just wish to say that it is unfair, in my opinion, not to give industry any opportunity whatever to appear to present their case and to force them to use the escape clause and relief measures in order to protect their industry and the jobs of American workingmen.

Mr. MILLS. I want to say in just this minute, if I have a minute left, that we should cast our eyes a little further than just on the horizon, which we see immediately ahead of us. The President of the United States is soon going into a four-power meeting of the leaders of four very large nations of the world. He has asked us to permit him the opportunity of going to that particular meeting with recognition on the part of the leaders of the other countries of the world that he speaks not just for a few people in the United States but that he speaks for all the people of the United States in their desire for peace. He has said repeatedly, and it has been stated here, that the cornerstone of his whole foreign policy is economic trade. You cannot rely always on the military. The President has said the cornerstone of the foreign policy is trade with the free world. Are we going to say to him a few days before July 14, just a few days before he goes to the meeting at the summit, that we take from him this weapon which he says is most important?

Let us not recommit the bill in these trying hours and days. Let us look at it in its proper perspective, recognizing that there is no inherent danger to any industry, and let us give the President the power which he seeks and the power which he needs.

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. MILLS] has expired.

Under the rule the bill is considered as read. No amendments are in order except those by direction of the Committee on Ways and Means.

The Clerk will report the committee amendment as printed in the bill.

The Clerk read as follows:

Committee amendment: On page 16, line 13, insert:

"SEC. 5. Nothing in this act shall be considered to repeal, modify, or supersede, directly or indirectly, any provision of the Antidumping Act, 1921, as amended (U. S. C., 1952 edition, title 19, secs. 160–173). The Secretary of the Treasury, after consulting with the United States Tariff Commission, shall review the operation and effectiveness of such Antidumping Act and report thereon to the Congress within 1 year after the effective date of this act. In that report, the Secretary shall recommend to the Congress any amendment of such Antidumping Act which he considers desirable or necessary to provide for greater certainty, speed, and efficiency in the enforcement of such Antidumping Act."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Are there any further committee amendments?

Mr. COOPER. Mr. Chairman, there are no further committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BURNSIDE, 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. 6040) to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the customs laws, pursuant to House Resolution 282, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I move to recommit the bill H. R. 6040.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SIMPSON of Pennsylvania. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SIMPSON of Pennsylvania moves to recommit the bill H. R. 6040 to the Committee on Ways and Means, with instructions to report it back forthwith, with the following amendment: Strike out all of section 2 and renumber the other sections accordingly.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, on that motion I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 143, nays 232, not voting 59, as follows:

[Roll No. 93]

YEAS—143

Adair	Fjare	O'Neill
Alexander	Flynt	Osmers
Alger	Fogarty	Patterson
Andersen, H. Carl	Forand	Philbin
Andresen, August H.	Ford	Phillips
Andrews	Forrester	Pilcher
Ashmore	Fountain	Poff
Bailey	Frazier	Preston
Barden	Garmatz	Rains
Bates	Gavin	Richards
Beamer	George	Riley
Belcher	Grant	Roberts
Bennett, Mich.	Gross	Robeson, Va.
Berry	Gwinn	Rogers, Colo.
Betts	Haley	Rogers, Mass.
Blitch	Hand	Sadlak
Boland	Harrison, Nebr.	Saylor
Bonner	Hays, Ohio	Schenck
Bosch	Henderson	Scherer
Bow	Hess	Scudder
Bowler	Hoffman, Mich.	Seely-Brown
Bray	Jensen	Selden
Brown, Ga.	Jonas	Shuford
Brown, Ohio	Jones, N. C.	Sieminski
Budge	Kee	Siler
Burdick	Kilburn	Simpson, Pa.
Burnside	King, Pa.	Smith, Kans.
Bush	Knox	Smith, Wis.
Byrd	Laird	Staggers
Carlyle	Landrum	Steed
Carnahan	Lane	Taber
Cederberg	Lanham	Thompson, Mich.
Chenoweth	Latham	Thompson, Tex.
Chiperfield	Long	Thomson, Wyo.
Clevenger	McConnell	Tumulty
Cole	McGregor	Utt
Coon	McIntire	Van Pelt
Cretella	McVey	Van Zandt
Dague	Macdonald	Wharton
Davis, Ga.	Mack, Wash.	Whitten
Davis, Wis.	Mason	Williams, N. Y.
Dawson, Utah	Merrow	Willis
Dies	Miller, N. Y.	Wilson, Calif.
Donohue	Mollohan	Wilson, Ind.
Dorn, S. C.	Nelson	Winstead
Durham	Nicholson	Withrow
Fenton	Norrell	Young
	O'Hara, Minn.	
	O'Konski	

NAYS—232

Abbitt	Friedel	Morano
Abernethy	Fulton	Morgan
Addonizio	Gary	Moss
Albert	Gentry	Moulder
Allen, Calif.	Gordon	Multer
Allen, Ill.	Gray	Murray, Ill.
Anfuso	Green, Oreg.	Murray, Tenn.
Arends	Gregory	Natcher
Ashley	Griffiths	O'Brien, Ill.
Aspinall	Hagen	O'Brien, N. Y.
Auchincloss	Hale	O'Hara, Ill.
Avery	Halleck	Ostertag
Ayres	Harden	Passman
Baker	Hardy	Patman
Baldwin	Harris	Pelly
Barrett	Harrison, Va.	Perkins
Bass, Tenn.	Harvey	Pfost
Baumhart	Hays, Ark.	Pillion
Becker	Hayworth	Poage
Bennett, Fla.	Herlong	Powell
Bentley	Hiestand	Price
Blatnik	Hill	Priest
Boggs	Hillings	Quigley
Bolling	Hinshaw	Rabaut
Bolton, Frances P.	Hoeven	Radwan
	Holifield	Ray
Boyle	Holmes	Reece, Tenn.
Brooks, La.	Holtzman	Rees, Kans.
Brooks, Tex.	Hope	Reuss
Brownson	Hosmer	Rhodes, Pa.
Broyhill	Huddleston	Riehlman
Buchanan	Hull	Robsion, Ky.
Buckley	Hyde	Rodino
Burleson	Ikard	Rogers, Fla.
Byrne, Pa.	Jackson	Rogers, Tex.
Byrnes, Wis.	Jarman	Rooney
Cannon	Jenkins	Roosevelt
Chase	Jennings	Rutherford
Chelf	Johnson, Calif.	St. George
Christopher	Johnson, Wis.	Schwenkel
Chudoff	Jones, Ala.	Scott
Church	Jones, Mo.	Scrivner
Clark	Karsten	Sheehan
Colmer	Kean	Sheppard
Cooley	Keating	Sikes
Cooper	Kelley, Pa.	Simpson, Ill.
Corbett	Kelly, N. Y.	Sisk
Cramer	Keogh	Smith, Miss.
Crumpacker	Kilday	Spence
Cunningham	Kilgore	Springer
Curtis, Mass.	King, Calif.	Sullivan
Curtis, Mo.	Kirwan	Talle
Davidson	Kluczynski	Teague, Calif.
Dawson, Ill.	Knutson	Teague, Tex.
Deane	Lankford	Thomas
Delaney	LeCompte	Thompson, La.
Denton	Lesinski	Thompson, N. J.
Derounian	Lipscomb	Thornberry
Devereux	Lovre	Trimble
Dixon	McCarthy	Tuck
Dodd	McCormack	Udall
Dollinger	McDonough	Vanik
Dolliver	McDowell	Vinson
Dondero	McMillan	Vorys
Donovan	Machrowicz	Wainwright
Dorn, N. Y.	Mack, Ill.	Walter
Dowdy	Madden	Watts
Edmondson	Magnuson	Weaver
Elliott	Mahon	Wickersham
Engle	Marshall	Wier
Fallon	Martin	Wigglesworth
Fascell	Matthews	Williams, N. J.
Feighan	Metcalf	Wolverton
Fernandez	Miller, Calif.	Wright
Fine	Miller, Md.	Yates
Fino	Miller, Nebr.	Younger
Flood	Mills	Zablocki
Frelinghuysen	Minshall	

NOT VOTING—59

Bass, N. H.	Gathings	Mumma
Bell	Granahan	Norblad
Bolton, Oliver P.	Green, Pa.	Polk
	Gubser	Prouty
Boykin	Hébert	Reed, Ill.
Canfield	Heselton	Reed, N. Y.
Carrigg	Hoffman, Ill.	Rhodes, Ariz.
Celler	Holt	Rivers
Chatham	Horan	Shelley
Coudert	James	Short
Davis, Tenn.	Johansen	Smith, Va.
Dempsey	Judd	Taylor
Diggs	Kearney	Tollefson
Dingell	Kearns	Velde
Doyle	Klein	Vursell
Eberharter	Krueger	Westland
Ellsworth	McCulloch	Widnall
Evins	Mailliard	Williams, Miss.
Fisher	Meader	Wolcott
Gamble	Morrison	Zelenko

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Carrigg for, with Mr. Coudert against.

Mr. Taylor for, with Mr. Westland against.

Mr. Reed of New York for, with Mr. Celler against.

Mr. Kearney for, with Mr. Hébert against.

Mr. Chatham for, with Mr. Klein against.

General pairs:

Mr. Boykin with Mr. Bass of New Hampshire.

Mr. Eberharter with Mr. Widnall.

Mr. Morrison with Mr. Heselton.

Mr. Williams of Mississippi with Mr. Judd.

Mr. Polk with Mr. Reed of Illinois.

Mr. Granahan with Mr. Prouty.

Mr. Green of Pennsylvania with Mr. Norblad.

Mr. Dempsey with Mr. McCulloch.

Mr. Evins with Mr. Canfield.

Mr. Doyle with Mr. Horan.

Mr. Shelley with Mr. Wolcott.

Mr. Dingell with Mr. Rhodes of Arizona.

Mr. Kluczynski with Mr. Gubser.

Mr. Rivers with Mr. Tollefson.

Mr. Smith of Virginia with Mr. Ellsworth.

Mr. Fisher with Mr. Hoffman of Illinois.

Mr. Gathings with Mr. Holt.

Mr. Davis of Tennessee with Mr. James.

Mr. Diggs with Mr. Johansen.

Mr. Bell with Mr. Kearns.

Mr. Zelenko with Mr. Gamble.

Mr. McDOWELL, Mr. CHUDOFF, Mr. MADDEN, Mr. BOYLE, Mr. LECOMPTE, and Mr. JACKSON changed their vote from "yea" to "nay."

Mr. BONNER changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The bill was passed, and a motion to reconsider was laid on the table.

AUTHORIZING CLERK TO MAKE CORRECTION

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the Clerk be directed to correct the spelling of a word on page 2, line 11. The word is now spelled so as to read "important." It should be corrected to read "imported."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON RULES

Mr. COLMER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

INCREASING PENSIONS TO RECIPIENTS OF THE MEDAL OF HONOR

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 274) providing

for the consideration of H. R. 735, a bill to increase the rate of special pension payable to certain persons awarded the Medal of Honor, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 735) to increase the rate of special pension payable to certain persons awarded the Medal of Honor, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Veterans' Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

At this time I yield myself such time as I may require.

Mr. Speaker, this resolution makes in order consideration of the bill (H. R. 735), which has for its purpose increasing the amount paid to those having received the Congressional Medal of Honor from $10 per month to $100 per month. It is a closed rule, a modified rule waiving points of order.

I know of no opposition to the rule at all, and I reserve the balance of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. MARTIN] such time as he may require.

Mr. MARTIN. Mr. Speaker, I take this time to inquire of the majority leader as to the program for tomorrow.

Mr. McCORMACK. The intention is to meet tomorrow at 11 o'clock.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection?

There was no objection.

LEGISLATIVE PROGRAM FOR TOMORROW

Mr. McCORMACK. A resolution has been reported from the Committee on Foreign Affairs, which resolution I introduced. It is a resolution in relation to colonialization, stating the time-honored position of our country in relation to self-government and the ability of people to obtain self-government. It is felt that would be a very appropriate time to take this up. It will be brought up under a unanimous-consent request, with the understanding on the part of the leadership that different Members interested may reserve the right to object and make certain remarks. Then, if the unanimous-consent request is granted, I want to alert the Members that there will probably be a rollcall as an expression of this House, and it may have a good effect upon the minds of the people of the world at this time.

Mr. MARTIN. That will be first on the list tomorrow, aside from any conference reports?

Mr. McCORMACK. Yes. If the conference report on the pay-raise legislation is adopted in the other body, that will be taken up sometime during the day.

Then there is a bill on the program, reported out of the Committee on Foreign Affairs in relation to international claim settlements.

Then I shall ask the indulgence of the House; the Committee on Rules is now meeting in relation to a bill providing for the construction of some atomic vessels, which I understand is a matter of extreme importance. I am not prepared now to state whether it could be considered tomorrow, but if it can be I am going to ask the indulgence of the House that it may be considered.

Mr. MARTIN. Is there anything further today?

Mr. McCORMACK. No. The matter that I was referring to is H. R. 6795, to authorize appropriations for the Atomic Energy Commission for acquisition or condemnation of real property or any facilities, or for plant or facility acquisition, construction, or expansion, and for other purposes.

So my understanding perhaps is incorrect. May I ask the gentleman from North Carolina [Mr. DURHAM] if there is urgency for action on this bill?

Mr. DURHAM. Will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from North Carolina.

Mr. DURHAM. The necessity and the urgency for this arises from the fact that this year this authorizing legislation has to be passed and the Atomic Energy Commission must go before the Appropriations Committee.

Mr. McCORMACK. Is it a bill which can wait until next week?

Mr. DURHAM. It could.

Mr. McCORMACK. Then I shall not program it for tomorrow but will program it for next week.

Mr. BARDEN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield to the gentleman from North Carolina.

Mr. BARDEN. I would just like to make this statement. I am not, of course, in position to appraise either the importance or the order in which the gentleman has programed bills for tomorrow, but I fail to see the necessity of meeting before 12 o'clock tomorrow.

I should like to call to the attention of the leadership that it is a rather difficult and embarrassing thing for a chairman to make arrangements for witnesses from far distant points all over the country to appear before legislative committees, and then for them to have to leave and fly home without having a minute's time before the committee. It is utterly impossible for a chairman to operate a committee unless he can know earlier than the evening before as to whether or not he will have a meeting of the committee the next morning.

There have been several occasions recently where this very difficult situation has been presented to chairmen, and they have to absorb justified criticism when they bring witnesses in and cannot let them be heard.

Mr. McCORMACK. The answer, of course, to the observation of the gentleman from North Carolina, that I do not challenge and with which I do not take issue except to this extent, is that it is very seldom this year that this request has been made, and whenever it was made it was always out of regard for the best interests of the membership of the House always having that purpose in mind.

Looking at the bills on the program, as to the Settlements bill I do not know whether there is going to be controversy or not, but from information I have it seems there might be some controversial provisions in the bill, and that it might take some time in debate and under the 5-minute rule.

I might say that if we get through this program tomorrow I shall ask that we go over until Monday. I want to assure the membership that the effort always is so to conduct the business of the House that Members will have an opportunity to do their work. Committees can work on Friday if they desire. Members have plenty of things to do. I know that from my own experience. Certainly, nobody should object to the leadership's trying to have such consideration for the membership of the House.

Mr. BARDEN. I am not questioning the gentleman's consideration for the membership of the House.

Mr. McCORMACK. I did not say the gentleman did. I was giving an explanation. I want the RECORD to show that I did not think for 1 minute the gentleman was questioning it. I simply wanted the RECORD to give the explanation.

Mr. BARDEN. I simply am bringing to the attention of the House something that every committee chairman of this House is confronted with. Occasionally chairmen like to have Friday off, maybe.

Mr. McCORMACK. Correct.

Mr. BARDEN. Now, sometime, somewhere, maybe that will come about.

Mr. MARTIN. Mr. Speaker, has the gentleman concluded his colloquy?

Mr. McCORMACK. The gentleman's committee can meet tomorrow.

Mr. BARDEN. The gentleman does not need to tell me when my committee can meet; I know when my committee can meet, as far as that is concerned. But just let me make this suggestion in all sincerity: If it is at all possible, let the chairmen know before 5 o'clock the day before when we are going to meet at 11 or 10 o'clock the next morning. It is unfair not to do so.

Mr. McCORMACK. May I suggest to the gentleman from North Carolina that

I am human and have certain human limitations.

Mr. BARDEN. Oh, well, now, that is not at issue.

Mr. MARTIN. Mr. Speaker, I remind the gentleman that this is my time.

Mr. GROSS. Mr. Speaker, I should like to ask the gentleman from Massachusetts, have we not progressed far enough in this session so that we can abandon the Thursday to Tuesday club and work once in a while on Friday, meeting at noon on each day? I hope the gentleman will give some consideration to those who live a thousand miles away from our homes and who are stuck here each weekend and cannot go home. I think the gentleman from North Carolina has made a very important point insofar as the chairmen of the committees are concerned.

Mr. McCORMACK. Mr. Speaker, when I make a unanimous-consent request, any Member can object, if he desires to do so, but they better assume that responsibility. I stated the reason. I apologize to no one. This talk about the Thursday to Tuesday club has no foundation, and there is no basis for any such statement, because when I draw up a program there is always legislation that is taken up under the rules that is not controversial. I put that down on a Monday rather than on a Tuesday, Wednesday, and Thursday. Any responsible leadership would do that. It has been done and should be done. There is no time lost.

Mr. GROSS. I may say to the gentleman from Massachusetts, that is usually accompanied by an understanding there will be no record vote on Monday, if something controversial is brought up.

Mr. McCORMACK. For example, a week from Monday will be the Fourth of July. If there is any legislation on Tuesday which I will program involving a rollcall, the gentleman from Iowa would not object to the rollcall going over to the next day, would he?

Mr. GROSS. The gentleman has not so far, but the gentleman from Iowa will begin to object to this business of going over from Thursday until Tuesday.

Mr. McCORMACK. The gentleman has a perfect right to do that and he better do it upon his own responsibility.

Mr. GROSS. The gentleman will be perfectly willing to do it on his own responsibility.

Mr. McCORMACK. If we finish this program tomorrow there is no more legislative program for the rest of the week.

Mr. GROSS. I shall not object at this time, but I shall feel constrained to object in the future.

Mr. McCORMACK. I suggest the gentleman better reconsider that statement.

Mr. ALLEN of Illinois. Mr. Speaker, I have no more requests for time on this side and reserve the balance of my time.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

FREE IMPORTATION OF GIFTS FROM MEMBERS OF THE ARMED FORCES OF THE UNITED STATES ON DUTY ABROAD

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5559) to make permanent the existing privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad, with Senate amendments thereto, disagree to the Senate amendments and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. COOPER, DINGELL, MILLS, JENKINS, and SIMPSON of Pennsylvania.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. BONNER. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries of the House may have permission to sit tomorrow morning during general debate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

SPECIAL ORDER GRANTED

Mr. YATES asked and was given permission to address the House for 20 minutes today, following the legislative program and any special orders heretofore entered.

FEDERAL EMPLOYEES SALARY INCREASE ACT OF 1955

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent that the House conferees on the bill (S. 67) to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes, may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that the Subcommittees on Health and Science, and Transportation of the Committee on Interstate and Foreign Commerce may be permitted to sit during general debate tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PENSION FOR MEDAL OF HONOR HOLDERS

Mr. TEAGUE of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 735) to increase the rate of special pension payable to certain persons awarded the Medal of Honor.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 735, with Mr. IKARD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. TEAGUE of Texas. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, this is a very simple bill. In 1916 the Congress passed a bill which authorized or directed the Administrator of Veterans' Affairs to pay to each veteran who had been awarded the Congressional Medal of Honor $10 when he reached the age of 65, and who was separated from service. This bill does two things. This bill increases that $10 to $100 and removes the age limitation.

At the present time there are 394 Medal of Honor winners living. Under present law there are 26 of those 394 receiving $10 per month. It has come to the attention of the Committee on Veterans' Affairs that there were a few of our Congressional Medal of Honor winners who were destitute, and the committee recognized that you cannot put a price tag on honor or courage or things of that kind. But, the committee did not think it appropriate that a man who won the Congressional Medal of Honor by our Government should be destitute.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Does this mean that every Medal of Honor winner from this time on, regardless of circumstances, will draw $100 a month?

Mr. TEAGUE of Texas. This bill means every Medal of Honor winner who has been separated from the service. Retired officers would be excluded or any of those retired would be excluded from receiving this money. In other words, every man separated from the service would receive $100 a month. Of course, the great majority of Medal of Honor winners were badly wounded, and many of them have been retired.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Illinois.

Mr. YATES. Is there a right of survivorship to this benefit?

Mr. TEAGUE of Texas. There is nothing concerning survivors, but as far as Medal of Honor winners are concerned, they are treated the same as any other survivor.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. I want to express my support of this bill to the gentleman from Texas. It is similar to a bill of the same nature which I introduced 4 or 5 years ago. I want to con-

gratulate the Committee on Veterans' Affairs for bringing forth this legislation.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. I would like to say that I think this is a very meritorious measure. Simply for the information of the House, would the gentleman advise us of the number of veterans to whom this benefit would apply?

Mr. TEAGUE of Texas. I cannot tell the House the exact number, but there are only 394 living. The Department of Defense advises that it would require a search of some 30,000 records to determine the exact number that it would apply to. There are 26 receiving $10 a month. Of course, the factor of age requirement is being taken off of this bill, and that would add some more, but I think it would affect very few.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from California.

Mr. PHILLIPS. I agree with my colleague from Pennsylvania who just called this meritorious legislation. But I did not understand what the gentleman from Texas [Mr. TEAGUE] said about retirement. Do I understand that if an officer has received the Congressional Medal of Honor and remains in the service and then retires and receives retirement pay, he does not get the amount of money provided in this bill?

Mr. TEAGUE of Texas. Under this bill and under present law, he would not get the money referred to, because the Attorney General of the United States has ruled—it was sometime back in the thirties, 1932 or 1937—that a person who had retired had not been separated from the service.

Mr. PHILLIPS. That would apply to anyone, whether or not he received retirement pay, would it not?

Mr. TEAGUE of Texas. It would apply to any person. If a person received retirement pay, he would not receive this $100.

Mr. PHILLIPS. I am just trying to think this out, if the gentleman will be good enough to yield further. What situations would there be in which a man left the service without getting retirement except for injury or at the end of the war? I suppose those are the two conditions.

Mr. TEAGUE of Texas. If he left the service at the end of the war and was not disabled and received no retirement, but he did receive the Congressional Medal of Honor, he would receive $100 a month.

Mr. PHILLIPS. I thank the gentleman.

Mr. TEAGUE of Texas. The bill is quite restrictive; in fact, probably too restrictive.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Do not those who are still in the service get the same benefit in the way of additional compensation?

Mr. TEAGUE of Texas. Those who are in the service receive no additional benefit.

Mr. ALBERT. I thought additional compensation was paid to enlisted men upon receiving the Congressional Medal of Honor.

Mr. TEAGUE of Texas. No, sir. The Congressional Medal of Honor winner today receives $10 per month when he reaches the age of 65, provided he is separated from the service and receives no retirement pay.

Mr. ALBERT. I think the gentleman has a good bill. I think it should be extended to those in the service, at least in part.

Mr. TEAGUE of Texas. I am inclined to agree with the gentleman.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. Mr. Chairman, I wish to commend the distinguished gentleman from Texas, the able chairman of the Committee on Veterans' Affairs, for introducing this bill and standing back of it until a rule was obtained from the Rules Committee and the measure brought to the floor for action.

When I first came to the Congress in 1949 one of my constituents, Joseph J. McCarthy, was president of the Congressional Medal of Honor Society. He is supervisor of the ambulance service of the Chicago Fire Department and is a lieutenant-colonel in the Marine Corps Reserve. His outstanding bravery in World War II and the feats of sublime heroism that won him the Medal of Honor are a source of pride to every man, woman, and child in Chicago.

It is he who first informed me of the pitiful neglect of these national heroes upon whom had been bestowed the Congressional Medal of Honor, when the years had passed, youth had departed and sometimes with the passing of years had come adversity.

In the Congresses of which I have been a Member there has been some measure of the character of this before us today always on the Consent Calendar and every time it came up on that calendar it was passed over. Today at long last the measure is before us for a vote and I am certain it will be passed by this House without a dissenting vote. Too much credit cannot be given to the distinguished gentleman from Texas. Again he has proved himself the tried and true friend of the serviceman. Mr. Chairman, the passage of this bill today will reflect the highest and most glorious of patriotic credit upon this body.

Mr. TEAGUE of Texas. I thank the gentleman.

Mr. SIEMINSKI. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from New Jersey.

Mr. SIEMINSKI. Can the gentleman tell me what the reasons were for eliminating any benefits to survivors, such as children, who might, when of age, need this money for further education?

Mr. TEAGUE of Texas. I will say to the gentleman that at the moment there is a very, very exhaustive study being made of the subject of survivors and sometime next month perhaps there will be a bill brought to the floor that will provide considerable help to survivors of servicemen who have died.

Mr. SIEMINSKI. If the gentleman yields further, I was thinking of cases like that of Colin Kelly, who died in action; because of Colin Kelly's valor the President of the United States stated that when Colin's son reached an age when he would be eligible for admission to West Point, he could, if he desired, accept an appointment to West Point. During my campaign for office in the spring of 1950, I called for a Colin Kelly bill, a bill that would extend benefits to survivors of all who gave their lives in war. It seems to me, inasmuch as we are moving in the direction of a man giving his life not only for his country but for his family, we should move toward the survivor approach. I am happy to see that the gentleman contemplates not holding up that benefit too long. It seems to me that the generation coming up could use the pension as much as the man decorated for valor to whom life has dealt an unfortunate blow.

Mr. TEAGUE of Texas. That study has been going on during the past year.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield.

Mr. O'HARA of Minnesota. Will the gentleman tell me whether in the case of a boy who was a Medal of Honor winner in World War II and who was killed in that war and left survivors, his widow or his mother would be entitled to benefits under this bill?

Mr. TEAGUE of Texas. Not because of being a Congressional Medal of Honor winner; no.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from North Carolina.

Mr. JONAS. The survivors in those cases would be entitled to all of the survivors' benefits provided by other law?

Mr. TEAGUE of Texas. That is true. Those survivors would be entitled to a 6-month death gratuity, in some cases they would be entitled to some social security, in some cases they would be entitled to Federal employees' compensation, and all of them would be entitled to Veterans' Administration compensation and some kind of VA insurance.

Mr. JONAS. Do I understand correctly that eligibility for this new benefit is not dependent upon need at all?

Mr. TEAGUE of Texas. No; it is not, but it is written in such a way that it would certainly take care of those in need.

Mr. JONAS. I know; but how about those that are not in need?

Mr. TEAGUE of Texas. I certainly do not think there should be a need clause in this bill.

Mr. JONAS. Do I understand correctly, then, that the $100 per month is made available to all who have been awarded the medal, without regard to need?

Mr. TEAGUE of Texas. And who have been separated from the force. That

means when a man is retired he is drawing his retirement pay, and certainly he is not going to become destitute.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from California.

Mr. SISK. May I commend the gentleman on his statement. I am wholeheartedly in agreement with this legislation. I do feel I would like to see it enlarged to cover all Medal of Honor winners.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I just want to comment briefly as to my understanding of the question that was raised on the matter of need. As I understand, there is no change made in the existing regulation on that question. I do not think there is any distinction made between those in need and those not in need insofar as receiving this payment is concerned. That situation is continued under this legislation.

Mr. TEAGUE of Texas. That is exactly correct.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I have no request for time, but I should like to make the statement that it would seem to me to be very horrible to put a need clause in any legislation concerning money or other appreciation given to a Medal of Honor winner. I have previously had bills similar to this introduced in the Congress. Now that this bill is reported from the Committee on Veterans' Affairs, I am delighted, there are several Medal of Honor men in my own district. It will be passed, I believe, without a dissenting voice.

Mr. JONAS. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from North Carolina.

Mr. JONAS. The reason I asked the question about need is that some of the statements made on the floor indicated, as indeed did the gentleman from Texas, that one of the reasons for the bill was to take care of Medal of Honor winners who are in need and to prevent suffering on their part. If the proposal is based upon the desire to relieve winners of the medal from need, then I thought it would be pertinent to inquire if the question of need is involved in determining eligibility for the money stipend.

Mrs. ROGERS of Massachusetts. I realize that the gentleman was not asking that the need clause be put in the bill. It was the fact that many of the men do need the money very badly that we hurried in getting the legislation passed. You do not give a medal to a man because he is in need. It is the principle of the thing that counts. Nor do you give this $100 only to those who need it.

Mr. SCOTT. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. The people of the United States have various ways in which we accord respect to those gallant wearers of the Congressional Medal of Honor, those who survived, and there were not too many of them. Perhaps the Members of the House know that among the honors we tender is the recognition, when a Congressional Medal of Honor man passes in uniform, which is accorded by a salute to him by all officers and enlisted men of all of the armed services from the General of the Army down, from the fleet admirals and the other admirals down. No matter what rank they may hold, a Congressional Medal of Honor wearer is entitled to the first salute. Recently, I traveled on a plane in which a Congressional Medal of Honor wearer was a passenger. He was entitled to leave that plane before everybody, including Cabinet officers and high-ranking military officers. He was entitled to board the plane first for the same reason. These are fine gestures, but what we plan to do here today is something more than a gentle gesture. It is simply a precaution in addition to recognition, but a precaution to make sure that no wearer of the Medal of Honor may ever become so completely destitute or so hard up as to cause bitterness to him or shame to the United States.

Mr. SIEMINSKI. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. SIEMINSKI. Merely to fill out the research data on this survivors bill, of which the gentleman from Texas [Mr. TEAGUE] spoke. I understand there are now 394 Medal of Honor recipients living.

Mrs. ROGERS of Massachusetts. I do not know, but according to the statement I have here, it says 395 living. One may have died since this was issued.

Mr. SIEMINSKI. The purpose of my observation is to learn how many survivors there are of those who earned the medal but did not live to get it in the generation covered by the 394 or 395; if we could have that in the RECORD, we might more clearly establish the need for taking care of the survivors of those who did not come back, but whose children were given the medal in the rose garden at the White House, then walked away, brushing away their tears.

Mrs. ROGERS of Massachusetts. I think that could be ascertained, perhaps not exactly, but very nearly, for the future. It is a fine suggestion.

Mr. SIEMINSKI. I thank the gentlewoman.

Mr. TEAGUE of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, it is indeed a pleasure for me to have the opportunity of supporting this worthwhile measure. I want to congratulate the distinguished chairman, the gentleman from Texas [Mr. TEAGUE], and the other fine members of the Veterans' Affairs Committee for their diligent efforts in reporting out this bill. I happen to have a Congressional Medal of Honor winner in my district who is a personal friend of mine. He is the Honorable Clyde L. Choate, of Anna, Ill. I have read the military record which lead to his receipt of this great Medal of Honor, and I can tell you here this afternoon that it goes far beyond the call of duty. The least I could do for him and the other winners of this great Medal of Honor would be to work for and to support this worthy bill. I hope my colleagues will join with me in displaying our appreciation by voting this bill out unanimously. Thank you very much.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I have no further requests for time.

Mr. TEAGUE of Texas. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute committee amendment, printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

That section 1 of the act of April 27, 1916 (39 Stat. 53), as amended (38 U. S. C. 391), is hereby amended by striking out the following: "who has attained or shall attain the age of 65 years,".

SEC. 2. That the first sentence of section 3 of the act of April 27, 1916 (39 Stat. 54), as amended (38 U. S. C. 393), is hereby amended by striking out "$10" and inserting in lieu thereof "$100."

SEC. 3. This act shall take effect on the first day of the second calendar month after its enactment.

Mr. SAYLOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR: On page 2, line 1, strike out "the following" and on line 2 strike out the period at the end thereof and insert the following: "and by striking out 'and who was' immediately after 'duty,' and inserting in lieu thereof 'and who served as a member of the military or naval service in any active or inactive status (including any retired status), or was'."

Mr. SAYLOR. Mr. Chairman, the amendment sounds very technical, but it is simply an amendment to the act of 1916. Its purpose is to allow any serviceman who received the Congressional Medal of Honor to receive $100 monthly whether he is on active duty or in a retired status.

Under rulings made in the early thirties by the Attorney General, it is impossible for anyone who is on active military duty or anyone in a retired military status to receive $10 when they attain the age of 65. What this amendment does is to allow those people to receive the $100 per month, whether or not they are 65 years of age, and whether they are continued in the service or are on the retired list.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. ALBERT. I want to commend the gentleman for his amendment, because if we penalize those who remain in the service, we are putting indirect needs tests on them, and nobody else, because others coming out of the service and en-

tering other professions have no test applied to them. I do not think we should penalize servicemen, and I commend the gentleman for his amendment.

Mr. SAYLOR. That is the reason I urge this amendment be adopted to treat everyone alike who had earned the Congressional Medal of Honor.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. SCOTT. I think in line with what has just been said, the gentleman's amendment accomplishes an important purpose, because otherwise we would say to those who remain on the retired list or those who remain in the service: "You were brave, but because you were tenacious and loyal and attentive to the needs of the service, you cannot receive recognition which might come to you otherwise."

Mr. SAYLOR. I thank the gentleman for his remarks.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I am very happy to support the gentleman's amendment.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. EDMONDSON. I want to join my colleagues in expressing appreciation of the gentleman's amendment, which I think does something very constructive. I hope the committee will accept it as an amendment to the committee amendment.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. O'HARA of Minnesota. I do not understand the limitation on the age. Do they have to be 65?

Mr. SAYLOR. No. Under the present law they must be 65. This amendment would eliminate the 65-year age requirement.

Mr. TEAGUE of Texas. Mr. Chairman, when the bill was first introduced, it was introduced exactly as this amendment would make it. Our committee was very apprehensive about not placing a price tag on honor. I do not think there is a member of the committee who would object to this amendment, but after considerable discussion the committee finally reported the bill out as it is now before us. However, I do not intend to oppose the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR] to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. IKARD, 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. 735) to increase the rate of special pension payable to certain persons awarded the Medal of Honor, pursuant to House Resolution 274, he reported the same back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time and passed.

The title was amended to read: "A bill to increase the rate of special pension payable to certain persons awarded the Medal of Honor, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

THE BOLD, NEW, DYNAMIC INFORMATION PROGRAM

Mr. KARSTEN. 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 Missouri?

There was no objection.

Mr. KARSTEN. Mr. Speaker, under the bold, new, dynamic information program announced by the Secretary of Defense, the public can now get both a "Yes" and "No" answer to the same question. The outstanding thing about this program is that both the "Yes" and the "No" come out in the same breath.

To show how the information program operates, I am quoting the following two clippings from this morning's Washington Post and Times Herald:

> The White House denied published reports yesterday that Secretary of the Army Robert T. Stevens had submitted his resignation to President Eisenhower. Presidential Secretary Hagerty said there is no resignation before us at all. He said he knew of no reason to anticipate that Stevens had any plans to resign.

This was on page 40.

On page 47 of the same newspaper in the society column is the following item, entitled "Checking Out":

> Mrs. Robert T. Stevens, wife of the retiring Secretary of the Army, says she will spend the summer in Montana, where she hopes her husband can join her, providing he doesn't have to work beyond the date of his resignation, July 31.

As it turns out, Mrs. Stevens was right, for the Secretary has submitted his resignation.

If the bold, new, dynamic program is designed to confuse the American public, the administration is doing a good job at it.

PERMISSION TO COMMITTEES TO SIT DURING SESSION OF HOUSE TOMORROW

Mr. BARDEN. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may sit during general debate in the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. LANE. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may sit during general debate in the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SALE OF CERTAIN VESSELS TO CITIZENS OF THE REPUBLIC OF THE PHILIPPINES

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (S. J. Res. 67) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines, to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the resolution.

Mr. GROSS. Mr. Speaker, will the gentleman explain the bill very briefly? Does he include combat vessels? What kind of shipping is it?

Mr. BONNER. The gentleman is right in asking for an explanation inasmuch as there is a report accompanying the resolution.

Following the war and to enable them to resume their interisland commerce special provision was made with respect to the Philippines in the Ship Sales Act. We chartered five small vessels to the Philippines to rehabilitate their interisland commerce. These vessels have been operated under this charter agreement from year to year.

Last year there was a bill before Congress to do this identical thing, provide sale, but on account of certain inequities which were being practiced against American commerce by the Philippine Government this bill was not passed, but the charter was renewed to the extent of one additional year. In a letter dated June 18, 1955 addressed to me from General Romulo, accompanied by copy of a cablegram from President Magsaysay, I and others who object and have protested against these inequities, have been assured that every means would be used to correct same in the next session of the Philippines Congress. This charter and the privilege of buying expires the 30th of this month. Therefore the reason for asking that the bill be considered in this manner.

Mr. GROSS. Mr. Speaker, I withdraw my objection.

The SPEAKER. Is there objection to the request of gentleman from North Carolina?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That notwithstanding the provisions of section 14 of the Merchant Ship Sales Act of 1946 (Public Law 321, 79th Cong.), as amended, or any other provisions of law, the Secretary of Commerce is hereby authorized and directed to sell to citizens of the Republic of the Philippines in accordance with the Merchant Ship Sales Act of 1946, 5 vessels named herein: *Carrick Bend, Masthead Knot, Snug Hitch, Boatswains Hitch,* and *Turks Head,* which at present are in the Philippines: *Provided,* That with respect to each of the said vessels one-half of the charter line paid to the United States shall be subtracted from the sales price as additional depreciation for the period beginning July 1, 1954, and ending with the date of execution of the contract of sale of the respective vessel: *And provided further,* That the Secretary of Commerce after consultation with the National Advisory Council in International Monetary and Financial Problems, shall fix the terms of payment on unpaid balances, which terms shall in no event be more favorable than the terms applicable in the case of sales to citizens of the United States.

In determining the order of preference between applicants for the purchase of such vessels, first preference shall be given to the applicants who are charterers of such vessels under the terms of the aforesaid act of April 30, 1946, as amended, at the time of making application to purchase vessels under the terms of this act; second preference shall be given to applicants who suffered losses of interisland tonnage in the interests of the Allied war effort: *Provided,* That applications for the purchase of said vessels are received by the Secretary of Commerce within 1 year after the date of enactment of this act.

Except with the prior approval of the Secretary of Commerce, any vessel sold under this joint resolution shall, for a period of 10 years from the date of sale of the vessel, be operated only in the interisland commerce of the Philippines.

Delivery of the vessels for the purposes of sale shall be made at a port in the Philippines designated by the Secretary of Commerce.

Notwithstanding any other provision of law, the said vessels shall continue to operate in the Philippines under existing charters until such time as the agreements of sale are executed and deliveries of the vessels thereunder are accomplished.

For the purposes of this act, the term "citizen" includes any individual, corporation, partnership, association, or other form of business entity authorized to do business under the laws of the Republic of the Philippines.

With the following committee amendments:

Page 2, line 3, after the word "charter", strike out "line" and insert "hire."

Page 2, line 12, strike out "aforesaid act of April 30, 1946" and insert in lieu thereof "Philippine Rehabilitation Act of 1946."

The committee amendments were agreed to.

The resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KEEPING THE RECORD STRAIGHT ON HOUSE RESOLUTION 210 TO INVESTIGATE THE FEDERAL OPEN MARKET COMMITTEE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, when House Resolution 210 was being considered June 15, the gentleman from Virginia, Hon. HOWARD SMITH, chairman of the Committee on Rules, spoke against it. The Republican Members of the House in conference the day preceding consideration of the resolution agreed to vote solidly against it.

Judge SMITH'S standing in the House was sufficient to persuade enough Democrats to vote against the resolution to cause its defeat along with a solid Republican vote of opposition. It was disapproved by a rollcall vote of 214 to 178.

I have no desire to reflect on Judge SMITH; in fact I have served with him over a long period of years and I know that he is a man of high character and a very sincere, conscientious Representative in Congress. The fact that he is a successful and well-recognized commercial banker naturally causes more weight to be given to his views.

INCORRECT STATEMENTS

In the debate on House Resolution 210, there were, in all probability, many Members who were doubtful about the effect of this resolution and they certainly did not want to do anything that would upset the economy. Therefore, words of caution along with strong pleas of opposition coming from a distinguished Member like Judge SMITH had tremendous effect. I know Judge SMITH did not intend to deliberately misstate the facts; however, I desire to invite your attention to four statements made by him in his speech opposing the resolution and which are found on page 8313 of the CONGRESSIONAL RECORD for June 15, 1955. The excerpts are as follows:

First:

Anything that might tend to disturb the security market at this time is a thing that is too dangerous for us to take any chances with, and it is purely for that reason that I am opposed to this resolution, because I think it is dangerous. I think it has seeds in it that might with all the publicity that is usually attendant upon a public investigation, will disturb the security market that is too nervous already at this time.

Second:

But I am seriously disturbed by the chance that such an investigation, with the attendant publicity, might well disturb the delicate bond market and the delicate economy that is now resisting pretty successfully the terrific inflationary spiral that is upon us.

Third:

Let us see what could happen to this bond market: 61.7 percent of all bonds of the United States Government are held by your commercial banks. That means that about $180 billion worth of Government bonds are held by the banks of this country. Drop those bonds suddenly five points, let us say, through some disturbance in the present psychology of the country and what would happen to all of your national banks? When things begin to happen to your banking system, what happens to all the rest of the business interests of the country? What happens to the labor situation, for instance, when things begin to go bad? Those are the things I have been fearful of for many years. I am still fearful of them. I am fearful of this proposal to fool with this delicate situation at this time. I do not think it ought to be done.

Fourth:

Mr. MCDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from California.

Mr. MCDONOUGH. The resolution submitted by the gentleman's committee states that this committee shall not undertake any investigation of any matter which is now under active investigation by another committee of the House. From what the gentleman has said up to now, and from what Mr. WOLCOTT has said, the proposal would be a duplication of an active investigation now under consideration by the Joint Committee on the Economic Report; does the gentleman agree?

Mr. SMITH of Virginia. Yes.

These excerpts contain unintentional misrepresentations of fact.

I desire to answer these statements briefly, as follows:

CORRECTIONS

First. The commercial banks do not hold 61.7 percent of all of the bonds of the United States Government.

Second. The banks do not hold $180 billion worth of Government bonds.

FIVE HUNDRED PERCENT WRONG

The facts are that the banks hold about 40 percent, or $37 billion, out of the $87 billion of Government marketable bonds outstanding and less than 40 percent of all marketable Government securities outstanding. Judge SMITH was 500 percent wrong about the amount of bank ownership of Government bonds.

Third. The investigation proposed in House Resolution 210 is not now being duplicated by an investigation by the Joint Committee on the Economic Report.

REACTION TO DEFEAT OF RESOLUTION

Reaction to the negative vote by the House on House Resolution 210 was an encouraging sign to the speculators in Government securities. They immediately proceeded to drive down the prices of outstanding long-term Government bonds. In other words, the result Judge SMITH feared would follow from approval of House Resolution 210 was exactly what happened as a result of its defeat.

The only remaining long-term issue that had not slipped below its par price—the 40-year 3's—began a rapid slide-off on Wednesday shortly after the House vote. On Wednesday and Thursday, they were driven down drastically in price falling twenty-one thirty-seconds in 2 days.

The Humphrey 3¼'s fell off fourteen thirty-seconds on Thursday, the day fol-

lowing the House vote on House Resolution 210.

The Victory Loan 2½'s were off six thirty-seconds in Thursday's trading, closing at 96½.

Defeat of House Resolution 210 could not have had any other result except to undermine the market for United States Government securities. The Federal Open Market Committee, and the New York Federal Reserve Bank in particular, have, in effect, been given carte blanche by the House to continue to manipulate the money market and the prices of Federal debt issues without fear of study or criticism by the Congress.

No one charges these men with dishonesty or illegal acts. But then again, no one can blame bankers for basing their decisions upon their lifetime experience as bankers. And no one can expect bankers to act against their own economic interests. Banking is not a philanthropic institution yet. But who will protect the public interest? This responsibility rested and still rests with the Congress. By their vote against House Resolution 210, the Republican Members and the handful of Democrats, who joined them, abdicated their responsibility to safeguard the public interest.

The stage has now been set for a round of windfall profits in marketable United States Government securities that will make the $416 million earned by the commercial banks in 1954—966.7 percent increase over 1953—look small by comparison. Added impetus has been given to the movement for wider price fluctuations and more frequent price fluctuations in the Government securities market.

Increased price fluctuations will intensify interest and activity by the professional speculator. As a consequence, the United States Government securities market will no longer be viewed as safe by the conservative investor who was content to receive a rather modest rate of interest for his savings.

Because a new element of risk has been introduced into the Government securities market, and particularly because the Congress has let it be known that it will not interfere with the Federal Open Market Committee, the United States Treasury will now have to pay whatever interest on its securities the bankers decide they shall charge. This will put an added burden on the taxpayers. The computed annual interest charge on our direct Federal debt has just reached an alltime high of $6,500,000,000. It will climb rapidly in the next 6 months. Anticipation of higher interest rates is also bound to have a restraining effect upon lenders. This means that groups most dependent upon credit, such as farmers, small-business men, prospective home buyers, moderate- and lower-income consumers, will be facing the same credit squeeze they experienced in 1953. There is no assurance that such a credit squeeze could avert the same consequences that followed in 1953.

DEFEAT TEMPORARY

Defeat of House Resolution 210 has only temporarily deferred an investigation of the Federal Open Market Committee's operations. The fact that Federal Open Market Committee operations led to sharp gyrations in the Government securities market and enabled some to make huge windfall profits at the expense of losses to others makes such a study inevitable.

The issue of whether the public interest or whether the interest of the banking and speculating fraternity shall be served by the Federal Open Market Committee is not dead. Defeat of House Resolution 210 cannot eliminate such a crucial issue.

EDITORIALS FROM NEW YORK JOURNAL OF COMMERCE

Mr. Speaker, I am inserting two editorials from the New York Journal of Commerce. The first one which is entitled "Profits and Politics" appeared in the June 21 edition of the paper. It deals with the House action disapproving House Resolution 210 which would have authorized a study of the operations of the Federal Open Market Committee.

I have a high regard for the editors of this outstanding journal. They rarely fail to reflect accurately the prevailing sentiment in the world of industry and trade. This I have noted has been particularly true in connection with such questions as credit policy. I am naturally disappointed that the editor did not agree with the proposal to study the operations of the Federal Open Market Committee and suggested that the proposal might have been politically motivated. In calling for a study of the Federal Open Market Committee I did not impugn the motives of anyone on that Committee. Regardless of the motives of the policymakers however, I think it is impossible to separate credit policy decisions from their effect on the profitability of the commercial banking system. It was in this connection that I drew attention to the fact that as a result of recent credit policy moves there had been a very substantial rise in bank profits due largely to profits from the sale of government securities.

I am not against profits nor am I opposed to a profitable commercial banking system. I want to see banks profitable so that they can continue to perform their important function in our capitalistic economy. But my interest as a legislator does not end there. I want to see that the public interest and general welfare is safeguarded. Is it in the public interest to have a sharply fluctuating Government securities market? What advantages are gained by having the prices of United States Treasury bonds change as frequently and move as widely as they have recently? What advantage is there in having newly issued United States Treasury bonds fall below their par price? To be sure such fluctuations create the possibilty for large capital gains for some but do they add anything to the stability of the economy? Are they essential in promoting expansion of the economy?

The Open Market Committee is not perfect as the findings of its own ad hoc subcommittee showed.

As far as my ability to conduct an unbiased hearing is concerned, the same misgivings voiced in the Journal of Commerce editorial were printed widely at the beginning of the so-called Patman subcommittee hearings on debt-management and monetary policy. Yet the conduct of those hearings did not produce one shred of evidence that could substantiate the allegations of bias that were made at the start. Indeed, that study was the subject of unanimous approval in the leading journals.

There is one part of the editorial, Politics and Profits, that I will subscribe to and that is the admission that despite the defeat of House Resolution 210 the issue is still very much alive. I am confident that an exhaustive study of the operations of the Federal Open Market Committee, such as I proposed, will in fact be made. It has merely been temporarily postponed.

It is ironic that immediately following the criticism of House Resolution 210 the editors of the Journal of Commerce published a second editorial on June 22, The Credit Control Dilemma, wherein they criticize an important phase of the Open Market Committee's operations. One of the major aspects of Federal Open Market Committee operations which I had intended to scrutinize if the House had passed House Resolution 210 was the so-called bills-only policy which precludes open-market purchases of Government bonds and may thereby be contributing to the instability of Government bond prices.

Mr. Speaker, concerning the question of member banks' losses and chargeoffs on securities exceeding profits on securities in the period 1951–53, I noted that in my remarks in the RECORD on Wednesday, June 15. However, this does not alter the fact that member-bank profits on securities from 1948 to 1953 averaged $52 million a year and suddenly jumped to $375 million in 1954.

In addition, it is important to bear in mind that in 1951–53 certain banks in or near the excess-profits-tax bracket purposely incurred losses for tax purposes at the same time improving their portfolio position.

The Journal of Commerce editorial also suggests that I have exaggerated the return on stockholders' investment in commercial banks by computing after-tax profits on stockholders' capital minus undivided profits and surplus. I have merely sought to show that in terms of the equity contributed by the stockholders that the current rate of return in banking is rather high. A rate of return in a riskless business that will enable a stockholder to recover his equity contribution in a little over 3 years is rather high.

Mr. Speaker, in conclusion, I wish to call attention to the recent behavior of prices in the Government bond market. Up until last Wednesday the Government bond market had shown an underlying condition of strength, notwithstanding the Treasury's difficulty in its May refinancing. It is a paradox that following the defeat of House Resolution 210, which it was alleged would contribute to a weakening of the Government bond market if passed, a persistent decline in

Government bond prices has ensued. I am inserting the following table which shows the closing bid prices for certain United States Treasury long-term bonds from Tuesday, June 14, to Tuesday, June 21:

Issue	Closing bid prices, U. S. Treasury bonds						Total change
	June 14	June 15	June 16	June 17	June 19	June 20	
2½s 1972	96.20	96.18	96.12	96.10	96.10	96.6	14/32
3¼s 1983	107.4	107.2	106.20	106.16	106.16	106.12	24/32
3s 1995	101.9	101.2	100.20	100.14	100.16	100.13	28/32

[From the New York Journal of Commerce of June 21, 1955]

PROFITS AND POLITICS

Despite the colorful warning that the Federal Reserve Open Market Committee "has the power to move mountains if it so desires" along with controlling "the destinies of our economy and our Nation," Congress was not scared into voting broad subpena powers to investigate the Committee and its operations.

Sponsored by Representative WRIGHT PATMAN, Democrat, of Texas, a resolution for the probe was killed by the House after Members replied to his warnings that the monetary authorities were doing quite nicely. It could just be, too, that Mr. PATMAN'S reference to bank profits and crapshooting, during the final debate, impressed some of them with the possibility that the inquiry might not be entirely scholarly and detached.

Bank profits being in some political circles more a subject for allegation than fact, it may be too much to hope that some of Mr. PATMAN'S allegations will die with his resolution.

The fact that member banks of the Federal Reserve System reported net profits of some $1.1 billion after taxes in 1954, representing an increase of 27 percent over 1953, has Mr. PATMAN worried. He especially does not like the "sudden spectacular jump of commercial bank profits" that resulted from the sale of securities—mostly Governments—last year. This represented a gain of $377 million in profits from security sales over the year before—a gain of no less than 966.7 percent.

And Mr. PATMAN goes on to compute the ratio of net profits (after taxes) to capital, coming up with a 1954 result at 31.3 percent. "For a relatively risk-free business," he observes, "a return of 31.3 after taxes on stockholders' capital is a rather high return."

These unhappy results are all attributed to the Open Market Committee, which the Texan appears to view as occupied with juggling Government bond prices about in order to increase bank profits. One of the unfortunate results of impugning motives, of course, is that it tends to distract from the more fruitful inquiry as to whether conditions might have been improved by somewhat different techniques.

It does seem fair to ask, however, why, if the banking authorities are to be blamed for commercial bank profits on securities in 1954, they should not be credited with losses in 1953?

Restrictive monetary policies early in 1953, together with other factors, resulted in large-scale sales by the banks of Government security holdings. The liquidation was of the order of some $4 billion. Loss and chargeoff on securities was in fact high for the years 1951–53, rising to $174 million in 1953.

While much of the loss was offset by tax savings, profits on securities and recoveries were well under losses and chargeoffs on securities for 1953—representing a $129 million loss. In fact, 1954 was the first year since 1946 that the net of member banks' profits on securities, recoveries, losses, and chargeoffs was not a negative figure. These changes, of course, fitted right into Mr. PATMAN'S scheme of things, for he was able to criticize the authorities for their restrictive policies in early 1953, and to complain about profits in 1954 when he got the easy money policies he so much wanted.

In addition to conducting open market operations so as to maximize bank profits, it is intimated that the Federal Reserve Open Market Committee enters the market to support Republican Treasury Departments when they want to float a new issue, but pulls the rug from under Democratic financing ventures. Evidence cited to support this is the fact that the Federal supplied reserves in May at the time of a Treasury financing, but left Treasury Secretary John Snyder stranded back in 1950 when he needed help.

It is not necessary, however, to go back as far as 1950 or to go back to the Democrats for a whopping big example of the Treasury being left stranded. The Republican administration's first long-term financing venture in March 1953 went sour and was left to flounder totally without Federal support.

That may have been a mistake, but it was scarcely political favoritism.

As for the comfortable return of 31.3 percent on capital which the commercial banks are said to have enjoyed in 1954, Mr. PATMAN has computed his profits ratio on the basis of capital, excluding surplus and undivided profits.

Corrected to take these into account, the ratio drops to 9.3 percent. If this figure is regarded as shocking, let it be recalled that it is lower than the ratios for 1944, 1945, and 1946 when the bond market was securely pegged, as Mr. PATMAN and some of his Democratic colleagues so much wish it were today.

[From the New York Journal of Commerce of June 22, 1955]

THE CREDIT CONTROL DILEMMA

An Independent Federal Reserve System, free to formulate credit control policy without political pressures, has often been held up as a supremely desirable objective.

Unfortunately, it is far easier to theorize about the independence of the Federal Reserve System than to realize it in practice, in the complex economy in which we live.

Federal Reserve policy cannot be formulated in a vacuum to pursue theoretically desirable objectives.

Rather, credit policy must take fully into account the administration's desire to maintain economic activity and employment at a high level. And it must also take into account the financing needs and preferences of the United States Treasury.

Right now, a conflict is developing between these not always consistent objectives.

Private demands for credit are increasing as both business and speculative activity expand.

Commercial banks face a growing demand for loans from both business and consumer borrowers. Security collateral loans creep up as the stock market continues to rise into new high ground. The demand for mortgage money tends to outrun the volume of savings, so that a considerable volume of home mortgages is being "warehoused" at commercial banks.

These conditions clearly call for a policy of credit restraint, and for a tightening of interest rates.

The arguments advanced for a restrictive credit policy early in 1953, right after the Eisenhower administration took office and insisted upon an independent Federal Reserve System, are applicable to the current situation. And there are additional arguments for restraint in the accelerated expansion of both consumer borrowing and speculative activity that has taken place in the interim.

Current discussion in financial circles, however, does not center around restrictive measures to restrain credit expansion.

Rather, it revolves around the relative desirability of a reduction in legal reserve requirements of member banks or open market purchases of Government securities by the Federal Reserve banks to aid the Treasury in raising $3 to $4 billion of new money to cover the deficit.

The need for more borrowings both by the private sector of the economy and by the Treasury thus takes precedence over the theoretical need for restraint to check further credit expansion in shaping Federal Reserve decisions.

And there is good reason to doubt whether any other course of action by the Federal Reserve authorities is practicable. Because the price of following a theoretically correct tight money policy at this time could well be a sharp business recession such as occurred last in 1937.

Because the credit needs of business, consumers and the United States Treasury must be taken fully into account, along with the broad desirability of a policy of restraint under existing economic conditions, the Federal Reserve authorities require a large measure of flexibility in their operations.

This they lack because of past decision to pursue theoretically desirable objectives, when practical difficulties were ignored because they did not exist at the time.

To provide new reserves to facilitate Treasury financing and refunding in the months to come, it would be far preferable to utilize open market purchases of Government securities by the Federal Reserve banks. But these may be difficult to effect because the Federal Reserve banks are limited to a bills only policy by the Federal Open Market Committee, while the supply of Treasury bills in the open market is scant due to active bidding for available issues by corporate and other investors.

True, a shortage of Treasury bills could be relieved by new offerings of these securities, but the Treasury is theoretically opposed to further expansion of the public debt and is wedded to the principle of lengthening the average maturity.

And if the Reserve System and Treasury refuse to remove these rigidities that hamper open market operations under present conditions, they could be forced to adopt the far less desirable alternative of a reduction in legal reserve requirements.

As Ed Tyng said in his news report on the front page of the Journal of Commerce yesterday, a lowering of reserve requirements "gives across-the-board relief to the money market, often making credit conditions too easy, whereas open market operations are more selective."

The quandry in which the Federal Reserve System is now finding itself points up the need for more flexibility in Federal Reserve operation.

The situation calls for a little less theory and a little more practical sense. The basically desirable objectives of an independent Federal Reserve System fostering a stable and healthy economy is more likely to be achieved if the system is free to adapt its measures to the needs of the moment, instead of being fenced in by taboos and prohibitions that finally force it to resort to less desirable alternatives.

THE STORY OF ROBERT M. LA FOLLETTE, SR., GREAT CHAMPION OF DEMOCRACY

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, on June 14 a number of Members of this House and of the Senate paid tribute to the memory of Robert M. La Follette, Sr., on the 100th anniversary of his birth. I was one of those who paid my respects to this famous American on this date.

The name of La Follette played an important role in Wisconsin politics for nearly a half century. However, the La Follettes did not build a permanent party in the State. As a State movement, the Progressive Party was doomed to disintegrate and die as national domestic and international problems became more complex.

After the Progressive Party of Wisconsin was laid to rest, the liberal Progressives joined the Democratic Party. The reason for this is simple in that there was and is no other place for liberals in Wisconsin to go. At first the movement of Progressives into the Democratic Party was slow, but in more recent years the switch has been very marked. Thousands of former Progressives have joined the Wisconsin Democratic Party in order to carry on the liberal traditions inaugurated by Robert M. La Follette, Sr. As other thousands of former Progressives are getting their political bearings they are turning to the Democrats—and the Democratic Party of Wisconsin welcomes these former Progressives into its ranks.

Under leave to revise and extend my remarks, I wish to insert in the RECORD an editorial which appeared in the June 18 issue of the Capital Times of Madison, Wis. The editorial, which follows, summarizes some of the accomplishments of Robert M. La Follette, Sr.:

THE STORY OF ROBERT M. LA FOLLETTE, SR.; GREAT CHAMPION OF DEMOCRACY

Wisconsin and the Nation are honoring the memory of a man who was born in a humble log cabin in Dane County 100 years ago and who has become a monumental symbol of faith in the democratic way of life.

During this past week men have risen on the floor of the Congress of the United States to pay tribute to the memory of Robert Marion La Follette, Sr. Tomorrow, in ceremonies here in Wisconsin, the Chief Justice of the United States Supreme Court, will join with the people of Wisconsin in paying tribute to the State's most distinguished son.

There are many things for which Old Bob La Follette is remembered. The great social and economic reforms which he wrought have meant lasting material benefits for millions. His superb statesmanship, his brilliant oratorical artistry, his hatred of war and social injustice, his incorruptibility, his courage in facing adversity—all these things are remembered.

But the thing that marked his life and stands out over all the rest is the unflagging faith he had in democracy. It was a faith that grew out of his limitless confidence in the people and their right to be their own masters.

It was a faith that sustained him throughout his spectacular public career. It began with the first days that he entered politics when he was told by a local Dane County boss that he could not run for district attorney. He began then to take his case to the people and he hewed to that principle for the rest of his life. Out of it came his historic and successful struggle for the free primary in which the nominations of candidates was taken out of the boss-controlled conventions and put into the hands of the people.

In that struggle he learned of the heartache and punishment that can come to a man when the great powerful interests in our society can isolate him and loose a wave of hysteria and hate. In the dark years of World War I he saw old friends and neighbors turn against him in bitter hate. He was burned in effigy and condemned on the campus of the university he loved. The State legislature denounced him with a formal resolution. He was called a traitor and accused of disloyalty.

But he never lost faith that the people, though temporarily at the mercy of the torrents of hysteria that are periodically loosed upon the country, would return to the ancient moorings of calm reason and sound judgment. His faith was not misplaced. In 1922 he again submitted his name as a candidate for the United States Senate and was reelected by the greatest majority ever given to a candidate for public office up to that time. In 1924 he carried the State as an independent candidate for President.

If he were alive today he would again see his faith being sustained as the people emerge from the hysteria of McCarthyism. He would know the satisfaction that this newspaper knows today as we observe the people emerging from the storms of intolerance and returning to the moorings of reason and sanity, as we have so often predicted they would in the past years and months.

It is this faith that is and should be remembered above all else in the colorful career of the man who made Wisconsin known throughout the world as the ideal commonwealth. It is the faith without which the democratic way of life would wither and die.

Few men in the life of this Nation carried that faith more fervently than La Follette. None excels him as its symbol today.

In these days when the democratic way of life has disappeared in vast areas of the earth and is under attack here and abroad, it is fitting that we draw again from the example of La Follette to strengthen our own faith and hope to go back to the fight that the future will inevitably bring.

PERON VERSUS FREEDOM

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, the free world was shocked and stunned by recent events in Argentina. True Americans, who cherish freedom, were profoundly stirred and incensed.

After the blood baths of World War II and Korea, it is incredible that tyrannical dictatorial power should brazenly and cynically declare open warfare on the principle of free religious worship and visit indignity and torture upon eminent religious leaders. Many gallantly fought and died to banish the unspeakable frenzy of religious and racial hatred from the world.

Yet in a neighboring country—right in our own hemisphere—we witness the sad, sorrowful spectacle of a crazed zealot, obsessed by lust for personal power over the lives of men and women, conducting outrageous persecution against a great religious faith, its authorized representatives, its revered leaders, and devout communicants.

Hitler and Stalin could hardly do worse than Peron, who has added another chapter of degradation and infamy to the sordid history of religious persecution. He thereby disqualified himself and his Government from being worthy of the respect of freedom-loving peoples, in fact, by his conduct, he has forfeited the right to be recognized as the head of a state and a Government having relations with decent, honorable, free nations, devoted to democratic ideals.

Unless his scandalous persecution is promptly discontinued and full reparation, apologies, and acknowledgment of the principle of free worship promptly made, I urgently exhort the State Department to sever diplomatic relations with the Argentine Government. There is no place in the society of free nations for leaders or governments which are practicing cruelties and persecutions against organized religion, or against persons conscientiously exercising their religious beliefs. Not just one, but all religions, are seriously challenged by Peron's outrages. All religions should join to deprecate his practices and invoke proper penalties.

This great Nation of ours, which as a whole, is so fundamentally committed to belief in God and the protection of freedom of conscience and worship, should unequivocally and unconditionally renounce close association with a Government whose leadership openly flouts fundamental, human, God-given rights. We should immediately express our official disapproval and strong protests of Peron's infamous actions.

It may well be that the conduct of Dictator Peron has so outraged the conscience of the good and worthy Argentine people that they will be inspired and strengthened to remove this tyrant from leadership. The Argentine people are entitled to our sympathy and our affirmative assistance in throwing off their heavy yoke of bondage and terror.

This issue is: Peron versus freedom. Can our great free Nation afford to remain silent and supine in the presence of this frightful violation of one of our most precious political and spiritual tenets? Let us act now—with dispatch, with honest conviction, and with courage.

Under leave, I include as part of my remarks an excellent editorial from the New Bedford Standard-Times entitled "Person versus Freedom":

PERON VERSUS FREEDOM

Argentine President Juan D. Peron has been an enemy of freedom ever since his rise to power in 1944, but his most forceful assaults against human liberty in the past did not equal in cruelty his current war against the Catholic Church.

The revolt against the Peron regime that began yesterday is the justified action of a people who for more than a decade have seen their freedom steadily melt away in the

ever-tightening grip of the dictator's iron hand. Peron methodically and mercilessly has crushed all who dared to oppose or criticize him. Freedom of the press was one of the early casualties.

In recent months Peron has subjected Catholic leaders to a wave of terrorism reminiscent of tactics employed by Communists against religious leaders in Soviet satellites. Last month the Peron-controlled Argentine Parliament passed a bill calling for election of a constituent assembly to disestablish catholicism as the state religion—a status constitutionally guaranteed the Catholic Church since Argentina won its independence from Spain in 1810.

Clergy and laymen who voiced protest against Peron's anti-Catholic drive have been imprisoned. Churches and parish houses have been entered and searched at will by Peron's troops. This week Peron expelled from Argentina Bishop Manuel Tato of the Buenos Aires Archdiocese and his associate, the Right Reverend Monsignor Ramon Pablo Novoa.

The revolution against Peron began a few hours after he and others in his government were excommunicated from the Catholic Church by the Vatican. Peron, who rose to power through an army-led revolt, depends upon loyalty of his army leaders to crush the revolutionists.

More than 90 percent of the Argentine people are Catholic. Peron's persecution of them and their church is motivated by an insatiable desire for unchallenged dictatorial power, with utter disregard for the wishes of the vast majority of his countrymen. It is the climax of Peron's long campaign to eradicate every vestige of individual liberty from Argentina.

Sympathies of all peoples who cherish religious freedom are with the persecuted millions in Argentina who are valiantly resisting the efforts of an irrational despot to complete their enslavement.

FARM ORGANIZATION STATEMENTS ON DAIRY PROGRAM

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. JOHNSON] is recognized for 20 minutes.

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include statements of the National Grange, by Gordon Zimmerman; the National Milk Producers Federation, by J. P. Mason; the American Farm Bureau Federation, by Kenneth Hood; the National Farmers Union, by John Baker; also statements by the Grange, the Farm Bureau, and the Farmers Union; also the National Milk Producers Association; also a statement by Otie M. Reed, Washington representative of the National Creameries Institute and the American Butter Institute; by C. M. DeGolier, president of the Wisconsin Creameries Association; and by George Paul, president of the National Creameries Association.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, on June 8, I inserted in the RECORD one of the statements of the National Farmers Union which outlined their suggestions for a dairy program.

The House Dairy Subcommittee has been holding extensive hearings on the problems affecting more than 2 million dairy farmers in the Nation. Dairy farming accounts for approximately 20 percent of the farm income in the United States.

As the limited number of copies of the Dairy Subcommittee's hearings are exhausted, and a number of Members have requested copies, I have asked for this privilege to make some of the statements a part of the RECORD so that all of my colleagues can study the testimony at their leisure.

I wish to point out that my insertion of these statements in the RECORD does not mean that I subscribe fully to all of the ideas and suggestions contained in the statements. I do believe, however, that most of the statements—particularly of the national farm organizations—should be examined by my colleagues.

At this time I am inserting the statements of the National Grange, by Gordon Zimmerman; of the National Milk Producers Federation, by J. P. Mason; of the American Farm Bureau Federation, by Kenneth Hood; and of the National Farmers Union, by John Baker; by Otie M. Reed, Washington Representative of the National Creameries Institute; and the American Butter Institute; by C. M. DeGolier, president of the Wisconsin Creameries Association; and by George Paul, president of the National Creameries Association.

The statements by the Grange, the Farm Bureau, and the National Farmers Union were made on April 26, 1955. The National Milk Producers Association statement was made before the subcommittee on April 28, 1955. Following are the statements in full:

STATEMENT OF THE NATIONAL GRANGE TO THE DAIRY SUBCOMMITTEE OF THE HOUSE COMMITTEE ON AGRICULTURE BY GORDON K. ZIMMERMAN, APRIL 26, 1955

The National Grange welcomes the opportunity of presenting to this subcommittee some of its views on the dairy situation.

We recognize that total milk production, for a number of reasons, has increased to a record-breaking number of pounds. Production per capita, however, has dropped to an all-time low during the past 3½ years. Meanwhile, consumption of milk and dairy products has been lagging. The use of butter and fluid milk has declined seriously and this drop has not been offset by a sufficiently increased use of fluid milk, ice cream, cheese, and other milk products. As a result, the country has had a surplus of dairy products.

In this situation, the delegate body of the National Grange takes the position that action to increase consumption, especially of fluid milk, is far and away the most desirable of the possible remedies. We are pleased to notice that in recent months the trend of consumption has been upward.

More than a year ago, when surpluses were more acute than they are today, the National Grange began a study of barriers to increased milk consumption. The study was prompted by three positions held then, and now:

1. Increased consumption of fluid milk would be advantageous to all concerned. It would provide a higher blend price for producers. It would favorably influence the business of handlers. And it would be beneficial to consumers.

2. A high level of milk and dairy product consumption is an essential part of a healthy grassland agricultural marketing outlet in the United States.

3. Per capita consumption of fluid milk in the United States is too low—and should be increased. It has been increasing slowly, but on the average, Americans are still drinking less than the minimum nutritional requirements. Dollar for dollar, in terms of food value, milk is probably the least expensive of foods. Yet among the nations of the world, the United States ranks only eighth in milk consumption per capita.

We wanted to find out what was standing in the way of consumption—why we weren't drinking more milk. We found eight reasons:

1. Persistent weakness in milk merchandising over the years. In the judgment of many dairy leaders and marketing experts, milk simply has not been "sold" to the largest group of potential buyers in the Nation. Prof. Herrell DeGraff, of Cornell University, for example, finds that about half the adult population seldem or never drink milk.

2. Serious complacency and resistance to change in the ranks of the industry—including producers, handlers, labor, and others—have held back better merchandising. Immediately, however, it is necessary to say that this is not a universal condition. There are thousands in the industry who are bold and vigorous in their efforts to build milk sales.

3. The lack of a positive, coordinated effort by all the elements of the industry has continued as a block to expanded consumption possibilities. Most parts of the industry seem to be trying to go it alone.

4. Milk delivery labor unions have exerted influence, through contract negotiations and otherwise, to restrict price competition and marketing innovations.

5. Sanitary laws and ordinances, often excessively detailed, have been used in a number of places in a manner that has effectively restricted competition.

6. In 11 States price competition among retail and wholesale milk sellers has been legally eliminated by State laws.

7. Complications have developed from the interpretation of Federal laws. The Sherman Antitrust Act virtually enforces competition. In between, the industry operates in something of a shadowland. Milk sellers who joined forces to push milk sales might be suspected of violating the antitrust laws. On the other hand, sellers engaged in vigorous price competition run the risk of being charged with unfair competition.

8. In recent years many Americans have become weight and calorie conscious. Many apparently regard milk as a fattening food, and have cut down or eliminated altogether their consumption of whole milk, failing to take its sound dietary value into full account.

Copies of this Grange report were provided to all Members of the Congress early this year. The report goes into greater detail, of course, than the brief outline presented here.

In the main we believe that most of these barriers, all except one, can and will be resolved eventually by the industry itself with the aid of consumers. It is true that much more State and local marketing research and information are needed. A great deal of educational work will be required. And although this promises to be a time-consuming program, we believe it is the most promising route in the long run.

We doubt the wisdom of seeking a solution at this time through Federal legislation.

There are some Federal actions, however, that would be helpful. In connection with the Anti-Trust and Federal Trade Commission Acts, some official, advisory statement to the industry would be useful, in our opinion. For example, it would be helpful to get answers to these questions:

How far can producer, distributor, and labor organizations go in joining forces to increase dairy consumption?

What is the dividing line between acceptable competition and unfair competition?

The National Grange also believes that refinements are possible in the Federal milk marketing orders—especially in connection with the pricing formulas used. We believe an analysis of the reserve, or safety margin, factors would be helpful. If calculations are designed to bring forth an unnecessarily large reserve supply in the period of short production, this tends to multiply the size of the surplus during months of heavy production.

And finally, we would like to recommend that a careful study be made, perhaps by the Department of Agriculture, of the possible advantages and disadvantages of regional milk marketing orders. The number of individual marketing order areas has been steadily increasing. The time may not be far off when several of these areas will be bumping up against each other within the same State or region. Since the operation of nearby markets affect each other materially, there may be real merit in the expansion and consolidation of some of the present individual orders on a regional basis.

In all these considerations the prime objective should be increased consumption of fluid milk. Thus the health and well-being of American people will be served and we will augment the income of dairy producers—a highly important segment of agriculture, both economically and socially.

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BEFORE THE HOUSE SUBCOMMITTEE ON FEDERAL MILK MARKETING ORDERS, PRESENTED BY KENNETH HOOD, ASSISTANT SECRETARY, APRIL 26, 1955

The American Farm Bureau Federation appreciates the opportunity to discuss with this committee Federal milk marketing orders and their effect on the dairy industry in various parts of the country.

We have had a long-continued interest in marketing agreements and orders and have supported the basic legislation authorizing this program.

Our 1955 policies adopted at the annual meeting in December 1954 state:

"We favor the use of marketing agreements and orders where producers develop feasible plans."

We believe that marketing agreements and orders are a means of providing a measure of protection to producers of perishable commodities which are difficult to support with loan and purchase programs.

As the committee knows, a number of questions arose during the past year regarding Federal milk marketing orders and their effect on producers outside the order markets. In order to evaluate these criticisms, a committee of American Farm Bureau Federation Board members, together with several members of our staff, early this year began a study of Federal milk marketing orders and their effect on the dairy industry.

Our study has not proceeded far enough for us to be in a position to make any definite recommendations at this time. We would, however, like to submit a brief summary of a preliminary statement which we are circulating among our State farm bureaus for comment and suggestions. While the statement does not contain final conclusions, we feel it may be of assistance to your committee in its study of the Federal milk order program.

We would like to reserve the right to file supplemental information and recommendations at a later date if further investigation discloses information that would be helpful to your committee in its deliberations.

The summary of our preliminary report is as follows:

A STUDY OF FEDERAL MILK MARKET ORDERS

Federal milk market orders, in one form or another, date back to 1933. They have become a recognized technique for determining the price to producers for milk sold for use in fluid-milk markets. In the 22-year period which has elapsed since the start, Federal milk orders have developed into a control program quite generally accepted by the industry as performing a permanent and justifiable Government function.

Although dairy farmers delivering to fluid-milk markets quite generally support Federal milk orders, some criticism has developed mostly from manufactured milk areas where no such procedure is available.

Those who criticize the operation of Federal milk orders do so in most instances on three grounds: First, that the class I pricing is too high and thus encourages overproduction which must go into additional manufactured milk products, thereby further depressing the price of all manufactured products; second, that class II or manufacturing milk prices are below those customarily paid in manufacturing milk plants so that the resulting margin permits handlers to offer the end products at prices below those quoted by midwestern plants; and third, that Federal orders create artificial barriers to the movement of milk.

This study is designed to be an objective, impartial analysis of Federal milk orders, including their operations and the results, with particular emphasis on the most controversial aspects. Although the study is made primarily from the standpoint of analyzing criticisms of Federal milk orders, it also includes some background of the history, development and conditions which brought about the Government's entry into the field of price determination in the fluid-milk industry. No effort has been made to include a study of administrative operations since they are quite generally noncontroversial.

History

Federal authority to regulate the handling of milk was first provided in the Agricultural Adjustment Act of 1933. The Federal milk orders of today, however, are based on the Agricultural Marketing Agreement Act of 1937 which reenacted the authority granted earlier and spelled it out in greater detail.

Under this authority the Secretary of Agriculture is empowered to help stabilize marketing conditions by using Federal orders (regulations enforceable by law) which apply to handlers and producers of milk.

Federal milk control began with a program of agreements and licenses rather than orders, and represented to some extent at least emergency legislation. The original agreements, which were three-way agreements between producers, milk handlers and the Secretary of Agriculture, dealt with retail prices as well as prices to producers. Fifteen such agreements were approved in 1933. Within a short time the retail price provisions were withdrawn and licenses were issued for the next few years.

During the same period, namely, the early 1930's, 29 of the 48 States enacted State milk control laws. These laws provided for price regulation which, in many cases, was on a statewide basis. Most of the State laws were emergency legislation and many were soon allowed to expire. Most of them contained provisions on resale pricing.

Because of the reluctance of milk handlers to enter into an agreement on price with producers, these agreements and licenses finally developed into orders which were signed by the President of the United States, without official approval by the handlers. The Presidential authority to sign on behalf of the Government has been delegated to the Secretary of Agriculture.

During the early years a number of court cases were brought to determine the constitutionality of the Federal law. Most of these problems were cleared up by 1940 through United States Supreme Court decisions. The legal basis for the present enlarged program began with the Agricultural Marketing Agreement Act of 1937, which was supported by Supreme Court decisions upholding its validity in cases involving the New York and Boston milk orders in 1939. The legal status of State milk control has also been clarified. The number of States with State control programs declined to about 15; however, there is a current trend toward more State control laws, although the Oregon milk-control law was repealed by referendum in November 1954.

At the present time there are 55 Federal milk orders in effect, with more in prospect, including some for which promulgation hearings have already been held or announced.

Basic conditions responsible for Federal milk orders

The need for Federal milk orders grew out of serious problems in pricing fluid milk, resulting to some extent from modern marketing methods. Perhaps the most aggravating and difficult problem with which the fluid-milk industry has struggled for many years is seasonal variation of production. Since the demand for fluid milk is relatively stable and the production is subject to wide variation, the problem of surplus and low surplus prices is one with which dairy farmers have been faced historically.

Some surplus milk is necessary to any well-supplied market. A market, to have an adequate supply, usually requires a daily surplus or standby reserve of 10 to 15 percent above average daily sale in order to take care of day-to-day fluctuations in supply and demand. Because of wide seasonal variations in production, the amount of surplus in excess of what is needed may become very substantial during the months of high production. Conversely, the market requirements may exceed production during the months of lowest production. As a result, handlers within the market seek additional producers to get enough milk for the short months, and thereby create a larger surplus in the next flush period. The perishability of milk, which makes it impossible to store supplies in periods of heavy production for needs in the following low-production period, is also a factor which tends toward instability of both milk prices and marketing conditions. Instability has characterized practically all fluid-milk markets historically.

Following World War I, farmers around most of the large cities formed cooperatives in an effort to stabilize prices through collective bargaining with handlers. Efforts of these producer cooperatives were reasonably successful for some years, even though they failed in some instances. During the depression of the early 1930's, many bargaining arrangements broke down and milk prices to producers declined to disastrous levels. As a result, farmers turned to government, either State or Federal, for help.

The response to such requests resulted in a much more completely regulated milk industry for various reasons. Milk is a product which lends itself to regulation because of its perishability and the fact that adequate supplies of milk and dairy products are necessary, not only for normal growth and development of children, but also for optimum health in consumer groups of all ages. The production of milk has been surrounded with requirements in the form of sanitary standards established in both local, State and National milk ordinances since milk generally is considered to be vested with public interest.

The existence of disrupted and disastrous marketing conditions during the early 1930's represents the basic reason why organized milk producers turned to State and local governments for help. It should be remembered that producer cooperatives turned to Government control only when they were unable to enjoy stability in their markets because of events beyond their own control. With the adoption of State and Federal legislation has come the gradual acceptance within the dairy industry of supervision in fluid-milk markets.

An additional occurrence of great significance which further influenced producer cooperatives to turn to Government control was an opinion from United States Attorney General Thurman Arnold about the year 1940.

In a letter to the president of a large milk cooperative, Mr. Arnold stated that in his opinion any discussion of price between representatives of milk handlers and producers meeting in a group would be considered a violation of the Anti-Trust Laws, and that the handlers would be subject to prosecution. Obviously this would render any effective bargaining by producer cooperatives exceedingly difficult, if not impossible.

Objectives and purposes

Federal orders are intended to stabilize market conditions for fluid milk by making the buying and selling and the distribution of fluid milk an orderly process on which dairy farmers, milk distributors and consumers can depend. These orders are designed to promote the interests of producers and to assure consumers of an adequate supply of milk. The basic purposes of Federal Milk Marketing Orders are clearly stated in the legislation authorizing the Secretary of Agriculture to issue such orders. The purposes as stated are to establish and maintain such orderly marketing conditions for milk and its products in interstate commerce as will establish parity prices to farmers; provided that whenever the Secretary finds from a public hearing that parity milk prices for a contemplated order are not reasonable in view of feed prices, feed supplies and other economic conditions affecting market supply and demand in the area, then he shall fix such milk prices in the orders as will (1) reflect such factors, (2) insure an adequate supply of pure and wholesome milk, and (3) be in the public interest.

The scope of the act is quite broad. No order can be made applicable until it has been submitted to a producers' referendum. At least two-thirds of the affected producers must vote in favor of a Federal order before it can be made effective. This applies in the case of a Federal order containing a "marketwide pool." When the contemplated order involves a "handler pool," approval of 75 percent of the producers is required. (In either case the percentage is based upon the number of producers voting.) It is also true that any Federal milk order must be terminated whenever more than 50 percent of the affected producers favor its termination. Approved cooperatives are permitted to cast the vote of all of their members en bloc.

Wide latitude is permitted the Secretary in the development and administration of milk marketing orders. There is no particular uniformity in the provisions of the orders themselves. Some contain a "handler pool" which results in different prices to different producers, based on the actual utilization by each handler. In other cases the "marketwide pool" is used, in which the average utilization of all milk among all dealers is determined and all producers who are the same distance from market receive the same price for milk of equal butterfat content and quality.

Terms and provisions

Provisions for pricing milk in a Federal order quite generally include: (1) a classified price plan based on the use to which the milk is put; (2) distribution of returns to producers on the basis of pooling, with either a marketwide or an individual handler pool; (3) authority for deductions from the payments due producers who are not members of a cooperative for market services similar to those performed by cooperatives, and (4) provisions for financing the administration of the order, auditing of distributors' reports, and dissemination of marketing information.

The authority in the act to prohibit unfair methods of competition and unfair trade practices in the handling of milk has not been used in milk orders. The original marketing agreements and licenses fixed resale prices as well as producer prices, but this practice was discontinued within a short time. The June 1937 legislation specifically prohibits the inclusion of any provision for price-fixing at the resale level in milk orders.

So far this discussion of terms and provisions has been confined to those which are permissive. There are certain actions which cannot be taken in a Federal milk order. One of the most important is covered by Section 608c (5) (G) of the act, which specifies that "no order applicable to milk and its products in any market area shall prohibit or in any manner limit, in the case of the products of milk, the marketing in that area of any milk or product thereof produced in any production area in the United States." This sentence presumably is designed to prevent milk orders from being used as trade barriers to the shipment of milk in interstate commerce. Other limitations include the following: Handling charges cannot be regulated; the price of milk sold between distributors is not regulated; production of milk is not regulated; new producers are not barred from coming onto the market; and a market is not guaranteed to farmers.

Determination of prices

Prices established in Federal milk orders are not rigid. Since the act in general requires that minimum farm prices for milk be established at levels which (1) reasonably reflect economic conditions affecting the supply and demand for milk, (2) assure an adequate supply of pure and wholesome milk for the market and (3) are in the public interest, pricing techniques have in general followed formulas which allow the minimum price to change automatically along with certain changes in the market conditions for fluid milk.

These formulas are of two general types: (1) those which are based on certain economic factors, as for example the Boston formula, which uses three factors (namely, certain costs of production including wages and the prices of grain feeds, changes in per capita disposable income, changes in the general level of wholesale prices for nearly 900 commodities); (2) in other markets, particularly in the Midwest, a basic type of price formula is quite generally used. This approach bases the price for class I milk on the value of milk for manufacturing purposes and adds to this figure premiums designed to compensate for the additional costs of meeting city inspection and reducing seasonal variations in production. Even though it is not specified, most milk marketing authorities consider that the premium includes a compensation for dependability.

Most of the orders include some form of "supply-demand adjustment" provision which is used when supplies become excessive or short in relation to market requirements. As the name indicates, this device operates automatically to adjust class I prices either up or down when supplies get out of line with market requirements. The principle is quite similar to the "variable support" provisions contained in the act of 1949. Use of the supply-demand adjustment provision is of comparatively recent origin.

Prices for milk in classes other than class I are fixed on a formula basis which relates the prices for such milk to prices for manufactured dairy products, or to prices paid at dairy manufacturing plants for milk used in manufacturing. Consequently, the price to producers is a blend price which depends on the prices set for each of the different classes and the amount of milk in each class. These blend prices may be computed separately for each handler or may be computed for all of the handlers in the market, depending upon whether the market has an individual handler pool or a marketwide pool.

Compensatory payments

Many of the Federal milk orders contain provisions commonly known as compensatory payments. (They are not included in orders which utilize the individual handler pool.) These are payments which regulated milk distributors under a given order must make to the market pool on the fluid milk they buy from nonregulated sources of supply. The amount of such payments is designed to insure that the cost of unregulated milk shall be equal to the cost of regulated milk, and insures uniform product cost between competing handlers. These provisions are among the most misunderstood and the most controversial of all the provisions included in Federal milk orders. They have been labeled trade barriers by some critics.

The use of compensatory payments is a comparatively new development in Federal milk orders. They have been referred to by some critics of Federal milk orders as a means whereby the fluid-milk price in a given order may be protected at an abnormally high level, in that they discourage importation of outside milk through the assessment of an additional payment on such milk. Proponents of the use of compensatory payments claim, among other things, that they are necessary in order to protect and make possible continued use of the classified price system.

Classified pricing

Classified pricing plans for milk are well understood and almost universally accepted in fluid-milk markets today. Classified pricing developed as an alternative to the old flat-price system of pricing milk. Pricing milk according to its utilization by the handler has proven over the years to be the most practical and equitable way in which to assure producers in a fluid-milk market that they will receive a fair return for their product, bearing in mind the generally accepted view that producers are entitled to receive a higher price for milk that is used as fluid milk to compensate them for the costs of meeting sanitary requirements and supplying market needs in the seasons when production is normally lower. This, of course, assumes the proper and adequate auditing of the records of all milk handlers.

Not only is a higher quality of milk required for bottling than for manufacturing purposes, but consumers require a constant year-round supply of fresh-bottled milk, while manufactured dairy products may be stored for relatively long periods. It is quite generally accepted by authorities on fluid-milk marketing that it would be very difficult, if not impossible, to maintain a dependable supply without the use of classified pricing. It is well recognized that it is to the best interest, not only of producers supplying fluid markets, but also to the interest of the markets as a whole to institute classified pricing.

It should be recognized that maintenance of classified pricing requires some type of regulation. If noncooperating buyers can purchase milk on a flat-price basis at a level only slightly higher than the blend price paid by cooperating handlers, the result is that the flat-price handler who buys only enough milk to meet his fluid requirements has a substantial competitive advantage due to his lower class I price.

The case for compensatory payments

The report of the Federal Milk Order Study Committee, appointed by the Secretary of Agriculture, includes a section on the movement of fluid milk and milk products into markets. Differences of opinion on compensatory payments among members proved to be irreconcilable, with the result that this section includes 2 statements, 1 favoring compensatory payments and the other in opposition to them.

An examination of the arguments both for and against the use of compensatory payments in Federal orders indicates that justification for the inclusion of compensatory payments is largely a matter of opinion and that it is an extremely controversial question.

Milk marketing authorities quite generally agree that dependability of supply is not only desirable in a fluid-milk market but is of definite value to handlers, and that recognition of this fact is a consideration in proper pricing of class I milk. Compensatory payments are not levied on such sources of supply as are willing to become a regular source of supply which is recognized under the order. From the evidence, it may be concluded that compensatory-payment provisions in some Federal orders constitute a deterrent to the interstate shipment of milk from a source which is willing to ship to a market only when the price is attractive but which reserves the right to play the field and withdraw its milk at any time that a more lucrative outlet beckons. Whether this represents a barrier is debatable.

Pricing of surplus milk

The second major criticism of Federal milk orders is that in some orders the price of milk used for manufactured products is set at a level which results in a margin wide enough to permit handlers to price the end products of such operations below prices determined by the narrower margins common to manufactured milk plants in the Middle West.

There is no conclusive evidence either to support or disprove this criticism. Differences in the volume of milk available to manufactured-milk plants in Federal order markets, seasonal variations in production, extended periods of time in which such plants are idle, or operating far below capacity because part or all of the milk supply is needed for class I purposes in the market, widely varying transportation costs, etc., all make it impossible to develop any formula for uniform pricing of milk going into manufactured products in the various Federal order markets throughout the country.

Admittedly, the proper pricing of milk used for manufactured products is a most difficult problem and one which must be watched very carefully.

A wide variation exists in prices being paid by manufactured-milk plants in unregulated areas in the United States. There are many examples of plants far removed from Federal order markets where prices paid for manufacturing milk appear to be unduly low.

The effects of Federal orders upon milk production

The third major criticism of Federal milk orders is that the price of class I milk in these orders has resulted in increased production in excess of production increases in nonregulated areas.

It might seem that a direct comparison between production in Federal order markets and production in nonregulated areas over a period of time would supply the answer, but data for such a comparison are both limited and inconclusive. There are very few such sources of information in nonregulated areas.

Receipts at plants included in a Federal marketing order do not necessarily accurately reflect changes in production by producers supplying the market. The report of the Federal Milk Order Study Committee includes the following statement with respect to this issue:

"There is little evidence that Federal orders have increased production more than has occurred in other markets or areas of the country. Due to shifting of plants and producers, the receipts of milk at plants subject to a Federal order do not necessarily reflect changes in area production. In the Northeast, which is the only area for which fairly comprehensive figures are available, total milk production in relation to class I utilization has not been as high as it was in the early forties."

Another approach by which to gage the fitness of Federal order pricing is a comparison of Federal order class I prices and nearby class I prices. The report of the Federal Milk Order Study Committee comments on this as follows:

"Boston and New York are Federal order markets. In the Northeast, Providence, Rochester, and Pittsburgh are markets in which class I prices are established by the respective State milk control agencies. The Boston and Providence milksheds overlap to some extent. The Rochester milkshed is contiguous to New York. In certain areas in western Pennsylvania and Pittsburgh and New York milksheds are contiguous.

"In 1941 the class I prices in the 3 State-regulated markets averaged $3.25, while the average for the 2 federally-regulated markets, Boston and New York, was $2.70. The State-regulated markets exceeded the Federal by $0.55. The absolute difference between the two is not of special significance in this analysis. In this case, part of the difference is due to the fact that in the State-regulated markets the price is an f. o. b. city price, while for the Federal markets it is a price applicable in the 201–202-mile zone. For the period 1940 to 1951 there was no persistent tendency for the margin between these two groups of markets to widen or to narrow. The State-regulated markets exceeded the Federal by a minimum of $0.23 and a maximum of $0.55. From 1951 to 1953 the average class I price in the State-regulated markets increased $0.12, while the average Federal class I price declined $0.41. In 1953 the State markets exceeded the Federal by $0.93. This was by far the widest margin on record, and more than double the average of the preceding 13 years, of $0.39."

A further comparison between class I prices in six non-Federal markets for the years 1940, 1945, and 1953 is included in the following table:

Fluid sales prices in 6 non-Federal markets, 3.5-percent butterfat basis, for the years 1940, 1945, and 1953

Market	1940	1945	1953
Baltimore	2.72	3.85	6.20
Des Moines	2.00	3.00	4.73
El Paso	2.04	3.70	6.65
Houston	2.65	3.72	6.71
Indianapolis	2.17	3.28	4.55
Washington, D. C.	3.24	.....	6.60

Source: Fluid Milk and Cream Report, A. M. S.

Compiled by the Standardization and Program Development Branch, Dairy Division, A. M. S.

Class I prices in 6 Federal order markets

Market	1940	1945	1953
New York	2.61	3.70	5.23
Boston	2.59	3.56	5.03
Chicago	1.94	3.30	4.16
St. Louis	2.26	3.55	4.80
New Orleans	2.13	3.38	6.00
Omaha	2.36	3.05	4.73

Source: Federal Order Market Administration.

The effect of freight rates on interstate movement of milk from Midwest to the East presents some information with regard to the effect of transportation charges in establishing barriers. Here, again, it is interesting to refer to the report of the Federal Milk Order Study Committee:

"Ordinarily there is little fluid milk shipped from the Midwest to the East. In the late forties, when Boston was short of milk, an emergency was declared and handlers were permitted to bring milk into the Boston market from plants outside the Boston milkshed. A considerable part of this emergency milk came from the Midwest.

"In 1953 the Chicago class I price at Shawano, Wis., plus tank-car freight to Boston, averaged $5.73. At the same time, the Boston class I price in the 201–210 mile zone, plus freight to Boston, averaged $5.40. The Chicago order price in northern Wisconsin, plus freight to Boston, averaged 33 cents higher than the Boston price (table I).

"During the 2 years 1949 and 1950 the Boston price exceeded the Chicago price, plus freight, to Boston, by an average of 27 cents per hundredweight of 3.5 milk. In recent years the Chicago price, plus freight, has averaged higher than the Boston price, but there were individual months when the Boston price was the higher. These months were confined, generally, to the fall and winter (table I).

"In the above comparison it should be noted that Shawano, Wis., is on the northern edge of the Chicago milkshed and it carries a minus differential of 22 cents from the Chicago 70-mile zone price."

TABLE I.—*Chicago class I price at Shawano, Wis., plus tank-car freight to Boston, and Boston class I price (201–210-mile zone) plus tank-car freight to Boston—1940–54* [1]

[Dollars per 100 pounds 3.5 milk]

Year	Shawano f. o. b. Boston [2]	Boston f. o. b. Boston [3]	Shawano exceeds Boston	Year	Shawano f. o. b. Boston	Boston f. o. b. Boston	Shawano exceeds Boston
1940	$3.14	$2.86	$0.28	1947	$5.46	$5.25	$0.21
1941	3.57	2.94	.63	1948	6.34	6.02	.32
1942	3.96	3.42	.54	1949	5.42	5.67	−.25
1943	4.57	3.78	.79	1950	5.06	5.36	−.30
1944	4.58	3.84	.74	1951	5.77	5.81	−.04
1945	4.54	3.84	.70	1952	6.33	5.91	.42
1946	5.41	4.42	.99	1953	5.73	5.40	.33

[1] Data supplied by C. W. Swonger.
[2] Currently Chicago 70-mile price, less $0.22 to Shawano, plus $1.79 tank-car freight to Boston.
[3] Currently Boston 201–210-mile price, less 2 points butterfat, plus $0.38 tank-car freight to Boston.

TABLE I.—*Chicago class I price at Shawano, Wis., plus tank-car freight to Boston, and Boston class I price (201–210-mile zone) plus tank-car freight to Boston—1040–54*—Con.

SHAWANO PRICE F. O. B. BOSTON

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1951	$5.45	$5.71	$5.78	$5.85	$5.50	$5.44	$6.00	$5.96	$5.95	$5.89	$5.92	$5.83
1952	6.00	6.09	6.41	6.21	5.98	5.92	6.45	6.47	6.60	6.75	6.72	6.36
1953	6.08	5.88	5.83	5.77	5.42	5.34	5.81	5.77	5.78	5.79	5.83	5.47
1954	5.42	5.41	5.42	5.38	4.86							

BOSTON PRICE F. O. B. BOSTON

1951	$5.62	$5.62	$5.62	$5.63	$5.63	$5.41	$5.63	$5.85	$5.85	$6.29	$6.28	$6.27
1952	5.82	5.82	5.81	5.62	5.63	5.63	5.85	5.83	6.05	6.27	6.28	6.29
1953	5.86	5.86	5.42	4.77	4.77	4.77	4.99	5.20	5.64	5.86	5.86	5.87
1954	5.65	5.42	5.20	5.00	4.79							

MARGIN SHAWANO OVER BOSTON

1951	−$0.17	$0.09	$0.16	$0.22	−$0.13	$0.03	$0.37	$0.11	$0.10	−$0.40	−$0.36	−$0.44
1952	.18	.27	.60	.59	.35	.29	.60	.64	.55	.48	.44	.07
1953	.22	.02	.41	1.00	.65	.57	.82	.57	.14	−.07	−.03	−.40
1954	−.23	−.01	.22	.38	.07							

Summary

1. Milk is a product which lends itself to regulation. Because it is perishable, and has wide use as a nutritious and protective food, it is surrounded with regulations. The production, processing and distribution of milk is subjected to sanitary standards and other rigid controls. Such regulation is generally accepted as being in the public interest.

2. Federal milk orders have been developed over a 22-year period and have now reached the status of a control program quite generally accepted and looked upon as a permanent part of fluid-milk marketing.

3. Federal milk orders are authorized under the Agricultural Marketing Agreement Act of 1937. They grew out of demoralized conditions in milk markets occurring during the depression year when producer prices were completely unrealistic.

4. Classified milk pricing as an accepted method for providing the most satisfactory returns to producers on fluid-milk markets was developed before the institution of Federal milk orders.

5. Stability of prices within fluid-milk markets requires what might be termed some rules and an umpire in the interests of both producers and consumers.

6. Determination of prices, based on a record of testimony prescribed in public hearings presided over by a Government representative, has much to recommend it for a product such as milk which is characterized by perishability, seasonal fluctuations in supply, and the need for some kind of continuing arrangement between producers and handlers.

7. Federal orders are optional with producers operating in a market and must be terminated if a majority of the producers in a market favor termination.

8. No order applicable to milk in a market area may prohibit or in any manner limit the marketing in that area of any milk or product thereof produced in any production area in the United States.

9. Milk under regulation in a Federal order must be priced at levels which are determined to reasonably reflect economic conditions, to assure an adequate supply and be in the public interest.

10. Use of compensatory payments is based on the belief (1) that they are necessary to the maintenance of a classified pricing program in connection with market-wide pools, and (2) that a fluid-milk supply, because of the perishability of the product and the sanitary standards surrounding the production and distribution of fluid milk, and because it is in the public interest, should be an assured supply rather than an intermittent one.

11. Compensatory payments are not levied against sources which are willing to become a part of a regular market supply and to assume the responsibilities of such a supply. Federal orders contain no barriers against shipments of milk under the above-named conditions.

12. There is little evidence to show that production of milk in Federal order markets has increased more rapidly than production of milk in unregulated areas.

13. Prices are not rigid.

14. It seems doubtful that termination of all Federal orders would result in any appreciable increase in interstate shipments of milk.

15. The Federal order program is not perfect. Mistakes have been made which indicate a need for more careful consideration of the pricing provisions, but in general, Federal orders have served a useful purpose. Federal milk orders should be periodically reappraised from the standpoint of possible improvement rather than complete condemnation.

In closing, may we assure you that the American Farm Bureau Federation is interested in improving the operations of Federal milk marketing orders. If it can be demonstrated that changes are necessary in order to promote the welfare of dairymen and the general public, we will be happy to study the facts and make appropriate recommendations.

ROLE OF MILK MARKETING ORDER IN DAIRY FARM INCOME STABILIZATION

(Statement of National Farmers Union before Dairy Subcommittee of House Committee on Agriculture, April 26, 1955)

Mr. Chairman and members of the committee, for the record, I am John A. Baker, assistant to the president for legislative service.

We commend your committee for initiating these hearings and for your plan to make a detailed study of fundamentals instead of a superficial survey of surface semantics.

We appear today in the spirit of Chairman ABERNETHY's statement opening this hearing. Figuratively, he asked all participants in these first phases of your hearings to check their political and organizational guns at the door on the way in. And to confine our statements to matters of noncontroversial facts and reason. We are here today to give you a brief progress report on our dairy research project which is still underway.

The Board of Directors of National Farmers Union, composed of all the State presidents, authorized the initiation of a comprehensive scientific study of the economic problems of milk and their solutions. We went into this study realizing that it was a long-term venture. Our purpose was not to make a dramatic splash of sensational charges against the economic institutions that generations of dairy farmers and their leaders in cooperation with public spirited people have hammered out on the anvil of experience, negotiation, and the democratic spirit of conciliation and compromise. Nor do we believe that the economic problems of milk can be solved through reliance upon the theories and methods of classical economics and superficial statistics.

The problems of the dairy industry are problems of human institutions and involve the consideration of possible improvements in those institutions that have been built up over time as people sought to meet their needs and attain their aspirations through laws, organization, custom and cooperation. To move toward an understanding of possible improvements requires a great deal more than the accumulation of statistics and the application to them of the theoretical ideas used by emerging industrialists in their fight against the restrictions of merchantilism nearly 200 years ago.

Our study is still in progress. We do not have this morning a neat set of tables or list of conclusions to give you. Rather we shall outline for you some of the human and institutional factors that we are convinced must be given full consideration in such a study and to share with you tentative conclusions that we have derived from our study up to date.

First. Milk is unquestionably in politics and has been for over 100 years. Moreover, this has by and large generated good results, rather than bad, for the general public as well as for milk-producing family farmers. This is not surprising because in a democracy, politics includes everyone and deals with every facet of life. If the milk problems of the past had not been solved by political processes, consumers would not have the bountiful supply of sanitary milk at relatively reasonable retail prices they now enjoy. To know this one need only to compare the milk situation in western democracies such as the United States, Canada, Scandinavia, Switzerland with the dairy situation in countries run by dictatorial or imperial principles over the past 100 years. Or closer to home most of us can remember the time of milk strikes when many dairy producers, handlers and distributors traveled armed through the streets of Chicago in bulletproof cars.

Second. We are convinced that the current problems of milk must be solved politically, that is to say, legislatively. The iconoclasts and radicals who propose sensational propositions of returning to a free market in milk are almost surely wrong. Looked at from the consumer end, milk and its products are in the nature of a public utility. Milk and its distribution in sanitary condition is that important to the general public. Therefore, we cannot view with alarm nor point an accusing finger at consumers and their representatives in city and State government who, in the absence of Federal inspection and standards, have acted to protect their ability to insure a continuous supply of sanitary high quality milk, cream and products at reasonable prices. We feel that the general public has been correct in insisting that milk production and distribution not be left entirely to the free market. From the strictly consumer standpoint there are three factors here: obtaining disease-free milk and products, assuming continuous ample supply, and maintaining reasonable retail prices.

Third. Our studies today lead us to the tentative conclusion that local and State control over sanitation and disease prevention related to milk and its products may be outdated. Moreover, we have seen no conclusive evidence that the health of the American people would be endangered by the substitution of Federal milk purity standards

and inspection for existing varying local and State regulations. However, we do not want precipitous action to be taken that might endanger the Nation's health; we hope that your committee will obtain the expert testimony of recognized scientific authorities on this subject so the Nation can learn the factual situation in this regard.

Fourth. Dairy farmers, like farmers generally, are owners and managers of small competitive free private enterprises in a large industry where by its nature the processing and distribution of milk and its products is characterized by a small number of firms, both in local situations and nationally. This structure of the industry would in an otherwise unregulated free market provide the basis for a degree of monopolistic control by handlers as sellers and of monopolistic control as buyers through the medium of administered prices. This in turn means that dairy farmers, as sellers, in a market of monopolistic buyers find themselves at a distinct bargaining disadvantage. To overcome this bargaining disadvantage, milk farmers have used their State and Federal Governments to acquire what Professor Galbraith of Harvard University called countervailing bargaining power. These have taken the form of the economic aspects of city sanitary regulations, of State price regulatory laws, and the Federal milk marketing orders and dairy price support programs.

Fifth. Our study indicates that most, if not all, of the economic, or price and supply affecting, aspects of city milk sanitary regulations were adopted prior to and in the absence of State and Federal programs designed to even-up the bargaining power of milk producers. And, further, that these have been continued over recent years primarily because of milk producers' uncertainty and fears that the Federal programs may not be permanent or fully protective.

Sixth. Our study, also, indicates that the same observation is probably true with respect to State milk price and supply regulations.

Seventh. We have seen no conclusive evidence that indicates that all dairy farmers generally have benefited from State and local economic milk regulations. Many milk producers have benefited but many have not. The point here is that such local and State programs help some but not all dairy farmers. Tentatively, we can say that the local and State regulations appear to have resulted in somewhat restricted supplies of fluid milk to consumers at somewhat higher than necessary retail prices. How much of this is due to the effects of local and State government regulation and how much to the monopolistic character of the milk handling industry in local areas we have not yet been able to determine. We, also, have seen some evidence that indicates that these local and State regulations result in raising barriers against farmers who wish to become producers for the fluid market. They may, thus, have contributed to some extent to lower incomes of milk producers who have not been able to invade the fluid market.

Eighth. Federal milk market orders are designed to insert order and morality into fluid-milk handling and distribution to replace chaos and instability as well as to even-up the milk producers' bargaining position so as to raise his income. Our study already conclusively indicates that milk marketing orders have fulfilled the first function, that order and stability have been brought to the handling and distribution of fluid milk and cream. As to the other function, we have seen no conclusive evidence that, under the circumstances and considering all of them, that milk market orders have very greatly reduced the supply of fluid milk to city consumers nor appreciably raised the retail price. Moreover, we have seen no conclusive or impelling evidence that milk market orders have benefited some milk producers at the expense of others, either in the neighborhood or in more distant areas. We do not wish to add cumulative testimony to that presented by H. L. Forest of the Department of Agriculture on this specific point but to associate ourselves with it. Dr. John B. Black of Harvard University who has studied this carefully tells us, as Mr. Forest did, that the cost of freight and transportation are so high that they, and not Federal milk market orders, have prevented the large interstate shipment of fluid milk. We have not completed our own study on this score and wish to keep an open mind in relation to it.

Our study does indicate that a substantial effort has been made by political elements opposed to price supports to drive demagogic wedges between dairy farmers who live in one area and those who live in other areas. Our study indicates that this effort is designed to discredit the idea that farmers and consumers can use government to acquire countervailing bargaining or market power in relation to monopolistic-type middlemen.

In addition, we have specific evidence of several constructive efforts to work out this problem. To cite one, Governor Harriman of New York, and Freeman of Minnesota, have been in contact on this, and in early May will initiate a series of discussions designed to lead to a friendly accommodation and mutual solution to New York and Minnesota milk problems. Moreover, they have directed their respective commissioners of agriculture, Daniel J. Carey and Barney Allen, to work cooperatively in this direction.

Ninth. Our study already shows conclusively that the local and State regulations in combination with Federal milk orders, even if improved in various ways, provide only incomplete protection even to milk producers who participate in milk order markets and none at all to milk producers outside such areas. The former is true because only the class I milk price is protected by a Federal order. All milk produced in addition to the amount that handlers will buy at the class I price must be sold by producers at what in the absence of a Federal price-support program amounts to a free market price for butterfat and milk that goes into production of butter, cheese, non-fat dry milk, and other products. Many farmers, of course, sell all their milk and butterfat for these latter uses and many other milk producers sell milk for fluid use in markets still unprotected by a Federal market order. This means that both those milk producers outside market order areas and those inside them must for protection look to the Federal price-support programs, the former for all this countervailing market power and the latter for a critical marginal part. It is a matter of deep faith and conviction among Farmers Union members and officials that a gallon of good highly nutritious milk is worth every bit as much as the full parity price thereof and that the families who produce milk deserve and have a right to Government programs to protect a gross return on milk and butterfat equivalent to parity price. Our study of the situation indicates that market milk orders probably cannot in our lifetime, anyway, ever be an adequate complete substitute for an adequate milk and butterfat price-support program. Federal milk orders, however, do not detract from the social and economic usefulness of milk price supports and are in themselves useful.

Tenth, and this is the final point we want to make at this stage of your hearings, our study indicates that retail fluid market prices are higher than they need to be while at the same time the returns received for milk production by farmers both inside and outside Federal order areas is lower than is consistent with healthy farm family life and a continuous ample production of milk. This situation is true our study indicates because:

(a) The national economy is still stagnating in spite of recent increases in business activity and incomes (this indicates a need for further efforts to promote an expanding full employment economy);

(b) Not all potential fluid milk and milk product consumers are able to buy all the milk and products they need for good nutrition. This indicates the need for a national food allotment or stamp or certificate plan in addition to the expanded fluid milk for school programs and similar efforts;

(c) The retail prices of fluid milk and products are higher than the level which will allow the total production to clear the market at 100 percent of parity prices. This seems to indicate the need to authorize the production payment method of support as has been applied to sugar and wool; and

(d) Our inquiries among farmers and their families indicate a line of reasoning about as follows. After we've done everything we can to see to it that all the American people are able to obtain all the milk they need for good nutrition within their purchasing power, then when we have done all this, we do not believe that farmers should waste their time, energy, and resources to produce milk that cannot be sold at a price that will keep dairy-farm families from going bankrupt. Our tentative conclusion is that milk farmers would prefer production control of the marketing quota type combined with production payment price support program as a desirable alternative to disastrously low support levels.

Our study of the dairy problem has progressed along the lines stated in the beginning of this statement. We did not start out thinking we knew all the answers. We knew we didn't. One of our first actions was to ask milk producers from all over the country to meet with us and discuss their problems. This they did, about 1,200 of them, at Madison, Wis., a year ago in January. Most of those who attended were not Farmers Union members, and they were from both political parties. After 3 days of discussion among themselves they adopted the attached statement which I ask be made a part of the record of these hearings immediately following my oral statement. The statement adopted by about 1,200 dairy farmers from all sections of the United States formed the basis for the study we now have underway and do not expect to have completed for several years.

Mr. Chairman, again let me commend the committee for the scholarly manner and statesmanlike way in which you are going about these hearings. The information you are pulling together will help all of us to make more fully considered statements to you when you reach that stage in your hearings when you wish to have us present our specific recommendations for legislative action.

EXHIBIT A

ACTION PROGRAM STATEMENT ADOPTED BY THE NATIONAL FARMERS UNION DAIRY PRODUCERS CONFERENCE IN MADISON, WIS., JANUARY 22–23, 1954

A continuing increased production of milk and the food products manufactured from it must be maintained each year if the increasing population of the United States is to have a nutritionally adequate diet. Dairy farmers are willing and capable of producing a continuing abundance of milk and its products at reasonable prices for American consumers; provided educational research and other services, and income from production and sale of milk and butterfat, are sufficient to enable them to stay in business and earn farm-family incomes equivalent to those earned by other segments of the population.

We dairy farmers assembled at the National Dairy Producers Conference at Madison, Wis., on January 22 and 23, 1954, do hereby adopt the following program statement:

1. We urge enactment by Congress of an amendment to the Agricultural Act of 1949 that will direct the Secretary of Agriculture

to support the prices of milk, butterfat, and its products at 100 percent of parity and that will authorize the Secretary to utilize parity production payments to farmers, in combination with other approved methods of support.

2. We urge the Secretary of Agriculture to announce now his official and definite decision to extend the present dairy price-support program at a minimum of 90 percent of parity.

3. We urge the United States Department of Agriculture to revise the procedures currently utilized in the administration of the dairy price-support program so that the announced level of supports will be actually reflected to dairy farmers in all sections of the country rather than the less than 85-percent supports now received in many areas.

4. We urge that a revised parity formula be adopted so that the calculated parity price for milk producers in different areas will reflect an economic balance with the rest of the economy.

5. We are opposed to enactment of sliding-scale, variable, or flexible price-support levels for any farm commodity. We urge all dairy farmers to join forces with farmers who produce other commodities in the interest of enactment of a sound, fully adequate price-support program.

6. We favor the enactment of an expanded agricultural conservation practices program with sufficient funds to make payments to wheat, corn, cotton, and other producers who put their diverted acres into soil-building annual crops, developing a national soil fertility security reserve rather than using such land for commercial production.

7. We recognize that American consumers cannot maintain and increase their purchases of milk and its products unless they have adequate incomes. Therefore, we urge adoption by business, industry, and Government of economic policies that will promote and encourage national economic expansion at a rate sufficient to maintain prosperous full employment with increased productivity per man, and increased consumption at a rate sufficient to balance expanding production.

8. We urge adoption of special means and programs to enable low-income consumers and relief recipients to increase their purchases of milk and its products through regular channels of trade up to a desirable nutritional standard. Additionally, we urge increased use of milk and its products by the United States Armed Forces, in public welfare institutions, and in the school-lunch program.

9. We urge the establishment of a security stockpile of milk products under provisions of the critical and strategic Material Stockpile Act, such commodities to be purchased in the market, or from Commodity Credit Corporation, at prices provided for disposition of Government-held commodities in section 403 of the Agricultural Act of 1949, including provisions for adequate civil defense needs.

10. We urge the adoption of import and export policies under negotiated international agreements, so that imports of milk and its products will not reduce returns to American dairy farmers below 100 percent of the parity price, and that export markets for United States milk products will be expanded. To the extent that our Government believes that it is in the national interest to promote two-way trade by accepting imports of agricultural commodities that compete with commodities produced on American farms, farmers should not be required to bear the cost; rather this cost should be borne by the entire Nation.

11. Other suggestions recommended for increasing the consumption of milk and its products are:

A. A strengthened educational program to inform consumers of the dietary merits of dairy products, to be carried on through producer- and industry-financed advertising programs, educational courses in the public schools, improved grading procedures to make high quality more readily recognizable by consumers, and legal protection against false or misleading labeling or advertising of competitive and imitation products.

B. Inasmuch as it is clearly demonstrated that increasing the purchasing power of lower-income families results in their increased consumption of dairy products, while equal increases in incomes of higher-income groups does not, we recommend: That any tax reduction made by Federal or State Governments should be tailored to benefit low-income families, preferably by raising the personal exemption; that the legal minimum wage should be raised and extended to additional workers, including agricultural workers; that benefits should be increased, and coverage extended to additional workers, including agricultural workers, of unemployment insurance and workmen's disability programs, that social security benefits be increased and extended to additional workers, including agricultural workers and family-farm operators.

C. Intensified research on marketing and transportation procedures to develop more attractive and appealing products, lower-cost distribution methods, and more effective sales programs to move a greater volume of dairy products at fair prices.

D. Encouragement of action by consumers to achieve more efficient and lower-cost distribution of dairy products at prices fair both to farmers and to consumers through the development of consumer cooperatives able to join with producer cooperatives in establishing a nonprofit "yardstick" for the handling of milk and its products all the way from the producer to the consumer.

E. A broad public appeal to industry, business, and trade unions, to raise wages out of profits without increasing prices, so as to keep purchasing power rising fast enough to balance increasing productivity per man.

12. We urge adoption of Federal legislation to authorize accelerated depreciation for tax purposes and a capital credit program to enable dairy producers' cooperatives and other privately owned dairy processing plants to replace obsolescent plant facilities with modern flexible multiple-purpose dairy plants.

13. We urge enactment by Congress of a loan and service agency and program similar to the cooperative rural electrification program of REA, to assist in the establishment of a nationwide system of dairy marketing and processing cooperatives.

14. We urge dairy farmers to explore the possibilities of setting up national or regional dairy marketing organizations.

15. We urge increased appropriations for research in dairy merchandizing.

16. We urge the Congress to increase appropriations for the school-lunch program in order to increase the use of dairy products, and we recommend that purchases be made from local sources to insure better quality.

17. We urge that milk marketing orders be continued and since milk distribution is now regional instead of local, that Federal orders should be reexamined for their effect on the transfer of milk from one local market to another, and their effect on the locations of production.

18. We urge that costs of distributing dairy products be investigated and appropriate legislation be enacted to insure producers of receiving a fair share of the consumers' dollar.

19. We recommend the establishment of a national grading system for butter and cheese, and that such products be grade labeled in terms understandable to consumers.

20. We ask Congress to enact legislation directing the Armed Forces to use butter and milk products; that farmers and processors make every possible effort to see that such butter and other products are of high quality, and we urge that the Armed Forces use sufficient care in transportation and handling of such products that their high quality is preserved up to the point of consumption.

21. To facilitate product quality improvement, we recommend (a) better coordination of State standards of sanitation and quality inspection across State lines, and that the United States Department of Agriculture engage in activities to bring about this coordination; (b) that the Federal Government assume a greater responsibility in setting standards and promoting the eradication of Bangs disease and tuberculosis; (c) that the Federal appropriation required to support the $25 and $50 indemnity be restored; and (d) that the grade of milk be determined on the basis of flavor, sediment, and bacterial count in addition to the physical surroundings.

22. We recommend appropriation of greater funds for public and private, including cooperative, research, and educational activities designed to discover and encourage the adoption of improved dairy farm management techniques that will reduce the costs of milk production and improve the quality of milk when it leaves the farm. We urge every dairy farmer to avail himself fully of every such service and to adopt such of the improved practices as are adapted to his farm and within his financial resources.

23. In connection with use of parity production payments as a method of supporting the returns from the sale of milk, butterfat, and other perishables, we favor placing a maximum limitation upon the amount of such payments that can be earned by an individual farmer in a single year at the following level:

An individual farmer would be authorized to earn a production payment only upon each unit of the commodity he produces and sells up to a volume of sales so that the total received from sales plus payments would be not more than $25,000 for farms, with average farm-cost-gross-income ratios, or its net income equivalent for types of farms where the ratio of farm costs to farm gross income is greater than under average farm conditions.

24. We wish to express our appreciation to the National Farmers Union for sponsoring this conference which has given dairy farmers from all over the Nation an opportunity to meet together, discuss mutual problems, and to develop this statement of a practical and commonsense program of action in order to approach a solution for these problems.

STATEMENT OF J. P. MASON, DIRECTOR OF THE DIVISION OF ECONOMICS OF THE NATIONAL MILK PRODUCERS FEDERATION, BEFORE THE HOUSE AGRICULTURE DAIRY SUBCOMMITTEE, APRIL 28, 1955

My name is J. P. Mason. I am director of the division of economics of the National Milk Producers Federation with offices at 1731 I Street NW., Washington, D. C.

The National Milk Producers Federation is a nationwide farm organization, the oldest and largest of the agricultural commodity groups in the United States. It is comprised of some 105 dairy cooperative members and many hundred submembers. The federation represents, in total, almost 500,000 dairy farm families. The cooperatives, which these farmers own and control, market every major type of dairy product.

Our purpose in testifying is to provide factual background relating to factors which must be considered in any program involving prices paid farmers delivering milk to fluid milk markets.

Dairying accounts for approximately 20 percent of total cash farm income in the United States. More than 2 million farm families derive all or a major portion of their income from dairy farming. The industry has its roots in almost every county

in the 48 States. Farmers presently maintain a herd of 24½ million cows. Milk and dairy products constitute the greatest single food source toward making the United States the best fed nation on earth.

The dairy industry is large and extremely important to the welfare of the farmers and consumers alike. It is dynamic and is undergoing constant change.

Under these changing conditions many of the problems which come to the forefront—such as those being considered by this committee—involve consideration of economic factors underlying the price structure for fluid milk. The attention being given to the dairy problem is timely in view of the low prices being received by farmers for milk and cream. Chart I shows price movements and production changes over a 20-year period. Prices received by farmers for milk have dropped appreciably since 1952. While prices have been declining, the cost of producing milk has not dropped in proportion.

Consideration of the dairy problem also is significant, both as it concerns farmers supplying manufactured-milk outlets and fluid-milk markets, in view of the increasing portion of the total supply being used for fluid-milk purposes as shown in chart II.

Changes in consumer habits, the growth and movement of population, improved quality, and the progress in packaging and distribution, all play a part. The pricing of milk has become increasingly complicated as a result of these changes taking place within the industry.

The complications, however, do not alter the fundamental considerations necessary for price determination.

Since the price of milk is a matter of concern to producers and consumers alike, it seems desirable to review the basic problems of establishing prices to producers for fluid milk.

The establishment of a price for fluid milk involves many necessary considerations. The least understood is that identical milk, as received from the farm, has more than one value dependent upon the use made of it by the purchasing handler.

Milk used for fluid purposes commands a higher price than the same quality milk used in the production of manufactured dairy products for two reasons:

First, quality requirements for bottled milk are more exacting than for milk used to produce manufactured dairy products; and

Second, consumers require a year-round supply of fresh bottled milk, while manufactured dairy products may be stored from season to season.

Although all of the milk which each farm produces for a fluid-milk market must meet the quality standards for bottled milk, it cannot all be used for that purpose for three primary reasons:

1. Milk production varies from season to season, while consumer requirements do not. To illustrate this variance between milk production and fluid-milk sales, we have inserted chart III, which shows the 1954 experience for the St. Louis market. Chart IV shows the relationship of production and sales for the Chicago market.

2. It is impossible to produce an exact supply of milk to meet market requirements for bottling purposes during the months of short production, or for any other given period. Weather, crop conditions, alternative opportunities available to farmers, and other factors cause shifts in the supply of milk from year to year. Chart V illustrates the changes in total supply of milk for the St. Louis market over a 5-year period.

3. Milk production tends to remain the same on a day-to-day basis throughout the week, while consumer requirements vary considerably. We have analyzed production and sales for a typical week in the St. Louis market. Chart VI shows a straight-line production pattern, including Sunday. Class I sales, however, vary widely from day to day. Labor schedules, holidays, unusual weather conditions, delivery systems, and other factors account for these variations.

Chart VII shows the experience of one of the larger dairies whose business consists of both home delivery and sales through stores. The size and characteristics of this dairy are representative of the industry as a whole in that city. Chart VIII shows the experience of a second dairy, engaged exclusively in the distribution of milk through stores. In both cases there are no Sunday sales, and there are wide variations in daily requirements for the balance of the week. A growing percentage of milk is being distributed through stores and a lower percentage on home delivery routes. One result of this trend has been to widen the daily variations in milk requirements throughout the week. Similarly the introduction of every-other-day and, particularly, 3-times-a-week home delivery in place of the historical 7-day-a-week pattern, has had its effect.

It is enough to say that with yearly variations in production and sales, seasonal variation in production, and daily variation in sales, supplies of milk for a market cannot be geared precisely to its requirements. Furthermore, there must also be enough additional milk on every route and in every store to supply the housewife with that extra quart, whenever she wants it.

If consumers are to have a dependable supply of milk on a year-round basis, and of the quality necessary to meet local requirements and conditions, it follows that the fluid milk market must offer producers a higher price for their milk than that offered by the manufactured milk market.

These prices of necessity must also reflect the added cost of transporting milk from the farm to the city market. These costs are normally higher than for delivering milk from the farm to manufacturing plants because of location. The larger the city, or the milk supply area, the more consideration must be given to transportation costs in arriving at proper prices for fluid milk.

When farm to market transportation costs are deducted from prices received by farmers supplying fluid milk markets, and, similarly, when they are deducted from prices received by farmers supplying manufactured milk plants, it is evident that the difference in prices as between fluid milk markets and manufacturing milk markets are less than they are generally presumed to be.

Charts IX and X show how prices received by farmers at fluid milk markets are affected by transportation from country receiving stations to city markets. In chart IX it becomes evident that Chicago producers delivering grade-A milk to plants in the 220–235 milk zone lose a large share of the higher Chicago price through transportation charges. Similarly the higher prices quoted for St. Louis milk are lost to producers supplying country plants. Chart X shows a comparison of milk prices f. o. b. St. Louis and Lebanon, Mo., 150 miles southwest. Even though the St. Louis price at Lebanon is still somewhat higher than the condensery price, it is clear that producers are not receiving the quoted price for the St. Louis market.

In comparing prices received by producers for milk the cost of transportation should be kept firmly in mind. Transportation costs for milk are high in relation to value because of the bulkiness of the product. For this reason, also, producer prices vary widely from market to market, depending upon the relationship between the amount of milk available within trucking distance and the number of consumers being supplied.

Chart XI shows the density of milk production among the several States. Table No. 1 shows the percent of total milk production contributed by each of the several States and the percent of total population residing in each of the several States and the District of Columbia.

[Dollars per hundredweight]

	Blend prices paid producers for 3.5 percent milk		Prices paid by condenseries for 3.5 percent milk
	Chicago	Shawano	
January	3.73	3.41	3.215
February	3.72*	3.40	3.073
March	3.69	3.37	3.022
April	3.48	3.16	2.865
May	3.15	2.83	2.790
June	3.16	2.84	2.773
July	3.49	3.17	2.868
August	3.53	3.21	2.948
September	3.69	3.37	3.005
October	3.74	3.42	3.107
November	3.80	3.48	3.154
December	3.64	3.32	3.140

[Dollars per hundredweight]

	Blend prices paid producers for 3.5 percent milk		Prices paid by selected Midwest condenseries for 3.5 percent milk
	St. Louis	Lebanon	
January	4.72	4.45	3.19
February	4.28	4.01	3.05
March	4.24	3.97	2.97
April	3.77	3.50	2.82
May	3.50	3.23	2.77
June	3.51	3.24	2.76
July	3.86	3.59	2.85
August	3.94	3.67	2.92
September	4.36	4.09	2.98
October	4.43	4.16	3.07
November	4.45	4.18	3.11
December	4.15	3.88	3.11

TABLE I.—*Percentage of total United States milk production in each State in 1954 and to civilian population as of July 1, 1954*

	Percentage of total milk production	Percentage of total civilian population
Maine	0.6	0.6
New Hampshire	.3	.3
Vermont	1.4	.2
Massachusetts	.7	3.1
Rhode Island	.1	.5
Connecticut	.6	1.4
New York	7.6	9.7
New Jersey	1.0	3.3
Pennsylvania	5.0	6.8
Ohio	4.7	5.4
Indiana	3.1	2.6
Illinois	4.2	5.7
Michigan	4.6	4.4
Wisconsin	13.4	2.2
Minnesota	7.0	1.9
Iowa	4.8	1.7
Missouri	3.6	2.6
North Dakota	1.4	.4
South Dakota	1.1	.4
Nebraska	1.8	.9
Kansas	2.0	1.2
Delaware	.2	.2
Maryland	1.2	1.6
District of Columbia		.5
Virginia	1.6	2.1
West Virginia	.6	1.2
North Carolina	1.4	2.6
South Carolina	.5	1.4
Georgia	1.0	2.2
Florida	.5	2.2
Kentucky	2.0	1.8
Tennessee	2.0	2.1
Alabama	1.1	1.9
Mississippi	1.3	1.4
Arkansas	1.1	1.2
Louisiana	.7	1.8
Oklahoma	1.5	1.4
Texas	2.6	5.2
Montana	.4	.4
Idaho	1.2	.4
Wyoming	.2	.2
Colorado	.7	.9
New Mexico	.2	.5
Arizona	.2	.6
Utah	.6	.5
Nevada	.1	.1
Washington	1.5	1.5
Oregon	1.0	1.0
California	5.7	7.7

Source: Calculated from: Farm Production, Disposition and Income From Milk, 1953–54; and Population Estimates, Bureau of the Census, U. S. Department of Commerce, Jan. 3, 1955.

Even though milk produced for a fluid milk market is priced at a higher level than the manufactured milk price, that portion of milk that is not used for bottling purposes is worth no more money than milk produced specifically for the manufactured milk market. This milk meets the quality standards for the fluid milk market and bears higher transporation costs. But it cannot be priced above the manufactured milk price level because it must be processed into dairy products and sold competitively with other products made from manufactured grade milk.

The higher prices that are necessary to assure a fluid milk market with an adequate and dependable supply, therefore, must be borne by that portion of the milk actually bottled.

Furthermore, since milk produced for a fluid milk market has more than one value, depending upon its use, it is logical that it should be priced to producers on the basis of its utilization.

The necessity of pricing milk on a classified basis was not generally understood by farmers when they first interested themselves as groups in the milk price problem. Attempts to sell milk to handlers by bargaining for a flat price contributed to unstable market conditions because it resulted in unequal costs to handlers for milk used for bottling purposes. This was true because of variations among handlers in the percentage of milk used by each for bottling purposes and for manufactured dairy products. The instability caused by lack of uniformity of cost to handlers for milk used for bottling purposes inevitably broke down the pricing system and led to low producer prices, low quality milk, and low milk consumption.

If a classified system of pricing milk to handlers is employed in a fluid milk market it follows that there must be marketwide participation to avoid penalizing the handlers who pay the full class I price for milk used for bottling purposes.

Milk marketing associations experienced their greatest operating difficulties in their attempts to price milk to handlers on a classified basis under voluntary agreements. Without public regulation, there is a temptation for certain handlers to underreport their bottled milk sales and to overreport their excess production as a means of gaining a competitive cost advantage over other handlers. It is also tempting to some minority of handlers to refuse to participate in a classified pricing agreement in order to gain a cost advantage over those handlers who do participate. Such handlers can take advantage of a classified pricing agreement by paying more for milk than the blend price of the market but less than the price established for class I milk. Supplies of milk which are surplus to adjacent or distant markets can disrupt classified pricing arrangements in the same manner.

When the dairy industry is faced with surplus conditions the classified pricing arrangements become more difficult to maintain, but it is under surplus conditions that the classified pricing system is vital to the interest of farmers.

The demoralized condition of fluid milk markets which followed the economic collapse in 1929 led to the enactment of Federal legislation to regulate producer prices.

If it is necessary to regulate the farm price of milk produced for the bottle-milk trade, the next question is, How should it be done? In light of certain criticisms presently being aimed at the Federal order program a single milk marketing order for the United States might be advanced as a possible solution. Producers have never favored this approach and a nationwide order has not been used or seriously considered for fluid milk. There are many peculiar problems in the fluid-milk industry primarily of a local nature. For example, a single price for class I milk which would be too high in areas of heavy production and low consumer population would be too low in areas where milk production is less favorable and where the urban population is greater. Adjustments to reconcile transportation costs and the supervision and maintenance of quality would immediately complicate such a proposition. A milk marketing order on a nationwide basis would necessarily apply to all milk produced for the fluid-milk industry, regardless of whether all producers needed the program or wanted it. Many groups of farmers do not need regulation nor do they look upon it with favor.

It seems sufficient to conclude that the Federal order program must be operated on a market basis, such as at present, rather than on a national scale. Federal orders have successfully regulated milk prices and maintained orderly marketing conditions in a growing number of our large, complex, cumbersome marketing areas and in many small ones. The advantages of the Federal order program to a large degree accrue from the fact that it can be suited to the local needs of individual marketing areas without regard to State lines. Chart XII shows the counties in the several States from which milk is supplied to the Federal order markets.

Since Federal orders must be applied on a marketing-area basis, it is clear that a definition of the scope of each regulation is necessary. This means that the extent of each "marketing area" must be determined and that "handlers" and "producers" be adequately defined so that the classification and pricing provisions will work to achieve market stability and an adequate supply of high quality milk. Since the milk-marketing orders do not limit the free flow of milk, displacement by lower-priced milk which is surplus to other areas could disrupt markets without such provisions as compensatory payments. Compensatory payments prohibit handlers from hammering down the class I price by picking up an occasional load of milk at the bargain counter.

The operations of Federal milk marketing orders have been satisfactory to producers supplying markets using the program, and the market stability created is in the public interest. The market statistics in themselves have been valuable for providing a basis upon which prices can be properly evaluated.

Any change in the legislation authorizing Federal orders could have a far-reaching effect on producers and the whole dairy economy. No one could argue that the legislation or that the administration of the program is perfect. By the same token the many criticisms which are from time to time aimed at the Federal order program should not be presumed to be valid without detailed investigation of the facts and of the consequences which might result from change.

In the National Milk Producers Federation we have been aware of the current criticisms of the order program. We have been working diligently with other industry groups in an effort to appraise each criticism of the program. Any suggestions that we have to make to improve the Federal order program at the present time can be implemented within the framework of present legislation.

It has been suggested to the committee by some of those who previously testified that one of the ways to solve the entire milk problem is to have large meetings of buyers, producers, consumers, suppliers, and labor so that everyone can express his opinion and secure mutual agreement on all matters pertaining to the dairy business.

While we commend the utopian objective of such a proposal, we would point out that in our experience the divergent points of views of buyers and sellers are impossible to reconcile to the complete satisfaction of either.

The National Milk Producers Federation has been intimately associated with Federal orders since their very inception. We have a Federal order committee which recommends the policy of the federation with respect to legislative action on any phase of Federal orders and with respect to their administration. We attempt to keep our members fully informed as to all provisions of all orders. Members of the Federation are operating under every Federal order in effect today. Therefore, we have not established a study group to find out what the orders are all about.

Our organization is in favor of Federal orders and against any change in the Agricultural Marketing Agreement Act. We believe that Federal orders are good. We continually strive to make them more effective for farmers.

Our organization stands for producers receiving the highest possible price for class I milk consistent with maximum consumption and other necessary considerations, regardless of what sanitary regulations are being enforced. A comparison of class I prices in all areas will sustain the position that freight and handling charges are the main barriers of intermarket shipment of milk. The other important barrier is in the minds of those who would tear down the results of 40 years' work in building high quality, high milk consumption, and at least a semblance of satisfactory class I prices.

In an earnest effort to eliminate confusion and misunderstanding about Federal orders, the federation has met and is meeting with other segments of the industry and the Government.

The following is a statement of policy agreed upon by a joint committee of the Milk Industry Foundation, the Evaporated Milk Association, and the National Milk Producers Federation. These organizations are the main groups that deal every day with the mechanics of Federal orders.

"There has been a substantial and rapid growth of the Federal milk marketing order program since the end of World War II. On December 7, 1941, there were 21 milk orders; and only one of those was issued in 1941. At the end of the war in 1945, there were 26 milk orders. In March 1955, with some orders having been consolidated with others, there were 56 milk orders; and hearings have been held on 7 others. There are requests for hearings on 12 orders and producers in a number of other markets are reported to be considering similar requests.

"From the viewpoint of fluid milk producers these Federal milk orders have undoubtedly achieved their objectives. Particularly in the older markets the orders are well understood, and although improvements can be made, that part of the industry operating under the program views it not only as permanent but also as generally constructive.

"Many of the recent milk orders, however, are applicable to areas without previous experience with milk control or cooperative milk producers' associations. Notwithstanding the years of Federal and State milk regulation, the demand for a Federal milk order finds some of the new markets in substantially the same position with respect to the problems and policies involved in the governmental regulation of milk as existed with the beginning of such regulation in the early 1930's. Apparently many markets have applied for promulgation hearings without an understanding of the responsibilities or limitations of the Federal milk marketing order program, and without exerting all efforts to solve marketing problems between distributors and producers without Federal regulation.

"The factors involved in establishing and maintaining Federal orders are exceedingly

complex. Each order must be geared to local conditions yet must maintain a proper inter-relation between order markets and the general dairy economy. Under these circumstances it is not unreasonable to have questions raised regarding the program. There is reason to believe that improvements could be made in the understanding and appreciation of the objectives and policies of Federal milk market orders as well as in the handling of many specific problems and provisions of such orders.

"It is in the interest of all phases of the dairy industry to eliminate unnecessary areas of confusion, suspicion, and misunderstanding regarding any dairy program. The milk order committees of the Milk Industry Foundation, the Evaporated Milk Association, and the National Milk Producers Federation have considered various phases of the Federal milk order program, including many of the questions that have been raised. These committees, mindful of their responsibility to the dairy industry, have discussed with the Dairy Division of Agricultural Marketing Services, several specific suggestions designed to clarify and improve the program—within the framework of existing law. It is the combined judgment of this group that most, if not all, of the problems can be solved in this way."

The suggestions which have been made cover such matters as the need for a comprehensive guide on practices and policies, improved communication, expediting actions, hearing notices, several basic policies on long-range pricing, compensatory payments, and other problems The detailed suggestions are being worked on, with further meetings scheduled.

STATEMENT OF OTIE M. REED, WASHINGTON REPRESENTATIVE, THE JOINT COMMITTEE OF THE NATIONAL CREAMERIES ASSOCIATION AND THE AMERICAN BUTTER INSTITUTE, BEFORE THE DAIRY SUBCOMMITTEE OF THE HOUSE COMMITTEE ON AGRICULTURE, JUNE 1, 1955

Chairman ABERNETHY and members of the committee, my name is Otie M. Reed, and I am Washington representative of the Joint Committee of the National Creameries Association and the American Butter Institute, with offices at 1107 19th Street NW., Washington 6, D. C.

The joint committee is composed of the National Creameries Association and the American Butter Institute, these organizations having joined together with regard to the conduct of their business before Government departments and the Congress here in Washington on September 1, 1954.

The National Creameries Association is composed of some 950 dairy processing plants, located in the States of Minnesota, Wisconsin, Iowa, North and South Dakota, Kansas, and Nebraska. About 85 percent of the plants that are members of the National Creameries Association are locally owned and operated cooperative associations and the remainder are private corporations.

The American Butter Institute is composed of both corporate firms and cooperative associations with membership in 43 States. The two organizations manufacture and sell most of the creamery butter produced in the United States, and many of the members operate fluid milk plants, cheese factories, nonfat dry milk solids plants, and produce and distribute a complete line of dairy products.

My testimony will be devoted to Federal fluid milk marketing agreements and orders, and the changes we think should be made in these regulations, as well as in the Agricultural Marketing Agreement Act of 1937.

I

Summary and conclusions

The somewhat voluminous statement attached hereto can be summarized briefly as follows:

1. It is the policy of the joint committee to work for improvements in the order system and the elimination of those features of orders which we think are inimical to the public interest and which operate to the disadvantage of producers of manufacturing milk.

2. The orders, while issued to provide an "adequate supply" of fluid milk in fluid milk markets, have as a matter of fact been instrumental in maintaining and increasing surpluses over fluid milk requirements.

3. The facts show that price structures in fluid milk markets are arbitrarily high, leading to the production of excess milk in fluid milk supply areas and in a reduction in consumption in these areas.

4. Compensatory payments operate to limit the movement of qualified milk into fluid milk markets operating under orders and tend to implement a high degree of local monopoly.

5. The practice of classifying "other source" milk in the lowest classes first tends to restrict the entry of qualified milk in fluid milk markets.

6. The arguments of the administrative officials of the Department of Agriculture and proponents of compensatory payments and down classification of "other source" milk, to the effect that these provisions are necessary in order for market pool orders to operate effectively, are unfounded.

7. For many years, orders operated without these provisions and we know of no reason why it should be necessary to include them in orders at this time.

8. If these devices are eliminated, we think such action will go far toward correcting the current inequities which orders now engender between fluid milk producers and manufacturing milk producers.

9. The Dairy Subcommittee can be of material benefit in correcting this situation by either 1 of the 2 following procedures:

(a) In making its formal report to the House Committee on Agriculture it could point up the current features of orders which we believe are improper and as a matter of fact in violation of the Agricultural Marketing Agreement Act of 1937, thereby giving guidance to administrative officials as to the provisions of orders which are not authorized by the act of 1937, or

(b) approve amendments to the Agricultural Marketing Agreement Act which we propose.

In case the subcommittee desires to go the route of recommended amendments, we have several proposed amendments which we will furnish the committee.

II

Policy of the joint committee regarding fluid milk marketing agreements and orders issued pursuant to the Agricultural Marketing Agreement Act of 1937

I want to emphasize to the subcommittee that the organizations I represent are not interested in destroying the marketing agreements and orders, nor in the repeal of the act of 1937.[1]

The policy of the joint committee is as follows:

1. Recognizing that fluid milk orders have exerted a stabilizing effect upon fluid milk markets, the joint committee believes that producers of milk for use in interstate fluid milk markets are entitled to receive the benefits of the stabilized marketing procedures embodied in the orders. To my knowledge, no single organization making up the membership of the joint committee or its member units would advocate revocation of the act of 1937, if the act were properly administered.

2. Our sole interest regarding fluid milk orders is to eliminate certain provisions of such orders which we think are inimical to the public interest, and which operate to the disadvantage of the manufacturing milk producer and to a sound, competitive milk industry in the United States.

To summarize: We do not want to destroy the orders—we wish to eliminate certain provisions which are being used to contribute to (1) a very high degree of local monopoly, (2) inhibit the entry of qualified milk into markets regulated by orders, (3) subsidize the production of vast surpluses over fluid milk needs in fluid milk markets by arbitrary pricing of milk used for fluid consumption.

III

Criteria for the issuance of Federal milk marketing orders, and price criteria used in establishing order prices

A. Criteria—act of 1937: The purpose of the Congress in granting the powers and authority for regulating the marketing of milk in fluid milk markets is found in the Agricultural Marketing Agreement Act of 1937, which reenacted, amended, and supplemented the marketing agreement and order provisions of the Agricultural Adjustment Act of 1935, which in turn represented a system of major amendments to the original Agricultural Adjustment Act of 1933.

The policy of the Congress was stated to be that—

1. Through conferring upon the Secretary the powers contained in the act, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish as prices to farmers, parity prices as defined; and

2. "To protect the interest of the consumer by—

"(a) approaching the level of prices which it is declared to be the policy of the Congress to establish in subsection (1) of this section by gradual correction of the current level at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets, and

"(b) authorizing no action under sections 601–608, 608a, 608b, 608c, 608d–12, 613, 614–619, 620, 623, 624 of this title which has for its purpose the maintenance of prices to farmers above the level which it is declared to be the policy of Congress to establish in subsection (1) of this section." (The quotation is taken from compilation of the Agricultural Marketing Agreement Act of 1937, issued by the United States Department of Agriculture, 1952.)

Thus the policy as stated was to improve marketing conditions so that parity prices for farmers could be achieved, to approach such parity levels gradually in view of the demand situation, and expressly prohibited any action under the marketing agreement and order provisions which would increase prices to farmers above the parity level. Such was the stated policy for agricultural commodities in general.

With regard to fluid milk, while presumably operating under the same general price policy as other agricultural commodities, special treatment was given with regard to permissible levels of fluid-milk prices to farmers that could be established under orders, that is, the specific policy of attainment of parity prices was modified with respect to price levels to be established under fluid-milk marketing agreements and orders. Thus, section 18 of the Agricultural Marketing Agreement Act of 1937 provides as follows:

"(18) Milk prices:

"The Secretary of Agriculture, prior to prescribing any term in any marketing agreement or order, or amendment thereto, relating to milk or its products, if such term is to fix minimum prices to be paid to producers or associations of producers, or prior to modifying the price fixed in any such term, shall ascertain the parity prices of

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[1] Hereafter the term "orders", and act of 1937 will be used to denote marketing agreements and orders, and the Agricultural Marketing Agreement Act of 1937, respectively.

such commodities. The prices which it is declared to be the policy of Congress to establish in section 602 of this title shall, for the purposes of such agreement, order, or amendment, be adjusted to reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk or its products in the marketing area to which the contemplated marketing agreement, order, or amendment relates. Whenever the Secretary finds, upon the basis of the evidence adduced at the hearing required by section 608b of this title or this section, as the case may be, that the parity prices of such commodities are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in the marketing area to which the contemplated agreement, order, or amendment relates, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest. Thereafter, as the Secretary finds necessary on account of changed circumstances, he shall, after due notice and opportunity for hearing, make adjustments in such prices."

It would appear that there are several quite cogent reasons for the enactment of this special milk price section by the Congress. Some of these no doubt were as follows:

1. Control of production and restriction of the volume of marketings of milk and dairy products are not authorized by the act of 1937. Prices fixed by Government fiat in Federal marketing agreements and orders must therefore be related to the supply and demand position in the market.

2. The public interest demands that there be sufficient supplies of pure and wholesome milk to meet their needs. Parity prices, as such, might be either too high or too low to have the desired effect.

3. Parity prices for class I milk have not been established by the Department of Agriculture, and to my knowledge have not been computed. This arises largely from the fact that in many instances, an adequate series of class I prices did not exist, the items included in class I milk vary from market to market, and the like. The Department for many years has published a series of milk prices which represent the price received by farmers for milk sold wholesale from farms. This price does not relate to actual use—it includes prices for milk used in evaporated milk, fluid-milk markets, cheese, milk delivered to butter-dry-milk plants; in short, all outlets which require whole milk for their production plus milk delivered to butter-dry-milk plants. It is not a series that represents the average prices which farmers receive for milk used as fluid milk in fluid-milk markets. It is rather an average of all whole-milk prices, irrespective of use, and therefore cannot be used satisfactorily to determine the parity prices of class I milk.

In actual practice, therefore, the Department of Agriculture for many years has relied entirely upon section 18 quoted above as the section of the act of 1937 which contains the criteria upon which the prices in fluid-milk marketing agreements and orders are established. In practice, the Department makes a finding that parity prices are not reasonable in view of the price of feeds, supplies of feeds, and other economic conditions, and finds further that the prices *established* by the order or amendment thereto fulfill the requirements of section 18. A typical finding is to be found in order No. 13, as amended, regulating the handling of milk in the Greater Kansas City marketing area, quoted in the footnote below.[2]

I believe that the discussion herein is sufficient to show how the goal of price fixing under the orders is not parity prices per se, but a level of prices geared to economic conditions in the market, with most important criterion being that of securing a sufficient supply of pure and wholesome milk for the consuming public.

B. Other criteria for the issuance of orders: In addition to the specific criteria set forth in the act of 1937, there are other related criteria not specifically spelled out in the act. Some of the witnesses have stated that the orders are necessary to maintain the integrity of the classified price plan, in the sense that they believe a classified price plan will not work very well unless it is marketwide.

Classified price plans were first developed by cooperative associations of milk producers in bargaining for prices with handlers or distributors. Under this plan, milk entering the different uses, such as in fluid bottled milk, fluid cream, ice cream, and the like, was assigned different prices, according to use. Such plans did not develop until the character of milk markets had changed from one where there were relatively large numbers of producers selling their milk individually to handlers and where there were relatively few handlers, to a system where the supply had become organized to a greater or lesser degree by organization of a cooperative association of producers acting as the sales agent for large numbers of producers. Thus, the situation became one where greater or lesser control of the bargaining processes relative to supply was in the hands of one or more cooperative associations, and the buyers, in this case the handlers, were also few in number. Once having organized significant portions of the supply so that it could be bargained as a unit, it became necessary to find some plan of charging handlers the same price for milk they used. Inasmuch as handlers use varying proportions of milk in the different products, it was a practical impossibility to price milk to them on a flat-price basis, that is, a single price for all milk received by them. The classified price plan was developed to cure this sore spot.

However, very few milk markets are so completely organized that all of the supply is in the hands of the cooperative association. Many producers remain outside the association. Thus, with milk for fluid purposes commanding higher prices than milk for other uses, and with some milk outside the plan, some handlers preferred to be flat-price buyers and did not buy from the association, thereby getting their milk cheaper on a use basis than handlers who bought their supply from the association.

During the twenties this system worked fairly satisfactorily, but with the advent of the depression the competition of flat-price buying handlers with those buying from cooperatives became much more severe. Federal milk marketing legislation was enacted in the early thirties, and the pricing plans developed by the coopertives were included in the legislation, and through the power of the Federal Government are imposed on the markets as a whole through the issuance of orders.

From the foregoing, it would appear that one of the major reasons for the development of orders was to make marketwide the system of pricing followed by the cooperatives in the market, thereby eliminating the disrupting effects of there being available to handlers in the market milk which could be purchased on a flat-price basis and which gave the flat-price handlers their fluid milk at lower prices than those handlers who purchased their milk from the cooperative on a classified-price basis.

Here, I wish to call the attention of the subcommittee to the very vast difference between markets operating under price schedules bargained by the cooperative without full control of the supply, and markets operating under orders where all of the supply must be purchased by handlers under the classified-price plan. In the former type of market-price competition in the procurement of milk from farmers still existed. Therefore, the class prices of the cooperatives had to be kept well in line with competitive conditions, else handlers would shift from classified-price buyers to flat-price buyers. Under an order, with the full market supply priced on a classified basis and mandatory upon all handlers, price competition is eliminated in the procurement of milk from producers. In the place of competitive forces the only restraint upon prices under Federal orders is the judgment of Federal officials who administer the orders and the manner in which the act may impose certain restraints, depending on how the act is interpreted.

IV

General analysis of the criterion "sufficient supply" [3]

Throughout the course of these hearings, many witnesses have stated that the primary purpose of orders is to secure an adequate supply of pure and wholesome milk for consumers, and thereby contribute to the public interest. In none of the testimony has there been any very clear statement of what constitutes a sufficient supply, and there has been little if any discussion of the situation vis-a-vis order prices if the supply is more than sufficient.

It seems to be fairly well agreed among marketing specialists and persons engaged in the marketing of fluid milk that the market must have available during the season of short production a volume of milk in excess of actual fluid sales in order to meet day to day variations in demand and to a lesser extent day to day variations in production. This so-called operating reserve is considered to be about 15 percent of actual daily average sales during the season of short production. We fully recognize the need for this surplus, or operating reserve.

Since there is very little seasonal variation in the consumption of fluid milk, it would follow that a market which has a surplus over actual fluid sales of around 15 percent during the short season of production will necessarily have a larger surplus during the season of heavy production, depending upon the seasonal variation of production in the area.

We may conclude, therefore, that a market is sufficiently or adequately supplied, and the interest of the public fully protected, when the market has available a supply of 15 percent in excess of actual daily average sales during the short period. It should also be noted that the term "supply" does not mean supply from purely local production. If the market secures short-period supplies from areas distant from the local area of production, as a matter of course, then the term "sufficient supply" should involve supplies from all sources.

We now pose the fundamental question: Since assuring the consuming public, through the stabilization techniques of Federal orders, of an adequate supply of pure

[2] "The parity prices of milk as determined pursuant to No. 913.2 of the act are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the marketing area, and the minimum prices specified in the order, as amended, and as hereby further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest." (Title 7, ch. IX, Code of Fed. Regs. Marketing Orders—Pt. 13, published in Federal Register, Apr. 30, 1955.)

[3] The term "sufficient supply" is used hereinafter interchangeably with the term "adequate supply."

and wholesome milk, is the major function of orders, what is the position when surpluses far in excess of the necessary operating reserve during the short season actually exist in order markets? Corollary questions are:

1. Is the public interest served by perpetuating a price structure under Federal orders which result in supplies far in excess of an adequate supply?

2. If it is concluded that the public interest is not served by price structures which encourage production far in excess of the market needs, then what is the reason for maintaining such price structures under Federal orders?

It would seem almost axiomatic that, with regard to the first question propounded above, the public interest is not served by perpetuating price structures which result in supplies far in excess of adequate supplies.

It is generally agreed that it costs somewhat more to produce milk meeting the sanitation regulations applicable to fluid milk markets than it costs to produce milk used for manufacturing milk. It is also fairly generally agreed, that prices charged handlers for milk used as fluid milk must be sufficient to furnish farmers a price differential over manufacturing milk values sufficient to enable them to meet the costs of producing higher quality fluid milk. From this it follows, if the so-called class I differential is spread over a volume of farm production far in excess of the market's needs, that the differential must be quite considerably higher than would be the case if the supply and demand for milk in the market were more closely in balance. In other words, in order to achieve a given "blend" price or average price, the class I price must be much higher where surpluses over fluid milk requirements are large than when such surpluses are small.

The reasons for this state of affairs are really quite simple:

1. Surpluses over actual fluid milk utilization are manufactured into dairy products such as butter, cheese, and the like, which must meet the competitive price levels established on nation-wide markets, and therefore cannot be over-priced relative to market returns from such commodities.

2. The fluid milk price paid by handlers indubitably affects the price of milk at retail. The higher the class I price to producers, the higher must be the retail price to consumers.

3. Therefore, in order to maintain supplies in a fluid milk market in excess of the requirements of such market, the prices paid by consumers for milk used as fluid milk must in the final analysis bear the burden. And, it takes a higher consumer price and (class I price to handlers) to maintain a given blend in a high surplus market than it does in a low surplus market, other factors being similar. Prices established for milk used for manufacturing milk under the orders also may operate to cause higher consumer prices. Thus, if prices for milk used for manufactured dairy products by the fluid milk handler are too high, in the sense he cannot manufacture the commodities and sell them on the nation-wide market for such commodities on a profit or at least a break even basis, he must make up any such losses through the prices he charges for fluid milk, or refuse to accept the milk. On the other hand, if manufacturing milk prices are set too low under an order, the fluid milk handler may have an advantage over the regular manufacturing milk processor, thereby undermining the market for manufactured dairy products.

4. From the foregoing, it follows that consumers pay for the maintenance of surpluses in excess of market requirements through the payments they make for milk at retail. They are in effect, through the payment of high retail prices, or let us say retail prices higher than they should have to pay, subsidizing the production of large volumes of surplus milk over and above the requirements of the market.

It also appears to us to be quite obvious that when the administrative officials in the Department of Agriculture establish prices that call forth an excessive supply for the fluid-milk market, section 18 of the act of 1937 is being violated. Section 18 refers to "sufficient supply"—not supply far in excess of the needs of the market for fluid milk.

We may conclude, therefore, that in order markets where the general tendency has been to maintain supplies in excess of market requirements as discussed and defined hereinbefore, the orders are not operating in the public interest.

Major restrictive devices in Federal milk marketing orders

Briefly, the manufacturing milk groups feel that three rather closely related provisions of the orders tend strongly to restrict the entry of qualified milk into fluid order markets, these being:

1. The practice of defining the scope of the orders so that some plants are excluded from the full price and pooling scheme. In this regard, "pool plants" that are subject to all the provisions of the orders are those plants which have a history of shipment of a certain percentage of their receipts to the market as fluid milk. Plants failing to ship the minimum percentage required by the pool plant definition become nonpool plants, even though milk received at such plants, and the plants also, are fully qualified by the appropriate health authorities in the particular market.

2. The practice of levying what is called a compensatory payment upon milk from non-pool plants which is shipped to the market, which payment is then added to the total pool value of pooled milk, as determined by the class prices and the volumes used in the several classes, and divided among the producers which deliver their milk to pool plants as defined.

3. The practice of "down-classification" of so-called other source milk. This practice involves classifying milk received from non-pool-plant sources in the lowest classes, the classification of such milk progressing upward to the higher classes only insofar as there is insufficient milk received from pool producers to meet the full requirements, or rather the sales of the handler in the higher classes. Thus, if receipts from pool producers are sufficient to fill all of a handler's class I sales, milk from other sources will be classified at the lower classes, irrespective of the use to which it was put by the handler.

The administrative officials justify the use of compensatory payment provisions in a milk order by starting with the quite obvious fact that, in the application of the order regulations, the subject of the regulation must be clearly defined, so that all may know the scope of the regulation, the milk to which it is to apply, and the like. Thus, there arises the definition of pool plants.

The officials then proceed to the proposition that in fixing prices in fluid-milk markets, the class I differential must be set as nearly as possible at the minimum levels which will encourage the necessary amount of milk production. There can be little criticism of this principle—that class I prices must be set at the level which will assure the market an adequate supply of qualified milk.

Having arrived at this conclusion, however, the officials then state that such class I price differentials should be only sufficient to assure an adequate supply from producers who are an essential and regular part of the market.

"Since the production of high-quality milk involves extra expense it is important that the amount of milk produced under class A standards be no more than the minimum necessary to provide the market with an adequate and dependable supply of quality milk. To encourage more than enough production of such milk would represent an economic waste since the expenditure involved in producing class A milk in an essential part of the milk supply would result in no extra value to consumers." (Decision with respect to a proposed marketing agreement and proposed order, as amended (St. Louis, Mo.).)

Here is the beginning wedge for the limitation of the pricing mechanism to certain categories of milk, and limiting the receipt of the higher class I values to certain categories of producers. It does not matter that there is other milk which is qualified by appropriate health authority for use as fluid milk in the market, nor that such milk was available for use of the market. What does matter in determining the milk and the producers that should be included in the pool is a matter of whether the producers are deemed to be an essential and regular part of the market.

In brief, this entire argument stems from the use of devices such as pool plant classification, compensatory payment provisions, and down classification of other source milk, which are in themselves made necessary by defining, in a restricted manner, the milk that will be included in the pool. This becomes quite clear from a study of the following statement taken from the decision of the Secretary in issuing an amendment to the New York milk order which reestablished compensatory payments in that order following ruling of the circuit court of appeals that the previous compensatory payment provision in said order was invalid under the act of 1937.

"Having defined producers and pooled milk as heretofore and herein found to be necessary, in a way which does not include all milk which may enter the marketing area, it automatically and inevitably follows that an opportunity exists for the sale of unpriced and pooled milk in the marketing area since the minimum class prices and pooling established under the order pursuant to sections 8c (5) (A) and (B) of the Agricultural Marketing Agreement Act of 1937, as amended, are applicable only to milk received from producers as defined in the order. Such minimum class prices and pooling do not and cannot apply to milk received from farmers who are not pool milk producers. If that milk which is available and eligible for sale in the marketing area from farmers who are not producers and which consequently is unpriced and unpooled under the order is not regulated in some manner, however, the minimum class pricing and equalization provisions of the order would be rendered ineffective. In the absence of some suitable form of regulation of such unpriced milk there is always an artificial economic incentive for milk from nonproducer sources to enter the marketing area and displace milk from producers. Such nonproducer milk would be milk which would not have entered the marketing area in the absence of a class price plan but would be induced to come in for use in the relatively high valued fluid outlets solely because of the competitive advantage created for it by the classified pricing and pooling of producers' milk. The exclusion of such milk from the marketing area is not authorized or desirable. The only alternative method or device which has been suggested or proposed for dealing with the situation is to impose a suitable charge on such unpriced milk in an amount sufficient to neutralize, compensate for, and eliminate the artificial economic advantage for nonpool milk which necessarily is created by the classified pricing and pooling of pool milk under the order."

If it were not so serious in terms of the public interest, maintenance of competition, and maintenance of nonarbitrary price levels in fluid milk markets, the reasoning set forth above in such positive terms would be laughable.

Why is there qualified but unpriced milk which must be subject to compensatory payments else the classified price and pooling plan will be rendered somewhat ineffective? Because the Department defines the scope of the regulation so that there is qualified, but unpriced milk available for use in the marketing area.

Why is there qualified but unpooled milk available? Because the Department does not include all eligible milk under the pool, but seeks to exclude milk which it does not deem necessary for the market even though available for the market and eligible under the health regulations.

What is the basic purpose of these gadgets? To limit the pool, and to prevent the entry of milk into the pool that the Department thinks does not belong in the pool, the basic idea, of course, being to curb an influx of milk which would take place if the prices established were too high. Once the pool is walled off from the entry of other milk, the stage is set for arbitrary pricing without any practicable restraint.

The same general statements apply with equal force to the practice of down classification of "other source" milk.

The Department rather definitely admits the purpose of compensatory payments is to limit a pool, in its decision with regard to the New York order previously quoted.

"Prior to 1945 all milk received from farmers at all plants approved by marketing area health authorities as sources of fluid milk for the marketing area was included in the pool and was therefore class priced at its source under the order. Under that plan there was no problem of unpriced milk, because all milk which was lawfully distributed in the marketing area for fluid purposes as well as all other milk at the plant from which it originated automatically was in the pool and subject to classified pricing at its source. Because of serious weakness which developed under this loose plan of pooling, the order was amended in 1945 to limit the pool, insofar as possible, to milk which was primarily associated with the New York fluid market either as regular or reserve supplies and to exclude from the pool milk which was primarily associated with some other fluid market or manufacturing outlet even though it had the health approval of one of the marketing area health authorities. This necessarily left out the pool, and not subject to class pricing at source, quantities of nonpool milk which could enter the marketing area for fluid use because of its health approval."

Here, attention is called to the language "the order was amended in 1945 to limit the pool, insofar as possible, to milk which was primarily associated with the New York fluid market either as regular or reserve supplies and to exclude from the pool milk which was primarily associated with some other fluid market or manufacturing outlet even though it had the health approval of one of the marketing area health authorities."

When the development of the practice of putting compensatory payment provisions in fluid milk orders is placed in its historical perspective, there are even stronger reasons to view them as a device designed to permit arbitrary pricing in order markets, and to grant local producers a high degree of local monopoly. The orders were started during the depth of the depression when prices were quite low and surpluses were heavy. At that time no effort was made to limit the amount of milk in the pool by definition of pool plants or other gadgets. All milk entering the market irrespective of whether it was qualified under health regulations was priced and pooled. While orders were generally applicable only to qualified milk, nevertheless, if unqualified milk was distributed in the market, it was also brought into the pool under the theory that it was not the Federal Government's function to enforce the sanitation regulations of the local area.

Similarly, today the Department, by changing its definitions and methods of classification so that the regulations applied to all milk entering the market, would eliminate the need for such gadgets as compensatory payments and down classification of other source milk. Obviously, however, with milk free to enter the market without penalty, class I prices must be kept very well in line with economic conditions and competing supplies of milk. Without compensatory payments, down classification of other source milk, and certain restrictive features of base rating plans, it would be practically impossible to develop very artificial price levels in fluid milk markets, but with these devices it is almost impossible to restrain the development of arbitrary price levels.

VI

Compensatory payments and down classification of other source milk violate the Agricultural Marketing Agreement Act of 1937

One of the avowed purposes of compensatory payments is to assure that the price paid for milk from nonpool sources used as class I milk, plus compensatory payments, is equal to the class I prices established for pool handlers under the order.

This matter of the uniformity of prices charged handlers for milk entering the same use is very important.

Section 8c (5) (A) of the Agricultural Marketing Agreement Act of 1937 provides as follows:

"(5) In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions and (except as provided in sec. (7)) no others:

"(A) Classifying milk in accordance with the form in which or the purpose for which it is used, and fixing, or providing a method for fixing, minimum prices for each such use classification which all handlers shall pay, and the time when payment shall be made, for milk purchased from producers or associations of producers. Such prices shall be uniform as to all handlers, subject only to adjustments for (1) volume, market, and production differentials customarily applied by the handlers subject to such orders, (2) the grade or quality of the milk purchased, and (3) the locations at which delivery of such milk or any use classification thereof is made to such handlers."

It is submitted that no general formula such as is used in determining the rate of compensatory payments in the various markets can assure that handlers will pay the same class I price for milk whether it be from pool or nonpool sources. There are a multitude of different markets for milk, particularly around the major markets and in many cases quite significant price variations between the markets. The only way that one could be sure that handlers were charged the same price for milk from nonpool as from pool sources would be to ascertain the actual price paid for such milk and then compute the differential between such prices and the class I price for each handler.

The same reasoning holds true with regard to the down classification of other source milk. From the foregoing it seems to us to be quite obvious that compensatory payments do not assure and as a matter of fact cannot assure uniform pricing among handlers. They are, therefore, illegal insofar as section 8c (5) (A) is concerned.

Compensatory payments and down classification of other source milk provisions in Federal milk orders directly violate section 8c (5) (G) of the Agricultural Marketing Agreement Act of 1937 which states:

"No marketing agreement or order applicable to milk and its products in any marketing area shall prohibit or in any manner limit in the case of products of milk the marketing in that area of any milk or product thereof produced in any production area of the United States."

During the period when I was Chief of the Dairy Branch, 1939–42, and in the years preceding that period, it was the opinion of those in charge of the administration of fluid milk orders that any device such as compensatory payments or any gadget which placed a burden upon the entry of milk into a market would violate section 8c (5) (G). This is one reason no restrictive devices were placed in the orders during that period. Other reasons pertained to the fact that we believed the act of 1937 was designed to be not only in the interest of producers but also in the interest of the general public, and we did not believe that devices that restricted the free flow of qualified milk between markets in this country were in the public interest, and that such restrictive devices operate to the disadvantage of producers of milk and butterfat used for manufactured dairy products.

The use of compensatory payments has not yet been adjudicated by the United States Supreme Court. In the only case brought against compensatory payments so far *Kass v. Brannan*, concerning compensatory payments under the New York order, the United States District Court for the Eastern District of New York ruled in favor of the Department of Agriculture. Upon appeal to the United States Court of Appeals, Second Circuit, the decision was reversed. The major point in the Court's reversal of the lower court was to the effect that under the compensatory-payment provision subject to the litigation, handlers were not charged the same price for milk entering the same use.

Of significance to the committee is the following language of the Court:

"* * * The total exactions required from the plaintiff were about $10,000. His brief describes them as 'penalty' payments, as did the witnesses at the promulgation hearings and the hearing examiner in his recommendations. Carefully avoiding the word 'penalty,' the Secretary's brief describes them as 'compensatory' payments, i. e., compensation for competition of nonpool milk with pool milk. We think 'penalty' is the more accurate description."

The committee will take note of the fact that at the hearing in which these compensatory payments were promulgated under the New York order, proponents of the provision called them "penalty" payments. Needless to say, since the decision of the circuit court and the development of a broad-gaged attack upon this particular provision of orders, proponents, and the Department of Agriculture, have exercised extraordinary care in discussing the payments. But there can be no gainsaying the fact that when they (compensatory payments) were promulgated, proponents looked upon them as a penalty levied upon milk from nonpool plants, but the word "penalty" having fallen into disrepute, the provision is now called by other names and justified on other than penalty grounds. Merely changing the name of the provision does not change its character, as I think the committee will agree. It was started as a penalty, it is a penalty, and in our view no devious language or method of nomenclature can change that fact. Further, producers who actually produced the milk subject to compensatory payments do not get the money represented by such payments. This money is distributed among the sheltered producers delivering to pool plants.

Our general points of opposition to such devices applicable to the generality of fluid milk orders, can now be summarized, as follows:

1. Compensatory payment provisions, and like provisions, violate section 8 (5) (A) of the act of 1937, by virtue of the fact that no general formula, such as is embodied in the current compensatory payment provisions, can assure that handlers will be

charged the same price for milk entering fluid uses from nonpool plants vis-a-vis pool plants.

2. We have the decision of the majority of the United States Court of Appeals, Second Circuit, that such payments are violative of the act of 1937.

3. We have shown that such payments, and down classification of "other source" milk, operates so that the entry of qualified milk into federally regulated markets is inhibited. In this respect, compensatory payment provisions, and similar provisions, violate section 8c (5) (G) of the act of 1937, and most certainly violate the intent of the Congress when the act was passed.

4. We have shown that compensatory payments have been one of the latest developments under fluid milk orders, and that prior to the development of such arbitrary, restrictive provisions, orders operated for many years in a very satisfactory manner without such provisions.

5. Compensatory payments and down classification make it possible to develop arbitrarily high prices for fluid milk in order markets, thereby reducing consumption, and increasing production and the surplus over fluid milk needs which finds its way into manufactured dairy products.

VII

Surplus production in fluid milk markets

One of the major criticisms of the structure of fluid milk prices, both in Federal order and nonorder markets, is that prices are maintained at such arbitrary high levels that consumption is reduced from levels it should attain, production is increased far beyond the needs of the market for fluid milk, and surpluses over fluid milk needs so caused must be used in manufactured dairy products, thereby increasing the volumes of manufactured dairy products seeking a market.

For the last couple of years, a Committee appointed by the Secretary called the Federal Order Study Committee, spent considerable time investigating these and related questions concerning the operation of Federal orders. A report was furnished to the Secretary by the Committee last August. The Committee reached the following conclusions:

"1. The primary purpose of Federal milk marketing orders is to maintain an adequate supply of milk and to achieve orderly marketing. This is being accomplished in fluid milk markets with Federal orders.

"2. During the post-war years the margin of class I prices over manufacturing prices has been wider on a dollars-and-cents basis than in former years. This has been true in all types of fluid milk markets including federally regulated, State regulated, and nonregulated markets.

"3. This situation resulted primarily from wartime shortages and the need to obtain additional supplies for many fluid markets. The committee has developed no adequate explanation for the continuance of the wide margins between prices of fluid milk relative to manufacturing milk prices in recent years.

"4. In recent years these shortages have been generally eliminated, and have been replaced in many instances by oversupply in relation to fluid needs.

"5. Formula pricing and particularly supply-demand price adjustments have served to reduce class I prices as supplies became more ample, but have not, in most markets, narrowed the spread between fluid milk prices and manufacturing milk prices.

"6. Lags occur in adjustments of production and consumption to price changes.

"7. There is little evidence that Federal orders have increased production more than has occurred in other markets or other areas of the country. Due to shifting plants and producers, the receipts of milk at plants subject to a Federal order do not necessarily reflect changes in area production. In the Northeast, which is the only area for which fairly comprehensive figures are available, total milk production in relation to class I utilization has not been as high as it was in the early forties."

There are two major benchmarks which are commonly used in determining whether a given level of class I prices is proper, these being:

1. Whether the market, under the level of prices established, is securing a sufficient volume of milk for fluid use. As was pointed out hereinbefore, a market is being sufficiently supplied when it has available during the season of short production a volume of supply of about 15 in excess of average daily fluid milk sales.

2. Whether the prices are in normal relation to the prices of milk used in other commodities than fluid milk, that is, the relationship between prices of milk for fluid use and prices of milk for use in manufactured dairy products.

A. The current position regarding sufficient supply: With regard to sufficient supply,[4] the Federal Order Committee states that orders have achieved an adequate supply for fluid-milk markets. It also states that in recent years, wartime shortages have been generally eliminated and have been replaced in many instances by oversupply in relation to fluid needs. From this, we must conclude that most of the markets are now in a position of over supply relative to market needs, which is merely another way of stating that the order price structures are now conducive to the production of more than a sufficient supply to meet market requirements. This means that class I differentials are being spread over more milk than is required, that as a general rule under such circumstances class I prices are higher than they would be if there were a better balance between supply and demand, and that as a result, consumers are paying higher prices than are necessary to meet their fluid-milk requirements.

In his testimony before this committee on April 19, 1955, Mr. H. L. Forest, director of the Dairy Branch, Agricultural Marketing Service, stated that during the short season of production, October-December, fluid sales in all Federal order markets amounted to 74.9 percent of producer deliveries in 1954 and 72.5 percent of such receipts in 1953. During the April-June period, fluid sales were 52.4 percent of producer deliveries in 1954 and 53.4 percent in 1953. Naturally, the markets show wide variations as to the percentage fluid sales bear to producer deliveries.

In the report of the Federal Order Committee referred to above, figures are shown for selected markets from 1940 through 1953. These figures are given in table 1. They show a marked increase in fluid use relative to producer receipts during the war years, and an equally striking decline in fluid use relative to producer deliveries since the war period.

"The rapid increase in the percentage of the supplies utilized for fluid requirements in the early forties was followed by equally rapid declines in the late forties and fifties. It is clear that during the period 1947–53 the supply of milk in these markets increased more rapidly than market requirements.[5]

From the foregoing facts and considerations, it must be concluded that, at least in recent years, the price structure in Federal order markets has been such that production has been encouraged far in excess of the volume necessary to supply the markets an adequate supply of milk. This has resulted in increasing surpluses over the fluid-milk needs of the markets, and has contributed materially to the surplus milk that has been used in the manufacture of dairy products. In this connection, Mr. Forest in his testimony pointed out that in 1953, 16 percent of the milk delivered under Federal orders was made into butter and Cheddar-type cheese. Production of butter and cheese from milk in excess of fluid-milk needs in these markets amounted to about 10 percent of the total United States production of these commodities in 1953, according to Mr. Forest. (Testimony of Mr. Forest before the Dairy Subcommittee, Apr. 19, 1955, p. 7.)

B. Validity of figures used in determining adequate supply: Heretofore in this statement I have used only figures quoted by Mr. Forest in his testimony before this subcommittee, or by the Federal Order Study Committee in its report to the Secretary. It is now appropriate to raise the question as to whether the figures used in either Mr. Forest's testimony, or the report of the Federal Order Study Committee, tell the true facts as to the volume of surplus milk in fluid milk markets operating under orders.

The committee will recognize that the percentages of fluid milk utilization represent the percentage class I or fluid milk sales in the marketing areas are of producer deliveries, and by producer deliveries is meant the amount of milk delivered by producers to pool plants as defined by the orders.

We have pointed out hereinbefore that, under the system of pool plant classification, down classification of other source milk, and compensatory payments, there may be a significant volume of milk qualified for distribution in Federal order markets that is excluded from the pool by the foregoing named devices. The question here is, are class I sales in the market being compared with the total available supply, or some other figure which is itself a result of the definition of pool plants under the respective orders?

All of the Government figures relate to total fluid uses, as compared to receipts from producers under the order. As a matter of fact, the volume of qualified milk in most markets is quite significantly in excess of deliveries of producers to pool plants as defined in the orders.

During the course of the deliberations of the Federal Order Study Committee, I endeavored to ascertain from the dairy branch the volume of qualified milk which was available in Federal order markets, but which was classified as other source milk and therefore not used in relating the supply from producers as defined in the orders to total class I sales in the market. In answer to my query, the dairy branch stated as follows:

"In accordance with your request we have determined the relative quantities of producer milk and other source milk handled in Federally regulated markets in June and November 1952. The computation is based on figures for all markets except New York, for which comparable data are not available. For markets in which orders were not in effect in November 1952 we substituted data for December 1952 and for orders not in effect in June 1952 we substituted data for June 1953. These substitutions apply to the markets of Fort Smith, San Antonio, Central West Texas, Sioux Falls, and Stark County. The total of milk received from producers and producer handlers in all Federally regulated markets, except New York, amounted to 1,576 million pounds in June 1952 and 1,211 million pounds in November 1952. Other source milk includes all milk which was received in the form of milk, cream, or skim milk at a regulated plant plus any other dairy product received at such plant which was used for reconstituting milk, cream, or

[4] In this statement the term "sufficient" supply is used interchangeably with the term "adequate" supply. The word "sufficient" is used in sec. 18 of the act of 1937.

[5] Report of the Federal Milk Order Study Committee on its review of the Federal Milk Marketing Order program, p. 26, October 1954.

skim milk subsequently disposed of in a fluid use. The total of other source milk handled at Federally regulated plants, excluding New York, was 102 million pounds in June 1952 and 105 million pounds in November 1952." [6]

Thus, these figures show that in June 1952 other source milk was 6.5 percent of total pooled milk and in November 1952 was 8.7 percent. To my knowledge, all figures submitted to this subcommittee heretofore have not taken account of "other source" milk, which means that the percentages of excess over fluid sales that have been given you have been understated.

I have endeavored to secure additional information as to the magnitude of "other source" milk, as reported under the orders. In a list of eight orders, taken practically at random, "other source" milk as reported by the market administrator ranged from a very small percentage of receipts from producers as defined under the order to as high as 20 percent. I have no way of determining precisely how much "other source" milk, there is in Federal markets that actually represents qualified milk available to the market. Such figures apparently have not been compiled in any systematic fashion. It is evident, however, that in many markets "other source" milk is a significant portion of the total supplies available to the market.

As stated before, these figures were selected more or less at random on the basis of reports sent to my office. I do not believe, however, that a complete analysis of the figures for all Federal order markets would show any different results, namely, from the point of view of principle, that the figures usually furnished the public and this committee tend to understate the actual proportions of surplus milk on the markets. It is to be noted that the figures available to the Federal Order Study Committee were subject to the same limitations. By the device of relating figures regarding fluid use to producer receipts, when demonstrably there are large volumes in addition to producer receipts which are not only qualified for the market but are included in the total utilization figures for the markets, the administrative officials are in fact understating the volume of surplus milk in fluid-milk markets. This practice on the part of the Department has two results, both inimical to the public interest, as follows:

1. By understating the supply position markets are indicated to be in a tighter supply position than is the actual fact, and this leads either to the maintenance of higher prices than would otherwise be justified or the failure to adjust prices in line with changes with the total available supply. In either event consumers pay higher prices than would be indicated if the full supply for the market were considered, rather than the supply by definition such as is involved in pool-plant definitions, down classification of excluded milk, and compensatory payments on qualified milk which is excluded from the pool by definition of pool plants.

2. Supply-demand formulas, which the Department holds do so much to hold prices of class I milk at reasonable levels, become meaningless when, by definition of pool plants and the other gadgets we have described hereinbefore, the figure used in computing supply is much less than the actual supply of qualified milk available for the market.

I would like to close this portion of my statement with a quotation from a paper by Dr. Leland Spencer, professor of marketing, Cornell University, which was published in the Metropolitan Milk Producers' News, April 1955. Dr. Spencer, who has spent most of his professional career in the study of milk-marketing problems, in an article published in the News, as noted above, entitled "Quota Plans To Regulate Milk Supplies," made these comments, which might be of interest to this committee:

"Where markets are free, milk supplies and consumption are kept in approximate balance through the influence of price. But in price-regulated markets milk production often is stimulated beyond market needs. That is the situation today in many markets that are regulated by Federal or State milk-control orders. Milk supplies are especially burdensome in some markets where the orders call for paying all producers a blended or uniform price which includes returns for surplus milk as well as returns for milk sold in fluid form.

"It is no doubt true that milk supplies and fluid sales could be kept in fair to good adjustment even in regulated markets with market-wide pools if the milk-control agencies fixed prices consistently with that object in view. In practice, other considerations, such as the demands of organized groups of producers and the reluctance of public officials to oppose their will, have an important bearing upon the price-making decisions. Thus it is often the case that the prices of fluid milk and cream are fixed at higher levels than would be necessary to obtain an adequate supply.

"In 1954 the supplies of approved milk exceeded the sales of fluid milk and cream by 81 percent in the New York milkshed, 78 percent in the Rochester milkshed, and 74 percent in the Niagara frontier (Buffalo) milkshed. About 50 percent excess over fluid sales in New York and 39 percent in Rochester would be sufficient to allow for seasonal changes and other fluctuations in production and consumption and to insure an adequate supply at all times."

VIII

Price differentials—Fluid milk and manufacturing milk

It is well recognized that due to the incidence of sanitation regulations the cost of producing milk for use in fluid-milk markets should be somewhat above the cost of producing manufacturing milk. One of the benchmarks in appraising fluid-milk prices is to compare changes that have taken place in such prices with manufacturing-milk prices.

The Federal Order Study Committee reported that the differential between fluid-milk and manufacturing-milk prices has widened markedly in recent years, and that the Committee had developed no adequate explanation for the continuation of these wide margins. (For details see table 2.)

On the basis of the usual supply-demand economics, it would be expected that, as supplies of fluid milk relative to sales increased, the differential between class I milk and manufacturing milk would be low. Conversely, when the markets are short of milk and class I utilization is high relative to production in the supply area, it would be expected that the differential would increase.

One of the most interesting features of the report of the Federal Order Study Committee is an analysis of the relationships between the differential of class I prices over manufacturing milk prices and the percentage of producers receipts utilized as class I. The analysis covered the period 1947–53, inasmuch as the war period is eliminated because of price controls. Seven markets were selected for the development of these relationships, these being Boston, Chicago, New York, Cincinnati, New Orleans, Cleveland, and Minneapolis-St. Paul.

"The relationship for the 7 selected Federal order markets is portrayed in graphic form in figure 2. The horizontal scale is the percentage of receipts in each market utilized for market requirements. The vertical scale is the premium of the class I price over the condensery price. The dot on the chart for each year shows the utilization percentage for the year and the premium of the class I over the condensery price for the same year. The straight line indicates the average relationship for the 7-year period.

"First, it is abundantly clear that there was very little relationship between these factors in any of the markets, with the possible exception of New Orleans. The variations in the class I premium over the condensery price seemed to vary almost independently of the percentage of supplies utilized for fluid requirements in the respective markets. Secondly, what little relationship there was seemed to indicate that, on the average, there was a slight tendency for the class I condensery price premium to be greatest when the utilization was below average.

"For example, for New York the 4 years with the largest proportion of receipts utilized to supply market requirements were 1947, 1948, 1949, and 1951. During these 4 years the percentage averaged 66.9 as compared to 59.1 percent for the 3 years with the lowest percentage utilization. In the years with the high utilization the New York class I–A price averaged $1.88 higher than the condensery price, compared with $1.92 in those years when the percentage was lowest. The margin of the I–A over the condensery price was slightly higher in those years when the utilization was lowest.

"The average percentage of receipts utilized for market requirement for the 4 years with the highest utilization and the 3 years with the lowest utilization, together with the premium of the class I price over the condensery price for the selected Federal order markets, are summarized as follows:

Market	Percent utilization			Premium of class I over condensery price		
	4 high years	3 low years	High exceeds low	4 high utilization years	3 low utilization years	Low exceeds high
Boston	61.2	54.4	6.8	$1.67	$2.09	$0.42
New York (I-A, I-B, I-C, II)	66.9	59.1	7.8	1.88	1.92	.04
Cleveland	76.5	68.8	7.7	1.17	1.36	.19
Cincinnati	71.8	65.4	6.4	1.39	1.49	.10
Chicago	79.4	69.3	10.1	.82	.85	.03
Minneapolis-St. Paul	61.5	58.9	2.6	.76	.80	.04
New Orleans	84.3	77.9	6.4	1.68	2.49	.81

"In each case the premium of the class I price over the condensery price averaged somewhat higher in those years when the utilization was lowest."

To summarize:

(1) The available evidence clearly indicates that class I prices, in spite of heavy surpluses in most of the markets, are being maintained at high levels as compared to manufacturing milk prices.

(2) The analysis of the relationship of the differential of class I prices over manufacturing milk prices clearly shows that these differentials have not behaved in the manner one would expect. Thus the differential tends to be high when the volume of milk is in heavy supply and it tends to be low when the volume of milk is closely related to market requirements for fluid milk. This pattern of differential strongly suggests that

[6] Letter to the undersigned from Howard Fedderson, Dairy Branch, and quoted by me in memorandum to Dr. E. W. Gaumnitz, Chairman, Federal Order Study Committee, dated October 6, 1954.

very arbitrary pricing policies are being followed and that class I prices sometimes are increased when as a matter of sound economics they should be reduced. The reason for the tendency for high differentials to be associated with high surpluses undoubtedly is that efforts have been made to maintain the blended price in the face of increasing surpluses by increasing class I prices relative to manufacturing milk prices.

IX

Remedial measures

The provisions of orders of which we have complained in this statement can be cured either through changes in the interpretation of the act of 1937 now current in administrative circles or by some minor amendments to the act of 1937 itself.

We think it highly unlikely that the administrative officials will correct this situation on their own account. A number of them do not think that their current operations are wrong, hence, how could we expect them to change? Also, producer groups regulated by orders are permitted to vote upon amendments to such orders prior to the time such amendments are placed in effect. It would be very difficult to secure approval of the sheltered fluid milk producers of any action that would open up their markets to competition from outside sources.

The amendments which we think should be made to the Agricultural Marketing Agreement Act of 1937 are set forth in the appendix. They provide for amending section 8c (5), section 8c (5) (G), and section 18. I will describe these briefly without repeating them here in this statement.

TABLE 1.—*Percentage of producer receipts utilized for fluid market requirements, selected Federal order markets,*[1] *1938–53*

	Chicago class I and II	New York		Boston class I	New Orleans class I	Minnesota–St. Paul class I	Cincinnati class I and II	Cleveland class I
		Class I-A and II	Class I-A, I-B, I-C, and II					
1938				61.2				
1939				56.9				
1940	81.1	57.8	63.0	52.9	78.9			
1941	78.4	56.6	61.3	54.5	68.2			
1942	79.8	53.3	59.6	58.4	81.9			
1943	78.7	53.3	62.7	65.9	89.5		81.6	
1944	77.6	56.6	64.1	64.4	88.3		81.6	
1945	81.9	57.9	65.6	66.1	90.4		78.7	
1946	93.1	65.8	75.0	76.2	96.4	59.0	80.2	
1947	85.3	64.7	71.6	65.0	88.9	59.1	75.8	80.9
1948	82.5	65.3	72.1	65.8	86.7	61.6	74.1	77.3
1949	73.0	57.1	63.2	55.8	80.0	59.8	67.6	72.2
1950	71.7	53.8	60.8	54.7	76.8	59.0	65.4	71.9
1951	76.3	53.7	61.4	56.4	81.1	61.8	69.1	75.6
1952	73.4	52.5	60.0	57.6	80.4	62.8	68.2	68.4
1953	63.2	49.1	56.6	52.8	76.9	58.5	63.3	66.1
1954	64.2	48.2	55.1	54.4	71.9	63.7	62.1	63.3

[1] Data supplied by the Dairy Division, U. S. Department of Agriculture. In some markets emergency milk was used for fluid market requirements, but it was not included in the calculation of the above percentages.

Source: Report of the Federal Milk Order Study Committee, October 1954, p. 26.

TABLE 2.—*Class I prices selected Federal order markets and prices paid by 18 midwestern condenseries,*[1] *1940–53*

[Dollars per hundredweight of 3.5 milk]

Year	Class I prices							Condensery [2]
	Boston	New York	Chicago	New Orleans	Cincinnati	Cleveland	Minneapolis-St. Paul	
1940	$2.59	$2.61	$1.94	$2.13				$1.35
1941	2.67	2.73	2.37	2.32				1.85
1942	3.15	3.14	2.74	2.74				2.07
1943	3.50	3.53	3.32	3.29	$3.27			2.62
1944	3.56	3.70	3.34	3.40	3.36			2.64
1945	3.56	3.70	3.30	3.38	3.52			2.60
1946	4.13	4.33	4.15	4.03	3.95		$4.04	3.45
1947	4.92	4.91	4.16	4.54	4.68	$4.50	4.16	3.49
1948	5.65	5.66	4.78	5.33	5.25	5.18	4.60	3.97
1949	5.30	5.26	3.77	5.13	4.34	4.14	3.79	2.86
1950	4.98	5.00	3.68	5.38	4.28	4.03	3.74	2.95
1951	5.43	5.64	4.39	5.68	5.08	4.81	4.30	3.62
1952	5.53	5.50	4.81	6.03	5.40	5.14	4.58	3.78
1953	5.03	5.23	4.16	6.00	4.90	4.87	4.18	3.24
1954	5.00	5.13	3.73	5.84	4.57	4.46	3.73	3.00
MARGIN OF CLASS I OVER CONDENSERY								
Average, 1940–46	$0.94	$1.02	$0.65	$0.67				
Average, 1947–53	1.85	1.90	.83	2.03	$1.43	$1.25	$0.78	
1940	1.24	1.26	.59	.78				
1941	.82	.88	.52	.47				
1942	1.08	1.07	.67	.67				
1943	.88	.91	.70	.67	.65			
1944	.92	1.06	.70	.76	.72			
1945	.96	1.10	.70	.78	.92			
1946	.68	.88	.70	.58	.50		.59	
1947	1.43	1.42	.67	1.05	1.19	1.01	.67	
1948	1.68	1.69	.81	1.36	1.28	1.21	.63	
1949	2.44	2.40	.91	2.27	1.48	1.28	.93	
1950	2.03	2.05	.73	2.43	1.33	1.08	.79	
1951	1.81	2.02	.77	2.06	1.46	1.19	.68	
1952	1.75	1.72	1.03	2.25	1.62	1.36	.80	
1953	1.79	1.99	.92	2.76	1.66	1.63	.94	
1954	2.00	2.13	.73	2.84	1.57	1.46	.73	

[1] Data supplied by the Dairy Division, U. S. Department of Agriculture.
[2] Originally 18 condenseries, in recent years a smaller number.

APPENDIX

[Matter in italics indicates suggested new language]

SUGGESTED AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

Proposed amendment to section 8c (5) of the Agricultural Marketing Agreement Act of 1937

Section 8c (5). In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7) of this section) no others; *Provided, however, no order fixing the prices which handlers must pay producers or associations of producers shall be issued after the effective date of this amendment, unless and until the Secretary of Agriculture has exhausted all efforts to mediate and/or arbitrate disputes, as provided by section (3) of the Agricultural Marketing Agreement Act of 1937 (7 U. S. C. 71 D), and has published findings to that effect.*

Current provisions of section 8c (5)

Section 8c (5) as it now stands in the law, is the same as the above except for the underscored language, which is the proposed amendment.

Explanation of proposed amendment to section 8c (5)

Under this proposed amendment, the Secretary would be required to use the mediation and arbitration features of the act (now currently unused) to try to secure the settlement of disputes in a market, if possible, without the issuance of an order. As the matter now stands, a number of orders have been issued in the last few years which were due solely to disputes in the market, failure to bargain, and the like, which possibly could have been corrected without an order.

Proposed amendment to section 8c (5) (G) of the Agricultural Marketing Agreement Act of 1937

Amend section 8c of the Agricultural Marketing Agreement Act of 1937 by changing subsection (5) (G) thereof to read as follows:

(G) No marketing agreement or order applicable to milk or its products in any marketing area shall prohibit or in any manner limit *the marketing in that area of any milk or product thereof produced in any production area in the United States; nor shall any such marketing agreement or order impose any system of classification, fee, payment, or differential upon milk from any producing area not uniformly applied to all milk regulated by such marketing agreement or order.*

Current provision—Section 8c (5) (G)

Section 8c (5) (G): No marketing agreement or order applicable to milk and its products in any marketing area shall prohibit or in any manner limit, in the case of the products of milk, the marketing in that area of any milk or product thereof produced in any production area in the United States.

Explanation of proposed amendment to section 8c (5) (G)

The purpose of the proposed amendment is to tighten up the language of the current provision. Under the current provision the Department of Agriculture has initiated restrictive devices in fluid-milk orders, such as compensatory payments, using as justification the argument that the provision applies only to the "products of milk." This amendment would make it impossible to assess compensatory payments, or use other arbitrary devices to inhibit the free flow of milk from any production area to any marketing area regulated by an order.

Proposed amendment to section (18) of the Agricultural Marketing Agreement Act of 1937

Section (18). Milk prices: The Secretary of Agriculture, prior to prescribing any term in any marketing agreement or order, or amendment thereto, relating to milk or its products, if such term is to fix minimum prices to be paid to producers or associations of producers, or prior to modifying the price fixed in any such term, shall ascertain the parity prices of such commodities. The prices which it is declared to be the policy of Congress to establish in section 602 of this title shall, for the purposes of such agreement, order, or amendment, be adjusted to reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk or its products in the marketing area to which the contemplated marketing agreement, order, or amendment relates. Whenever the Secretary finds, upon the basis of the evidence induced at the hearing required by section 608b of this title or section, as the case may be, that the parity prices of such commodities are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in the marketing area to which the contemplated agreement, order, or amendment relates, he shall fix such prices as he finds will reflect such factors, *assure a sufficient, but no more than sufficient,* quantity of pure and wholesome milk *needed to meet the requirements of consumers in the marketing area during the period of seasonally low production,* and be in the public interest. Thereafter, as the Secretary finds necessary on account of changed circumstances, he shall, after due notice and opportunity for hearing, make adjustments in such prices.

Current provisions of section (18)

The current provisions of section (18) are the same as those quoted above, except for the underscored language, which represents the proposed amendment.

Explanation of proposed amendment

The proposed amendment is designed to develop a benchmark which the Secretary must use in his determination of what constitutes a sufficient supply.

STATEMENT OF MR. C. M. DEGOLIER, DEERFIELD, WIS., BEFORE THE DAIRY SUBCOMMITTEE OF THE HOUSE COMMITTEE ON AGRICULTURE, JUNE 2, 1955

Chairman ABERNETHY and members of the subcommittee, my name is C. M. DeGolier. I am president and general manager of the Deerfield Creamery Co., Deerfield, Wis., president of the Madison Dairy Produce Co., of Madison, Wis., and president, Wisconsin Creameries Association.

I am making this statement on behalf of the joint committee of the National Creameries Association and the American Butter Institute. This committee, and its member units, has been described to you heretofore by other witnesses.

My purpose in asking the subcommittee for time to appear before you was in the belief that I may be able to give you information, developed from my own experience and my knowledge of the problem, which would add to the material already furnished this subcommittee by previous witnesses.

Let me say at the outset that I am not a dairy sanitarian. I operate a fluid milk (grade A) plant, which also manufactures dairy products, and am part owner of a plant at Madison engaged in large scale packaging and merchandising operations for butter. In view of my experience, it is not my purpose to pose as an expert able to tell you what features should be incorporated in a sanitation code for milk—this has been quite capably handled by Mr. Dahlberg and others, and there is a significant amount of technical information available in reports published by the National Research Council, which has conducted several very fine, technical studies of this subject, and from many other sources, rather, I desire to bring to you the experience and knowledge of a businessman who has had direct experience with this matter of sanitation regulations, and who, in the course of his business career, has had brought to his attention many examples of the manner in which these sanitation regulations operate.

I would like to state that the public is entitled to be fully safeguarded with regard to the sanitary qualities of its milk supply. No responsible person in the dairy industry would recommend the adoption of procedures which do not give the public this assurance. Milk, which we think is the finest natural food for human kind, also may be the very efficient carrier of bacteria which are inimical to the health of the people. This means that we in the industry, public officials, and all connected in any manner with the production and distribution of milk for human consumption, must be ever alert and in fact must demand that we be subject to regulations regarding the sanitation of milk which will assure that the milk supply of the consuming public is safe and pure.

SANITATION REGULATIONS—THEIR ORIGIN AND JUSTIFICATION

There is no need to launch into a lengthy discussion of the justification of sanitation regulations applicable to milk and its products. We take it for granted that anyone involved in the matter would agree that a clean, pure, and wholesome milk supply is a factor of paramount importance in the health and well-being of our people. Since milk, in addition to being one of our finest foods, also is a very fine medium for the growth of harmful bacteria, it follows without further argument that we must be sure our milk is produced and handled so that it is pure and wholesome.

Sanitation regulations, it would appear, first were developed by cities and municipalities in order to assure that the milk supply for consumers in such cities and municipalities was pure and wholesome, and that the milk-supply purity was so protected in both the farm production and the processing end that pure, wholesome milk reached the consumer, free from milk-borne diseases.

It is but natural that, due to the development of sanitation regulations by a multitude of cities and towns, looking largely to local conditions, there were and still are very material differences between sanitation regulations applicable throughout the country. For many years, the commerce in milk was very largely of a strictly local character. Techniques for the handling and shipment of milk long distances while still maintaining its purity and wholesomeness had not been developed. Therefore, it is not until comparatively recent years that variations between sanitation regulations, and the manner in which they were applied from market to market, have become factors of very great significance in impeding the flow of good-quality milk between markets in the United States.

We can take it for granted, I believe, that local sanitation regulations were conceived solely for the protection of the consuming public in cities and municipalities. Unfortunately, it is my belief that quite frequently, local producer groups and others have endeavored to use such regulations, and have them interpreted and enforced, as a tool for the protection of the local market supply of fluid milk against legitimate competition from qualified milk from producers and processors and other areas.

And here, I want to make it quite clear that, in those instances where it would appear beyond a reasonable doubt that sanitation regulations have been and are being used as trade barriers, it is not the fault of the local sanitarians. My experience with these officials is that they are primarily interested in seeing to it that the supply of milk in their area is pure and wholesome—not in seeing to it that their regulations have the effect of excluding pure and wholesome milk from other areas from their own areas. The fault for such use of sanitation regulations, I feel quite certain, is the fault of local producer and processor groups who desire to limit the competition of qualified milk from other producers and other areas. In this respect, the dairy industry, I think, is to be criticized for not getting its own house in order.

Of one thing we can be sure, and it should be a matter of pride to all of us, that the milk supply generally throughout the United States is safe and pure. Epidemics of disease traceable to the milk supply have, to my knowledge, ceased to exist. When one considers that one can travel from one end of this country to another, and always be able to secure a supply of pure milk which one does not hesitate to feed his children, in spite of the various conditions of production in this country, we can truly state that we have something to be proud of that is perhaps unique in the world.

To summarize to this point—we have a fine milk supply, and it is through the efforts of our technical people, the milk sanitarians, and through the cooperation of milk producers and processors that this is so. I wish to emphasize this so that the subcommittee will understand that the interest of the people I represent is not to complain of sanitation regulations as such, nor to recommend anything that will reduce in any way or by one iota the degree of effectiveness of our sanitary control of the milk supply in the United States. Nor do I complain of the actions of sanitarians which have been the subject of court controversies, some of which I will treat as examples for the subcommittee in the following pages of this statement. These controversies are understandable when taken in their historic perspective. My statement is pointed toward showing the subcommittee certain features of sanitation regulations which need to be corrected and at the same time to point out that some promising strides have been made in recent years toward a more uniform, more widely applicable sanitation system.

INCREASED MOBILITY OF MILK—ITS RELATION TO SANITATION REGULATIONS

Some years ago, when I first started in the dairy business, and particularly when my family developed the plant at Deerfield, Wis., milk was not very mobile. By this is meant the fact that techniques and equipment had not been developed which would permit the movement of milk for long distances and at the same time maintain its purity and quality so that it could be used by consumers as fluid milk.

In the dairy industry, we have made steady progress in sanitation practices through the development of better equipment, more research and better knowledge of the factors that cause the production of pure and wholesome milk, a more widespread understanding of the fact on the part of both producers and processors that the public, our customers, are entitled to purchase our commodity in the secure knowledge that it is pure and wholesome, and, last but perhaps of even greater importance, has been the development of our vast highway system and high speed refrigerated trucking industry which enables us to ship our milk longer and longer distances with the assurance that at destination the milk will be pure and wholesome, and entirely safe for consumption by the public.

The increased mobility of fluid milk was greatly encouraged by developments during the war. With the vast shift that took place

in the population—the development of large plants, with their large numbers of workers in areas previously relatively sparsely settled, it became necessary, if these people were to have milk, to develop techniques for the movement of such milk from areas of heavy supply to areas of deficit supply. When I first started this business, it was quite unusual for milk to move much farther than from my plant at Deerfield to Chicago. During the war and for some time thereafter, it became commonplace for milk which had originated in Wisconsin, or Minnesota, to be transported by refrigerated truck to southwestern markets such as Dallas and Fort Worth, there bottled and loaded on refrigerated trucks, and shipped as far west as Las Cruces, N. Mex. I might add that, when the consumers in Las Cruces drank such milk, they found it pure, palatable, and wholesome.

In addition to the foregoing, there has been a phenomenal improvement in the quality of milk on our farms. More and more of our farmers are equipping their farms and following production practices that meet the requirements for grade A milk, or milk that meets the sanitation requirements recommended in the United States Public Health Service Milk Code. In Wisconsin, for example, we now have a law under which milk which meets our grade A requirements, based on the United States Public Health Service Code, may be shipped from city to city within the State without hindrance from local regulations. So far, all but four cities in the State have accepted this code, and we fully expect the remaining four cities to come into the program in the near future.

But from the viewpoint of the interest of the subcommittee, I think it important to note that due to the greater mobility of milk previously described and the ever growing development of compliance of grade A ordinances which are based on the United States Public Health Service Milk Code, the existence of barriers to the free movement of qualified milk from one market to another is becoming more important, and the need for greater standardization of sanitation codes and practices of inspectors thereunder is becoming more and more necessary if sanitation regulations are to fulfill their primary and, I might say, their only function of assuring that the milk distributed in the various areas is pure and wholesome, rather than to assume a secondary function of standing as barriers to the movement of qualified milk. This movement is becoming more and more important every day as our techniques for handling milk, and shipping it long distances while still maintaining its purity and wholesomeness, improves with the many technological developments in the field. I think it would be a wonderful thing that we could look forward to the day when the milk supply for any town or city in this country would be of such assured purity and wholesomeness that it would be readily accepted for distribution as fluid milk in any other town or city in the country. It is in the interest of promoting the early realization of such a state of affairs that I am appearing before this subcommittee.

PROGRESS IN THE DEVELOPMENT OF UNIFORM SANITATION CODES AND INSPECTION THEREUNDER

There has been considerable progress in the development of more uniform sanitation codes and inspection practices thereunder in recent years.

Sanitarians have taken a leading role in recent years in this development. Each year there is held a national conference on interstate milk shipments, at which a great deal of attention is devoted to sanitation codes, methods of securing more uniformity in codes, inspection thereunder, and rules to be followed in developing a greater degree of reciprocal inspection, i. e., where a municipality accepts the inspection techniques of another municipality in determining the eligibility of milk from the latter municipality to be distributed as fluid milk in the former. There can be little doubt that these conferences, and the actions following thereafter, are exerting significant influence in developing a more uniform system of sanitation and inspection in this country.

I might state here that I think, and I believe that many, if not most, of the people in the processing end of the dairy business believe, that the activities of the national conference described briefly above are leading to more uniform codes, more uniform application of the codes, and are encouraging a higher degree of cooperation of local sanitarians with their colleagues throughout the country than has been the case heretofore. These efforts are to be highly commended. They will no doubt in time contribute materially to the public interest in assuring a milk supply throughout the country that is safe and pure, while at the same time tending to eliminate the features of local sanitation regulations which constitute barriers to the movement of milk, which are not related to securing a pure milk supply for the local municipality but rather constitute in effect barriers to the movement of sanitary milk into the municipalities involved.

TYPES OF SANITATION REGULATIONS THAT RESTRICT THE MOVEMENT OF MILK BETWEEN MARKETS

As I indicated heretofore, I do not claim to be an expert sanitarian. However, there are some features of sanitation regulations that I believe are restrictive in character, although the list of such restrictive types of sanitation set forth below may be far from complete. The list follows:

1. Many sanitation codes, or if not the codes then the health authorities, limit the area wherein they will inspect plants and farms. While it might appear that there could be good reasons for such restriction of inspection area, say on the ground of cost or some other factor, the fact remains that judging from the court cases filed to invalidate such restrictions, the area limitation is one of the most important barriers to the movement of qualified milk between markets.

2. Refusal to accept reciprocal inspection. This makes the area limitation really very effective as a barrier to milk movement.

3. Requirements that milk must be pasteurized within a certain distance of the city. Judging from the list of court cases which we have compiled, this is the restriction that has been involved in litigation more than any other. Obviously, in this day of good refrigeration and rapid transportation, a regulation that provides that milk must be pasteurized a small distance from the city is ridiculous, and most assuredly restrictive.

4. A number of ordinances levy inspection fees that are a very real roadblock to the movement of milk between markets. For example, it is not unusual for an ordinance to levy a fee on all milk moving over the weigh deck. For plants from which a small proportion of their total milk receipts at the plant are used in a town having such a fee, it should be obvious that a heavy burden is placed on the plant.

5. Ordinances vary regarding the requirements for tuberculosis, Bang's disease, and other tests.

6. Duplicate inspections. Some plants may sell milk in a number of markets. It is not infrequent for the farmers delivering to these plants to have to meet several different codes, leading to greater expense and more costly milk.

7. Some State authorities have tried to limit the entry of milk from out-of-State sources.

I have listed above a few of the important restrictive devices, although I have no doubt there are others.

ROUGH MEASURES OF GEOGRAPHIC SCOPE OF RESTRICTIVE DEVICES

I wish I could pinpoint for the committee the scope of these restrictive sanitation devices throughout the country, but researching the health codes in towns and cities of the United States is obviously beyond our powers.

It is my opinion restrictive devices such as those named above are a factor of paramount importance in slowing down or stopping completely the movement of milk from area to area and market to market. While no fully comprehensive research of this particular character has been done recently, the United States Department of Agriculture in a bulletin dated March 1939 entitled "Barriers to Internal Trade in Farm Products," found widespread evidence of the use of sanitation regulations as devices to restrict the entry of outside milk into milk markets. Both State Governments and local municipal governments were so using their sanitation regulations, and such restrictive practices were found to be very widely spread throughout the United States.

Although this bulletin is quite old, and may therefore be assumed to be out of date in some respects, I have taken certain excerpts from this bulletin and have included them in the Appendix. The findings are startling. We do not, however, have to rely entirely upon the bulletin just discussed for information concerning the current importance of the manner in which sanitation regulations are being used as devices to restrict the movement of milk between markets in this country.

Starting with the July 20, 1949, issue, I have had the weekly issues of the Dairy Record, a periodical devoted solely to news and information concerning the dairy business in this country, checked in order to list the cases brought before the courts regarding sanitation regulations. I do not claim that this list is a complete record of all the court cases regarding sanitation regulations that were started during the period since mid-1949, but in any event a number of them were reported in that magazine.

Since mid-1949, a total of 35 separate court actions were reported by the Dairy Record. These actions involved municipalities or States in 17 States and the District of Columbia. Other facts regarding these cases follow:

1. Eleven of the cases involved the refusal of the municipality to inspect plants and farms outside its usual area.

2. Thirteen of the cases involved suits brought to enjoin local health authorities from enforcing rules in their ordinances which provide that milk for use in the municipality must be pasteurized within a given distance, usually a very short distance, of the market. The most important of these, as far as establishing legal precedent is concerned, was that brought by the Dean Milk Co. of Chicago against the city of Madison, Wis. The Dean Co. was objecting to a provision of the Madison ordinance which required milk to be pasteurized within 25 miles of the city of Madison. This case finally came before the United States Supreme Court, and the Court ruled the provision invalid.

3. There were six cases involving the efforts of State Governments to limit the entry of milk from other States, ranging from such activities as providing that out-of-State milk must be in its original containers as received from the farm up to dyeing out-of-State milk some color.

4. Two of the cases involved unspecified discriminatory practices.

5. One case turned upon the failure of the local authorities to permit reciprocal inspection.

6. Two cases could only be classified on the basis of miscellaneous objections.

Practically all of these cases were won by the plants desiring to ship milk into the markets, previously forbidden them by the local health authorities.

In addition to the foregoing, the Dean Milk Co. gave us some information concerning suits it has brought against city and State authorities which had denied the Dean Co. permits to sell in the markets involved. The Dean Milk Co. secures the greater part of its milk supply from sources approved by the Chicago Board of Health.

The cases concerned a number of different complaints. Several of them were brought because the company considered the inspection fees levied against them were exhorbitant. The regulation generally in these instances provided for the payment of a certain fee per hundredweight for all milk going over the weigh deck of the Dean plant. When it is considered that in many of these instances the volume sold by Dean in the markets where these suits were brought was a small, sometimes almost an infinitesimal portion of the total volume of milk received at the plant or plants involved, yet the Dean Co. under the ordinance would have had to pay a fee on large volumes of milk not intended for use in the particular market involved, the restrictive nature of the fee as levied is obvious. Many of these cases have been settled on the basis of payment of a relatively small annual fee, such as $275 per year in one case, as compared to the thousands of dollars the company would have had to pay on the basis of the original provision of the ordinances.

Other cases brought by the Dean Milk Co. involved provisions of ordinances, or practices thereunder, whereby inspection was refused outside the usual inspection of the particular health authority involved. Still other cases involved refusal of health authorities to grant the company a permit because the local ordinances required the milk to be pasteurized in or only a short distance removed from the market. There were other bases of some of the suits mentioned, but the above reasons cover the majority of the cases brought by this company. I think the important fact for this subcommittee to bear in mind is that here is one fairly large milk company which, in its endeavor to expand its marketing system to a number of different markets, and when the quality of the milk supply of the company was not open to question, found itself stopped by capricious and restrictive local health codes and practices thereunder. The company advised me that they have instituted a number of suits in recent years, and that 16 of these complaints actually became the subject of court trials. I have mentioned before that one case went clear to the United States Supreme Court before being resolved in favor of the company.

There can be little doubt that the information I have furnished you here is incomplete. Further, since the decision of the United States Supreme Court in the *Dean* v. *City of Madison* case, disputes regarding mileage limitations on pasteurization and area of inspection have tended to be settled out of court on the basis of the Supreme Court's decision.

We have no way of ascertaining how many milk companies have tried to secure permits to ship milk into markets, and, when they were faced with restrictive devices such as we have discussed here, did not take the trouble to fight the adverse health authority ruling in the courts, but merely went elsewhere to look for business.

CONCLUSIONS

On the basis of the foregoing facts and considerations, I think we may well reach the following conclusions:

1. While much progress has been made in developing more uniform sanitation codes in this country and the practices under such codes, we still have far to go. Most assuredly, we should do our best to encourage the milk sanitarians to continue and accelerate their good work in this connection.

2. The evidence indicates quite clearly that many sanitation regulations serve no useful purpose as far as purity of the milk supply is concerned, but rather serve as devices to restrict the entry of pure and wholesome milk into markets from areas outside their usual sources of supply. Such regulations tend to wall off the local markets from the legitimate competition of other areas, and grant local producers a high degree of monopoly. This leads to arbitrary pricing, over-production within the milkshed, reduce consumption in the markets, and greater surpluses of milk which must be manufactured into dairy products such as butter, cheese, and the like.

It seems to me that the evidence is so conclusive that it warrants notice and action by the Congress. I do not know what the action should be, but the goal of any action by Congress, in my view, should be that of securing more uniformity in sanitation regulations throughout the country and more uniformity of application by inspectors. The United States Public Health Service, in cooperation with milk sanitarians and many other persons, has developed a standard ordinance or code which is recommended for use in municipalities. Many of the States and municipalities have adopted this code or codes based very largely upon it. I firmly believe that the USPHS code is gaining in scope, but am equally firmly convinced that we should endeavor to speed up its acceptance and application throughout the country. Once this is done, sanitation regulations will revert to their original purpose—that of assuring the public a pure and wholesome milk supply as far as sanitary practices are concerned, rather than being perverted to use as devices which restrict the movement of high-quality milk between areas and markets.

Whether the bills now before the Congress, which provide that the United States Public Health Service Code will be the determining factor in the quality of milk shipped in interstate commerce is the final answer, I do not know.

Most assuredly, however, this problem is of great importance, and we urge the Congress to take whatever action it deems advisable pointed toward its solution.

I wish to thank you for your courtesy in permitting me to make this statement.

APPENDIX A

There are listed below certain findings published in a bulletin of the United States Department of Agriculture entitled "Barriers to Internal Trade in Farm Products," March 1939. It is to be realized that this publication is very old but it serves to show that the question even at that date as to whether or not milk sanitation regulations were at that time being used as barriers to the movement of qualified milk between markets actually existed. This publication is replete with examples as to how, at that time, sanitation regulations were being used to restrict the movement of milk between markets.

We quote below from this bulletin certain excerpts.

"HEALTH AND SANITARY MEASURES

"Tremendous progress has been made during the last two decades toward the production of clean and wholesome milk. In part this has resulted from educational work, not only of the United States Public Health Service, but also of the health departments of States, counties, and cities. Chiefly, it has been achieved as a result of laws and regulations adopted by the States, counties, and cities, as well as by other subdivisions of the States. These measures prescribe, often in minute detail, the conditions under which dairy products shall be produced, processed, and distributed. To enforce the sanitary standards prescribed, official inspection is usually required. Farmers, processors, and distributors are typically granted licenses or permits to dispose of their product in a given market only after certification of satisfactory inspection by the officials of the city or State concerned.

"We are concerned here not with the details of these regulations, but rather with the extent to which they constitute an obstacle to the free movement of dairy products. Especially important are the market restrictions that have been placed on fluid milk and cream in certain parts of the country. These will be considered first and then some attention will be given to restrictions on other dairy products."

"MILK AND CREAM

"In a number of Eastern States (including Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Virginia, and Florida) all fluid milk (and in some cases cream) must come from farms that are licensed or inspected by officials of the State into which the milk is shipped. All of these States produce milk and cream, but they also bring in a part of their supply from outside their own boundaries. It is obvious, therefore, that should any of them wish to use their health- and sanitary-inspection requirements for the purpose of retaining a larger part of the State market for State producers, they could do so through limiting outside inspection and thus protecting home producers. Only a very thorough investigation would show the extent to which this has been either the purpose or the result of such legislation. The survey of the situation attempted here shows some of the existing tendencies toward market restriction."

The report treats regulations of Connecticut as follows:

"Apparently the State of Connecticut has followed the practice of limiting its out-of-State inspection of farms that produce fluid milk for the Connecticut market. In 1931 permits were withheld from a small group of producers in New York State, located near the Connecticut border, who had been sending milk into Connecticut. Public protest led to the revival of these permits, but with the provision that the New York producers must pay inspection costs. Despite the concession, relatively little milk has been permitted to come in from outside the State. In part, at least, as a result of this restrictive policy, Connecticut producers have been enabled to get relatively high prices for their fluid milk.

"This conclusion is supported by the study made by the Federal Trade Commission of the Connecticut milkshed. The Commission reports that—

" 'There are * * * indications that Connecticut has used its milk-inspection laws advantageously in keeping out milk from other States, although it does not admit this use of its powers.'

"Recent dairy legislation passed by the State of Connecticut directs the State commissioner to refuse to inspect farms outside the natural milkshed. Perusal of the pages of the Connecticut Milk Producers Association Bulletin strongly indicates that an important purpose of this legislation was to secure even more effective restriction of out-of-State milk."

With regard to the State of Rhode Island, the report has this to state:

"Rhode Island admits cream from outside the State on the basis of proper certification by the State of origin. Since 1931, however, this State has been one of the most active in passing health and sanitation laws with respect to fluid milk which, whether or not so designed, may be used for restrictive purposes. Inspection and registration is required of all farms shipping to Rhode Island markets and numerous regulations have

been adopted which put the distant producer at a disadvantage. By an amendment to its laws in 1936, Rhode Island required reregistration of all dairy farms. In this process, 62 registrations of farms were terminated in Massachusetts and Connecticut and only 1 distributor was reregistered in Vermont. The number of shipments of milk from Vermont have been nearly cut in half since 1931, they have entirely ceased from New Hampshire, and from Massachusetts and Connecticut they have been appreciably reduced."

With regard to inspection in the State of Pennsylvania, the report has this to state:

"Finally, two students of the dairy problem who have studied the Pennsylvania situation are here quoted. Leland Spencer found that regulations of the Pennsylvania State Department of Health 'cut down considerably the receipts of outside cream in Pennsylvania markets, particularly during the last 2 or 3 years.

" 'The Pennsylvania inspection movement also gives some indication of attempts to limit the milkshed through health regulations.' "

With regard to the New York City market the report states as follows:

"Market restriction through inspection requirements is promoted by cities and towns as well as by States. In fact, the regulations of certain large cities have been of equal importance with those of the States. Since 1906, New York City has maintained farm inspection of its sources of milk and cream supply, and since 1926 has definitely limited this inspection area. Thus it is practically impossible to ship fluid milk or cream to the New York City markets from points west of New York or Pennsylvania State lines. So far as fluid milk is concerned the restriction is not very important at present, for probably very little milk would move into New York City from beyond the inspected areas in any case. But cream, which as compared with milk combines greater value with less bulk, can be shipped for long distances. The effect, therefore, of the New York inspection requirements is to bar western cream and to raise the price of cream in the New York City market."

Frequently boards of health refuse to inspect producers located at some distance from the market:

"For many towns or cities the limitation of the inspection area is on an informal yet effective basis. The board of health, usually elected or appointed locally, may find it desirable to cooperate with local producers or distributors in restricting the inspection area. This limitation may take the form of refusal to inspect outside a certain radius. Thus, a local producers' association near a small New England town cooperates with the local health authorities to make sure there are no inspections at a greater distance than 3 miles from the town, but there is apparently no official ruling to this effect."

These are merely examples of the manner in which sanitation regulations were being used at the date of the report to restrict the movement of milk between markets.

STATEMENT OF GEORGE PAUL, PRESIDENT, NATIONAL CREAMERIES ASSOCIATION, BEFORE THE DAIRY SUBCOMMITTEE OF THE HOUSE COMMITTEE ON AGRICULTURE, JUNE 2, 1955

Mr. Chairman and members of the committee, my name is George Paul. I own and operate a general-purpose farm at Brooklyn, Iowa. I also serve in the legislature of the State of Iowa, and as president of the National Creameries Association and the State Brand Creameries, Inc. State Brand Creameries is a cooperative association located at Mason City, Iowa, and composed of over 100 local cooperative associations and proprietary concerns that produce butter, cheese, and nonfat dry-milk solids, handling packaging, sales, and the like for its members.

In this statement, I am speaking on behalf of the joint committee of the National Creameries Association and the American Butter Institute. The joint committee, as well as the two member organizations making up the joint committee, has been described to you by previous witnesses, so I shall not burden the record with repetitive description.

In this statement, I desire to discuss some of the self-help plans that have been proposed, and proposed marketing quota and production control plans for the dairy farmer. I also wish to submit a proposed self-help plan developed by the joint committee and its member organizations.

Before supporting any particular proposal, it would seem to me that the Congress should ascertain the degree of severity of the problem now confronting us. If, on the basis of current indications, it would appear that a very serious surplus situation confronts us, the program developed by the Congress would naturally be more drastic and far-reaching than if it appeared the dairy situation is showing considerable improvement.

THE CURRENT SITUATION AND OUTLOOK

I am happy to inform the Congress that the surplus situation in the dairy field has improved greatly since last year. Cow numbers are down somewhat and production for the first several months of this year has run 1 to 2 percent below the year previous. Butter and cheese production are down between 10 and 15 percent from the corresponding figures a year ago.

For details regarding cow numbers, production per cow, and other relevant production figures. (See table 1.)

Consumption of dairy products, on the other hand, has shown some increase from 1953. Fluid milk and cream consumption is up slightly. Butter consumption per capita is up four-tenths of a pound and cheese per capita consumption showed a slight increase. (See table 2.) We should also bear in mind that the population is increasing steadily at a rate somewhat in excess of 2 million persons per year.

The enormously heavy stocks of butter, cheese, and nonfat dry milk solids held by the Commodity Credit Corporation last year have shown significant reductions during the last half of 1954 and to date in 1955.

As you will recall, stocks of butter, cheese, and nonfat dry milk solids acquired by the Commodity Credit Corporation under the price-support program reached unprecedented heights during 1954. Last July 28, CCC stocks of butter reached a peak of 466 million pounds, cheese stocks reached their peak September 29 at 436 million pounds, and nonfat stocks of the CCC reached their peak April 28 at 599 million pounds. Stocks are still heavy, but through a combination of a lower volume of purchases in 1954 and to date in 1955, together with a markedly accelerated program of disposition of CCC stocks, they have been reduced considerably from the very high levels achieved in midsummer of 1954. Table 3 shows the purchases and utilization of dairy price support commodities from April 1, 1952 through April 30, 1955. During these marketing years, 753.4 million pounds of butter, 688.8 million pounds of cheese, and 1,467.6 million pounds of nonfat dry milk solids were purchased. Total disposition during the period amounted to 532.2 million pounds of butter, 371.6 million pounds of cheese, and 1,371.0 million pounds of nonfat dry milk solids.

Deducting dispositions from purchases shows an inventory in the hands of the Commodity Credit Corporation as of April 30, 1955, of 221.2 million pounds of butter, 317.1 million pounds of cheese, and 96.6 million pounds of nonfat dry milk solids.

To summarize:

1. Milk production appears to be down somewhat from the 1954 peak.

2. Per capita consumption has shown some increase and the accelerated expanded program of industry merchandising and promotion through the American Dairy Association and the National Dairy Council may be a significant factor in further increasing per capita consumption.

3. The population is increasing steadily.

4. Heavy stocks in the hands of the Commodity Credit Corporation have been diminished significantly during the last year.

The outlook, therefore, is considerably more favorable this year than last year and if we can continue to progress in increasing per capita consumption and in liquidating the heavy CCC stocks acquired in 1953 and 1954, the dairy production and demand position should show a reasonably good balance in another year or so.

It would appear that we should not at this time launch upon any drastic program for the control of production of milk and butterfat on farms or for the limitation of marketings of milk and butterfat from farms. Neither should we embark upon some plan whereby farmers themselves would finance a program for the continued purchase of dairy surpluses which must be given away, largely abroad. It would seem that under the circumstances which we apparently face that we should, for the time being at least, limit ourselves, as far as any program financed by the dairy farmer is concerned, to improvement and expansion of the current industry programs designed to increase the utilization of milk and butterfat by our population.

The dairy problem is not one historically of overproduction. If you will note in table 1, per capita production, that is production of milk per capita of the United States population, is running considerably below a decade ago. In 1942, for example, per capita production was 879 pounds. A low point of 733 pounds was reached in 1952 and in 1954 the figure was 762 pounds. The reasons for the dairy surpluses is shown up in significant fashion in table 2. You will note from the table that per capita consumption of butter on the average 1935–39 was 16.8 pounds. Due to wartime restrictions and diversion programs per capita consumption declined markedly. In recent years our position has been seriously affected by the action of Congress in fostering the expansion of the oleomargarine industry through permitting said industry to copy all of the major characteristics of butter.

PRODUCTION CONTROL AND MARKETING QUOTA PLANS

There have been an increasing number of suggestions in recent years that production or marketings of milk and butterfat from farms be limited. These suggestions were particularly prevalent in 1954 when CCC stocks reached such high levels.

The organizations which I represent do not believe it is feasible, or in the best long run interest of the producer or consumer, to attempt to limit production or marketings from farms in the United States. As I pointed out above, per capita production of milk is now considerably below previous years. It is our opinion that our major problem in the dairy industry is to expand consumption. For example, if per capita consumption of milk and cream had been maintained at the 1945 level, there would be no surplus of manufactured dairy products today. Similarly, the butter industry, through, I submit, no fault of its own, has lost a large share of its market. We are slowly but surely beating our way back to an increased level of demand for dairy products, and our farmers are contributing millions of dollars per year to accomplish this purpose.

There can be little doubt that, from the viewpoint of improving the health and well-being of our population, expanded consumption of milk and dairy products is a factor of paramount importance.

From the viewpoint of the dairy farmer, it is questionable whether restriction of production or marketings of milk and butterfat from farms would result in any increase in net income. Reductions in production or marketings usually result in less efficiency. Production controls inevitably tend to freeze the production pattern and to stultify improvements in production practices that otherwise take place.

Any production control or marketing quota scheme would inevitably be to the disadvantage of the efficient commercial milk and butterfat producer. This arises because of the nature of the distribution of milk production by size of herd in this country. To illustrate this point, I need only to quote the following figures:

1. In 1950, there were 3,681,627 farms in this country which reported cows kept for milk.

2. The majority of these farms kept very small herds. For example, there were 1,058,457 one-cow herds, 646,200 two-cow herds; and 603,616 farms reporting herds of 3 to 4 cows. Herds of 4 cows or less accounted for 62.8 percent of the farms reporting cows kept for milk. Herds of four cows or less accounted for 20.6 percent of the total number of cows kept for milk on farms of the United States. (See table 4.)

3. Sales of milk and the milk equivalent of cream sold from farms in 1950 accounted for 7.1 percent of total sales from all herds. When it is recalled that total CCC purchases under the price support programs have usually been quite low in terms of total production and sales of milk and cream from farms, and during the 1954 marketing year, the year of record purchases, represented about 10 percent of total production, it will be readily seen that the production on these very small farms is quite important when related to total CCC purchases of dairy products under the price support program.

It would seem to be quite reasonable to believe that administrative difficulties in accomplishing the vast amount of paperwork involved with the large number of small farms might well lead to exempting these farms from any production control or marketing quota plan. As a matter of fact, the Secretary has indicated this probability heretofore in regard to this matter. Yet these farms do produce significant volumes of milk and butterfat, and if they were to be exempted, a heavier cut would have to be made in production or marketings from the larger farms brought under the plans in order to achieve a given reduction in production and marketings. The larger farms tend to be the most efficient, and there can be little doubt that reduction in production and marketings from individual farms would bear heaviest on the more efficient farmers, increase their costs of production, freeze their production patterns, and in general inhibit the development of more efficient production and marketing techniques. Also, loss of volume would increase processing and marketing costs. I am sure that the creameries which make up State brand creameries would show significant increases in processing and marketing costs if volume were reduced, and this would further reduce farmer income.

Marketing quota plans, whereby the farmer would be given a quota representing his share of the national market, based on past sales from his farm and total commercial sales of milk and dairy products in the United States, seem to us to be subject to the same criticism from the administrative point of view as production control plans as such.

I shall not describe or attempt to evaluate in detail the many types of production control and marketing quota plans that have been advanced. The United States Department of Agriculture furnished the Congress a comprehensive description of such proposals in its Study of Alternative Methods for Controlling Farm Milk Production and Supporting Prices to Farmers for Milk and Butterfat, published as House Document No. 57, 84th Congress, 1st session.

Suffice it to say in summary regarding control and quota schemes that:

1. We do not think such proposals are administratively feasible, and probably would do far more harm than good to the dairy farmer over a period of time.

2. We do not think that any production control, price support, or marketing quota plan that would be financed by the dairy farmer is fair. By this we mean that the major difficulties now confronting the dairy farmer are due in quite large part to Government dairy programs during the war, and to the approval of the Congress in permitting oleomargarine to copy the major attributes of butter.

3. We think that the dairy situation shows very real signs of righting itself over the next few years. Consumption seems to be on the up-grade, production has apparently levelled off, and the CCC is moving with considerable speed in reducing its inventories of dairy products under the several programs approved last year by the Congress.

SELF-HELP PLANS

From time to time, proposals have been advanced whereby the farmer would finance his own program of price support or production and marketing control. This would be accomplished by levying a processing tax or stabilization fee at the point of first purchase of milk and butterfat delivered from farms.

Also, considerable attention has been developed regarding a marketing quota plan, also producer financed.

We do not believe that either of these plans should be enacted partly because of what we consider to be basic flaws in the proposals, and partly because we do not think the dairy situation at this time warrants launching a vast program such as each of these plans visualizes.

In view of improvement in the dairy supply and demand situation, we wish to recommend to the Sub-Committee at this time a self-help plan that is designed to permit a marked increase in the efforts of the dairy industry to increase the demand for its products and thereby contribute to bringing supply and demand into balance, without launching on a highly involved scheme of regimentation through production control or marketing quotas, or some plan under which producers would be taxed to buy up the surpluses and give them away, largely abroad.

THE SELF-HELP PLAN OF THE JOINT COMMITTEE

The major features of our proposal are as follows:

1. It would be the declared policy of the Congress to promote a more stable balance between demand for and supply of dairy products in the United States through an expanded program to (a) promote more effective merchandising of milk and dairy products, (b) expand the health and education work with consumer groups, (c) promote efficiency in marketing and utilization of milk and dairy products through an expanded program of marketing research, and (d) to provide the means whereby dairy farmers of the United States can finance the program designed to increase consumption of milk and butterfat and research in improved marketing and merchandising practices through the payment of a program fee levied at the point of first purchase of milk and butterfat.

2. A small program fee would be levied on all milk and butterfat sold from farms in the United States at the point of first purchase.

3. The money collected from this fee would be used to promote the sale of milk and dairy products, increase marketing research, and increase the health and educational work being carried on by the industry at this time.

4. The Secretary of Agriculture would administer the program with the advice of a Dairy Advisory Board. The Board would be appointed by the President and would be composed of 12 members, who shall be producers of milk or butterfat, except that 6 of the producer members of the Board may be officers or employees of cooperative associations meeting the requirements of the Capper-Volstead Act (7 U. S. C., secs. 291–292); 5 members shall be processors of milk and dairy products other than producers or cooperative associations of producers; and 3 members shall be appointed as public members representing the public at large.

The duties of the Board would be to advise the Secretary as to the agencies which he would use in carrying out the pomotion, merchandising, and research activities that would be authorized by the proposed law, advise as to the suspension or reduction of the program fee levied by the proposed law, and advise as to the allocation and expenditure of funds collected from the program fee.

5. The Secretary would be authorized to allocate the moneys collected from the program fee among the programs authorized by the proposed law and to contract with nongovernmental organizations or firms to carry out the programs.

It is at this point that the important provision of this proposal, insofar as it relates to the administration of the proposed bill, becomes apparent. The proposed bill is designed to give the Secretary, as recommended by the Board, general supervisory control of the allocation and expenditure of the money collected under the program fee. However, under the proposal the Secretary is supposed to use regularly organized nongovernmental firms and organizations in carrying out the programs authorized by the proposed bill, as for example the American Dairy Association and the National Dairy Council. It is not intended that the Department of Agriculture establish a new division and engage in the detailed operation of a promotion, merchandising, and research program.

6. The maximum program fee that could be levied pursuant to this proposed bill is 1 cent per pound of butterfat in cream delivered from farms to plants, and 4 cents per hundredweight of milk delivered from farms to plants in the form of milk.

At the maximum fee permissible under the proposed law, approximately $40 million would be collected each year for the conduct of the programs authorized by the law.

However, in case the advisory board and the industry thought that a sum such as $40 million could not be used effectively in any given year, the Secretary is authorized to suspend the program fee or to reduce it. Thus, if it was considered that only $10 million could be expended effectively for the purposes of this program, the Secretary would have the authority under our proposal to reduce the fee to 1 cent per hundredweight for milk and one-fourth cent per pound of butterfat at which rates approximately $10 million would be collected.

This program is designed to augment not to replace, the current program of the American Dairy Association and the National Dairy Council, which is now financed largely by voluntary deductions from producers. Of course, under this proposal, it would not longer be necessary to spend significant sums of money securing voluntary contributions from farmers, and all farmers would contribute equally. Under the voluntary program, of course, some farmers do not choose to cooperate, thereby avoiding paying any of the costs.

Under the recently expanded program of the American Dairy Association, somewhat over $4 million will be spent this year in promotion and merchandising. The available evidence seems to indicate rather clearly that the current program is a factor of importance in maintaining and in expanding the per capita consumption of milk and dairy products, and it is felt that the expansion of the program such as would be authorized by this law would permit doing an even more effective job.

It seems to the Joint Committee that a proposal of this nature is far superior to more drastic proposals which have been made such as proposals to control production, set up a quota system, or tax farmers for the very high costs of removing the heavy surpluses that we have encountered the last couple of years, particularly when it is recalled that the farmers themselves are not nearly as responsible as the Government for the development of such surpluses.

It is our considered judgment, as pointed out previously in this statement, that it is practically impossible to control production of milk on farms in the United States.

TABLE 1.—*Milk cows and milk production on farms, United States, 1940–54*

Year	Number of milk cows on farms	Production per total milk production			
		Milk cow		On farms [1]	
		Milk	Butterfat	Quantity	Amount per capita
	Thousands	*Pounds*	*Pounds*	*Million pounds*	*Pounds*
1940	24,940	4,622	184	109,412	828
1941	25,453	4,738	188	115,088	863
1942	26,313	4,736	188	118,533	879
1943	27,138	4,598	183	117,017	856
1944	27,704	4,572	182	117,023	846
1945	27,770	4,787	190	119,828	856
1946	26,521	4,886	194	117,697	832
1947	25,842	5,007	199	116,814	810
1948	24,615	5,044	200	112,671	768
1949	23,862	5,272	209	116,103	778
1950	23,853	5,314	210	116,602	769
1951	23,722	5,313	210	114,841	744
1952	23,369	5,328	211	115,197	733
1953	24,094	5,447	213	121,219	759
1954	24,675	5,500	217	123,796	762
1955 [2]	24,408				

[1] Excludes milk sucked by calves and milk produced by cows not on farms.
[2] Preliminary.

Source: Reports of the Agricultural Marketing Service, U. S. Department of Agriculture.

TABLE 2.—*Per capita consumption of major dairy products and oleomargarine, average 1935–39, and annual 1943–54*

[Pounds]

Year	Fluid milk and cream	Butter	Oleo	Cheese	Evaporated	Nonfat solids
Average 1935–39	330	16.8	2.8	5.5	14.9	1.9
1943	371	11.7	3.8	4.9	16.9	2.1
1944	381	11.8	3.8	4.8	13.6	1.5
1945	399	10.8	4.0	6.6	16.1	1.9
1946	389	10.4	3.8	6.6	16.8	3.2
1947	369	11.1	4.9	6.8	17.9	2.9
1948	355	9.9	6.0	6.8	18.1	3.3
1949	352	10.4	5.7	7.2	17.6	3.2
1950	349	10.6	6.0	7.6	17.9	3.6
1951	352	9.5	6.5	7.1	16.0	4.2
1952	352	8.6	7.8	7.5	15.5	4.6
1953	350	8.6	7.9	7.4	15.2	4.1
1954	352	9.0	8.0	7.6	14.5	4.0

Source: U. S. Department of Agriculture, Agricultural Marketing Service, the Dairy Situation, October 1954.

The proposal which we are submitting to you visualizes that the dairy industry would expand the demand for its products sufficiently to eliminate the surpluses. We think such a proposal is much more sound than drastic production-control programs and continued programs of purchasing our surpluses and giving them away, largely abroad. At the least, we think that a proposal of this nature should be given an opportunity to demonstrate whether or not it will solve or at least go a considerable distance toward solving the dairy surplus problem.

There is attached hereto as appendix A, a copy of a proposed bill designed to provide the legal authority for carrying out the program described herein. We recommend its acceptance by this committee.

TABLE 3.—*Status of dairy price-support purchases and utilizations, Apr. 1, 1952, through Apr. 30, 1955*

[Pounds]

	Butter	Cheddar cheese	Nonfat dry milk solids
Purchases:			
1952–53 (Apr. 1, 1952, to Mar. 31, 1953)	143,348,182	75,236,131	210,410,097
1953–54 (Apr. 1, 1953, to Mar. 31, 1954)	380,184,566	452,485,208	665,871,918
1954–55 (Apr. 1, 1954, to Mar. 31, 1955)	210,709,029	153,341,442	523,207,269
1955–56 (Apr. 1–30, 1955)	19,156,864	7,705,652	68,068,979
Total	753,398,641	688,768,433	1,467,558,263
Uses:			
Commercial domestic sales	23,609,516	128,185,742	4,462,851
Animal and mixed feed sales			583,600,907
Sec. 32 outlets	107,008,703	37,236,449	21,146,130
Sec. 416 donations:			
Domestic	94,195,809	74,439,021	72,604,238
Foreign	[1] 202,527,330	121,137,592	393,234,746
Commercial export sales	2,491,059	576,887	5,413,280
Noncommercial export sales	[1] 25,551,300	3,306,900	271,695,760
U. S. Army transfers	63,089,098	2,229,347	7,131,803
FOA transfers	[1] 9,113,000	4,524,000	11,581,708
Other	[2] 4,631,456		80,000
Total	532,217,271	371,635,938	1,370,951,423
Estimated uncommitted supplies as of Apr. 30, 1955	221,181,370	317,132,495	96,606,640

[1] Butter total includes the following quantities of butter programed for conversion to butter oil for distribution through the 3 following outlets 58,706,000 pounds for sec. 416; 18,937,500 pounds for noncommercial export, and 2,680,000 pounds for FOA.
[2] Other uses include butter salvage sale, cocoa butter extender sales, butter sales and donations to the Veterans' Administration, donations of dry milk for research, and butter sold for liquid milk recombining.

Source: Release 1127-55, U. S. Department of Agriculture, May 6, 1955.

TABLE 4.—*Number of farms reporting milk cows and number of milk cows, by size of herd, United States, 1950*

Size of herd	Milk cows, 1950		Percentage of total	
	Farms reporting	Number of milk cows	Farms reporting	Number of milk cows
United States, total	3,681,627	21,367,470	100.0	100.0
1 milk cow	1,058,457	1,058,457	28.8	4.9
2 milk cows	646,200	1,292,400	17.6	6.0
3 or 4 milk cows	603,616	2,069,811	16.4	9.7
5 to 9 milk cows	717,196	4,758,496	19.4	22.3
10 to 14 milk cows	317,275	3,704,832	8.6	17.4
15 to 19 milk cows	155,820	2,589,705	4.2	12.2
20 to 29 milk cows	119,308	2,758,128	3.2	12.9
30 to 49 milk cows	46,940	1,691,594	1.3	8.0
50 milk cows and over	16,815	1,444,047	.5	6.6

Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 5.—*Sales of milk and milk equivalent of butterfat in cream sold from farms in the United States, by size of herd, 1950*

Size of herd	Milk		Milk equivalent in cream		Total milk and cream	
	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent
United States total	69,599		14,835		84,434	
1 cow	442	.6	354	2.4	796	.9
2 cows	591	.9	709	4.9	1,300	1.6
3 to 4 cows	1,850	2.7	1,949	13.4	3,799	4.6
5 to 9 cows	9,182	13.4	5,367	36.9	14,549	17.5
10 to 14 cows	12,260	17.8	3,443	23.6	15,703	18.9
15 to 19 cows	11,458	16.7	1,519	10.4	12,977	15.6
20 to 29 cows	14,229	20.7	861	5.9	15,090	18.1
30 to 49 cows	9,530	13.9	228	1.6	9,758	11.7
50 cows and over	9,126	13.3	126	.9	9,252	11.1
Total	68,668	100.0	14,556	100.0	83,224	100.0

NOTE.—United States total is larger than totals listed by size of herd because of deletion of item represented by sales from farms previous year which had no cows at time of census tabulation.

Source: Bureau of the Census, U. S. Department of Commerce.

APPENDIX A

SELF-HELP PROPOSAL OF THE JOINT COMMITTEE OF THE NATIONAL CREAMERIES ASSOCIATION AND THE AMERICAN BUTTER INSTITUTE

A producer-financed program for the expansion of consumption of milk and dairy products in the United States

A bill to provide for a nationwide program for the expansion of consumption of milk and dairy products; to improve the health and well-being of the population; to promote an expanded program of research in dairy marketing; to impose a program fee on the production for sale of milk or butterfat; and for other purposes

Be it enacted, etc.—

SECTION 1. This act may be cited as the Dairy Promotion, Marketing, and Research Act of 1955.

SEC. 2. Legislative finding: Milk and dairy products represent one of the most important sources of foods needed for a highly nutritious diet for the people of the United States. At present the people of the United States are lagging far behind the people of some other nations in their consumption per capita of milk and dairy products. It is in the national interest that farms of this country produce milk and dairy products in sufficient volume for the population to have available adequate supplies of milk and dairy products, and to aid in developing a pattern of use of agricultural resources designed to maintain the soil resources of the country. It is equally in the national interest that consumers have available full information as to the benefits to health and well-being to be derived from increased consumption of milk and dairy products, and that there be undertaken an expanded program of market research which will aid in improving quality of milk and dairy products and in making more efficient the system of processing and delivering milk and dairy products from farms and plants to consumers.

SEC. 3. Declaration of policy: It is hereby declared to be the policy of the Congress to promote a more stable balance between supply of and demand for dairy products in the United States through an expanded program designed to (a) promote more effective merchandising of milk and dairy products, (b) expand the health and education work with consumer groups, (c) promote efficiency in marketing and utilization of milk and dairy products through an expanded program of marketing research, and (d) to provide the means whereby dairy farmers of the United States can finance the program designed to increase consumption of milk and butterfat, and research in improved marketing and merchandising practices through the payment of a program fee levied at the point of first purchase of milk and butterfat.

SEC. 4. Definitions:

(a) "Milk," "butterfat," and "dairy products" mean milk, butterfat, and all products of milk and butterfat commercially produced and marketed in the United States.

(b) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the United States Department of Agriculture.

(c) The term "person" means any individual, partnership, corporation, association, or any other business entity duly organized and operating under the laws of the United States or the several States and Territories.

(d) "Milk producer," or "producer" means any person engaged in the production of milk or butterfat for sale.

(e) The term "Board" means the Dairy Advisory Board.

(f) "Program fee" means the excise tax levied on the sale of milk and butterfat and collected at the point of first purchase to finance the programs authorized by this act.

SEC. 5. Dairy Advisory Board: There is hereby established a Dairy Advisory Board consisting of 20 members, to be appointed by the President. Twelve members of the Board shall be producers of milk or butterfat except that six of the producer members of the Board may be officers or employees of cooperative associations meeting the requirements of the Capper-Volstead Act (7 U. S. C. A. secs. 291–292); five members shall be processors of milk and dairy products other than producers or cooperative associations of producers; and three members shall be appointed as public members representing the public at large: *Provided, however,* That no person shall have more than one representative on the Board. The Secretary, or his designated representative, shall be an ex-officio member of the Board. In appointing the producer and processor members of the Board, the President shall:

(a) Endeavor to secure appropriate regional representation from the several important dairy regions of the United States.

(b) Endeavor to secure appropriate representation of the several major products produced from milk and butterfat, including, but not limited to, fluid milk, butter, cheese, dry milk solids, frozen products, and condensed and evaporated milk products.

SEC. 6. Terms of Board members: Terms of Board members shall be 2 calendar years, and members may be reappointed for only one additional 2-year term at the discretion of the President.

SEC. 7. The Board shall meet at the call of the Secretary, or upon call of the Chairman. Each Board member shall be entitled to receive a per diem of $50 for each day's attendance at Board meetings and while traveling to and from such meetings, and travel, subsistence, and other expenses as incurred in discharging their duties as directed by the Board.

SEC. 8. Duties of the Board: The Board shall serve in an advisory capacity to the Secretary in the conduct of the Secretary's duties in administering the powers conferred upon him by this act, including but not limited to the following:

(a) Advice as to agencies with which the Secretary may contract in carrying out the promotion, merchandising, and research activities authorized by this act;

(b) Advice as to the suspension, in whole or in part, of the program fee levied under this act;

(c) Advice as to the allocation and expenditure of funds collected from the program fees among the several activities authorized by this act.

SEC. 9. Powers of the Secretary. The Secretary shall have the following powers under this act:

(a) To allocate the moneys collected from the program fee among the several program activities authorized by this act and recommended by the Board;

(b) To contract with nongovernmental organizations or firms which may include but are not limited to the American Dairy Association and the National Dairy Council, to carry out programs approved by the Board and the Secretary: *Provided, however,* That none of the funds collected pursuant to the provisions of this act shall be used to promote any brand of any person, or any other brand name that might be applied to milk or any of its products.

(c) In the conduct of the powers and duties conferred on the Secretary of Agriculture by this section, it is intended that he shall, with the advice and assistance of the Board, have general supervisory control over the allocation of program funds and expenditures thereof, to agencies selected by him to conduct the operational details of the several programs: *Provided,* That it is not the intent of this section that the Secretary or the Department assume the direction of operational details of authorized programs, such as the media or persons to be used in promotion campaigns, or the format, make-up, or production of promotional and merchandising material: *And provided further,* That none of the funds allocated to research programs hereunder shall be considered to be in replacement or in lieu of funds appropriated by the Congress for research under the Agricultural Marketing Act of 1946, as amended (7 U. S. C. A., secs. 1621–1629).

(d) To report and account fully to the President and the Congress the results of operations annually, together with an evaluation of the programs authorized and operated pursuant to this act.

SEC. 10. Program fee:

(a) There is hereby levied against all producers of milk and butterfat for sale, effective January 1, 1956, a program fee in the amount of 4 cents per hundredweight of milk delivered from farms to plants, and in the amount of 1 cent per pound of butterfat in cream delivered from farms to plants: *Provided, however,* That the Secretary may suspend the application and collection of said program fee, in whole or in part, for any calendar year, or part thereof, by determining and publishing on or before the first day of the month preceding the period for which such suspension is to be in effect, his finding that the full amount of the program fee will not be needed to finance and carry out the programs authorized by this act and approved by the Secretary, with the assistance and advice of the Board.

(b) In exercising his power of suspension under the proviso of paragraph (a) of this section, the Secretary shall take into consideration the unexpended balance available to him in the special fund created for the purposes of this act, the budgeted financial requirements to carry out the programs authorized under this act and the intent of the Congress that the funds collected under this act should be, as nearly as practicable, commensurate with the estimated costs of the programs to be administered during any calendar year.

(c) Every person purchasing milk, butterfat or any product of milk and butterfat from a producer (except purchases by consumers other than commercial processing) shall withhold from the purchase price an amount equal to the program fee levied herein, and shall remit the sums so withheld to the Commissioner of the Internal Revenue Service. For the purposes of this section, milk, butterfat, and dairy products delivered by a producer to a cooperative association of producers shall be subject upon such delivery to the program fee levied herein. Returns shall be filed and remittances made monthly by such purchasers in accordance with rules prescribed by the Commissioner of the Internal Revenue Service.

(d) Producers of milk, butterfat, or dairy products holding licenses or permits issued by Federal, State, or local agencies authorizing them to sell milk, butterfat, or dairy products directly to consumers shall file returns and pay the program fee on all sales made by them to consumers.

(e) In fluid milk markets operating under marketing orders issued by the Secretary pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, handlers subject to the minimum price provisions of such order shall withhold from the payments to producers required by such orders a sum equivalent to the volume of milk or butterfat received from producers delivering to them multiplied by the program fee levied herein, and shall file returns and make remittances monthly of the sums so withheld to the Commissioner of the Internal Revenue Service.

(f) The Internal Revenue Service shall collect the program fees levied herein and shall prescribe such rules and regulations as may be necessary to accomplish that purpose.

(g) The collection of the program fee levied herein shall be enforced in the same manner that the collection of Federal excise taxes are enforced, and the remedies, penalties, and punishments provided by law or regulation for enforcement of Federal ex-

cise taxes shall be applicable to the enforcement of the program fee.

SEC. 11. Appropriations: There is hereby appropriated for the fiscal year ending June 30, 1956, and for each fiscal year thereafter, an amount equal to the total program fee collected by the Commissioner of the Internal Revenue Service pursuant to this act. Such funds shall be maintained in a separate fund and shall remain available to the Secretary upon demand, to be used by the Secretary only for the purposes authorized and provided for in this act.

SEC. 12. No member of the Board may hold or acquire any fiscal interest in any agency or firm used by the Secretary in carrying out the powers and duties conferred upon him by this act.

SEC. 13. The activities and operations authorized by this act shall begin January 1, 1956; except that the Board may be organized within 3 months preceding the effective date of this act. The Secretary is authorized to expend from general funds available to him the amounts necessary for the conduct of the business of the Board during the period from the date of organization of the Board and the effective date of this act.

TWO HUNDRED AND FIFTIETH ANNIVERSARY OF THE BIRTH OF BENJAMIN FRANKLIN

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. O'BRIEN] is recognized for 20 minutes.

Mr. O'BRIEN of New York. Mr. Speaker, I have requested a few minutes of time today to call to the Members' attention and to the attention of the country to a celebration which may be unique in history. A national and international celebration is being planned for 1956 to honor the 250th anniversary of Benjamin Franklin's birth. I want to congratulate especially the Philadelphia committee, headed by Mr. C. L. Jordan, of the Franklin Institute, which is preparing this celebration to bring still greater recognition to the achievements of this great American.

The Members may wonder why I, a resident of New York State, should presume to discuss a celebration which is being arranged largely through the efforts of Pennsylvanians and, more particularly, Philadelphians.

I am doing so, Mr. Speaker, as an expression of gratitude to this House and to the Members from Pennsylvania.

On Friday next, June 24, we in Albany, N. Y., will mark the 201st anniversary of the First American Congress, at which Benjamin Franklin's plan of Union was adopted. A year ago, Congress passed and President Eisenhower signed a resolution honoring the 200th anniversary of that historic date. A delegation from the House and the Senate went to Albany to join in our celebration. A Member from Pennsylvania, the honorable JOSEPH L. CARRIGG, delivered a major talk.

When my resolution was before Congress, all of the Members from Pennsylvania and Philadelphia voted for it, generously sharing with us some of the greatness which was Franklin's. They were wise enough to realize that the magnitude of a Franklin was not diminished, but increased by sharing him with others.

That is the purpose of the celebration planned for next year. At that time, Pennsylvania and Philadelphia will not be sharing Franklin with Albany, or New York, or Washington, but with the whole world, a world which has been so much affected by what he did and said.

The international plan to honor Benjamin Franklin's 250th anniversary was started 3 years ago, at a meeting of 21 of the old societies and institutions with a Franklin tradition.

Those at the meeting were confronted by a major problem. Here was a man with such a broad contribution to so many fields that even a dozen celebrations could not cover fully what he gave to mankind and civilization. He was statesman, scientist, publisher, inventor. He was writer, educator, and diplomat. But, above all, he gave to the tired world a new horizon, dominated by a fresh, clean theory of free, individual enterprise at its best.

That is why the distinguished committee in charge of the celebration chose to make it one of voluntary, individual action all over the free world. There will be more than 500 sponsors in 40 countries, each planning its own celebration in its own individual way, in its own country and among its own peoples. From this will come a tremendous international ebb and flow of exchanged ideas, bringing closer the Franklin dream of a better understanding among peoples. These sponsors will include 25 famous old scientific and educational societies of which Franklin was a member, ranging from the Royal Society of Great Britain, to the American Philosophical Society which Franklin founded.

Colleges, schools, institutions, and governments will participate. The great publishing and broadcasting associations, representing more than 5,000 newspapers, magazines, radio and television stations, are cooperating. They will take the material originated in all countries and mail it to the 5,000 publishers and broadcasters, permitting millions to participate in their own countries, their own towns, their own homes. The committee has described this gigantic effort as "the first voluntary worldwide forum in history."

This is wise and good. A leading French scholar has said that if we, in America, had followed the teachings of Benjamin Franklin, there never would have been any communism in the world. That being so, perhaps this worldwide dissemination of what he taught may help turn back, even at this late date, the dark, creeping tides of communism.

Mr. Speaker, I have barely touched the surface of what will be done in 1956 to honor this great man. I sought here today to tell the patriotic people who envisioned this celebration that we are with them and will do all we can to make the torch lighted by Franklin gleam brighter.

The celebration we had in Albany a year ago brought a new surge of pride to the people of my city, who realized that, because of Franklin, their community was the place at which was taken the first formal step toward the establishment of the Federal Government. We have dusted off one page in the life and accomplishments of Benjamin Franklin. It is my earnest hope that hundreds of other pages will leap into life before the celebration of 1956 draws to a close.

Mr. SCOTT. Mr. Speaker, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. I would like to say that coming from Philadelphia, a green country town which Benjamin Franklin entered as a young man with 1 Dutch dollar and 3 loaves of bread, a town in which he lived and which came to know him as eventually the whole world came to know him as the protagonist of the well-rounded free individual, it is a great honor to join in saying to the gentleman that we in Philadelphia, along with some 500 groups around the world, intend to participate in the celebration of Mr. Franklin's birthday which comes on January 17, 1956. All over the world, wherever free people gather, the name of Benjamin Franklin is synonymous with the concept of freedom, of individuality, of strength of purpose and of the infinite variety of which human beings are capable in the adaptation of their own lives to the service and for the benefit of all humanity.

Mr. Speaker, I ask unanimous consent to include in the RECORD, following the statement of the gentleman from New York [Mr. O'BRIEN], a speech by Mr. C. L. Jordan, chairman of the International Celebration of the 250th Anniversary of the Birth of Benjamin Franklin, and a bulletin which outlines some of the activities planned for the International Celebration, as well as an excerpt from the general program or plan of the Celebration.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:

TALK BEFORE THE 250TH ANNIVERSARY COMMITTEE OF NEW YORK BY C. L. JORDAN, CHAIRMAN, INTERNATIONAL CELEBRATION OF THE 250TH ANNIVERSARY OF THE BIRTH OF BENJAMIN FRANKLIN

Ladies and gentlemen, it is a very special privilege for me to meet with you here today. You folks in New York have made an inspiring start toward an outstanding Franklin celebration next year. I understand your batting average on acceptances to the committee was higher than the Brooklyn Dodgers' average—and that's going some.

Your chairman asked me to give you a little of the background on the international plan to honor Benjamin Franklin's 250th anniversary. I'd like to, because it has been more fun than anything I ever worked on before.

We started 3 years ago; 21 of the old societies and institutions with a Franklin tradition met at the Franklin Institute.

The first question we asked ourselves was: How do you honor the memory of a man like Benjamin Franklin? His life was so varied, his interests were so many—that a dozen celebrations might fail to cover the broad range of his contributions to mankind.

But the answer wasn't long in coming. The committee agreed that the best way was to try and create a program of the type that Poor Richard himself might suggest if he were with us, sitting in the chair.

Benjamin Franklin was one of the world's first great apostles of free, individual enterprise. The picture of a poor, lonely boy, with only 2 years of formal schooling—one Dutch dollar and three loaves of bread—rising rapidly to independent wealth as the foremost scientist, author, publisher, educator, and statesman of his day—electrified the imagination of the world, Mirabeau said he "poured a flood of light over all Europe" and did more than any other philosopher to "extend the rights of man across the earth."

Tired old countries, limited for centuries by autocratic government and favored classes, took heart and breathed deeply of a new freedom of opportunity for all men. They came by the thousands to Franklin's new country, or revised their own systems. The idea of free, individual enterprise, as Franklin taught it, became the most inspiring and dynamic force in 18th century civilization.

In the light of this record, there seemed to be only one thing our committee could do. We decided to make this celebration a typical example of voluntary, individual action all over the free world. We decided to invite 250 sponsors in 40 countries—societies, associations, institutions, governments, committees like yours. Each was to plan its own celebration in its own individual way—in its own country and among its own peoples. All were to combine in an international exchange of ideas to help the understanding between peoples that was Benjamin Franklin's life-long objective.

We took this idea first to the famous old scientific and educational societies of which Franklin was once a member. There were 25 of these—like the Royal Society of Great Britain, the French Academy, the Scientific Society of the Netherlands, the Gesellschaft of Germany, Arts and Science of Padua and our own American Philosophical Society which Franklin himself founded.

These famous old societies responded graciously, as they have for centuries, to any idea that broadens the field of knowledge and aids understanding among peoples.

We then invited the colleges, schools, institutions, and enterprises that Franklin founded or helped to found. They, too, responded enthusiastically—as did many governments which he served.

And as the news of the celebration spread, many, many more organizations and governments came to join the celebration. There are now more than twice the 250 we originally planned—in most of the countries with free and independent communications.

Free communications was a requirement because Franklin believed that man's greatest service to man was the free and voluntary exchange of ideas. Without such communications there could be no enduring wisdom, no real freedom, no international understanding or peace.

We took this plan to the great publishing and broadcasting associations representing more than 5,000 newspapers, magazines, radio and television stations. They said, "We'll be glad to help in memory of America's first great publisher."

So that's the plan. More than 5,000 groups like yours—in the major centers of the world—will originate their own programs. They will try to follow the rule that Franklin himself once wrote:

"Either write something worth the reading, or do something worth the writing."

Our central committee will take the material thus originated in all countries and mail it out to the 5,000 publishers and broadcasters—so that many millions of people, in their own homes, 'n their own countries, may share in the celebration. In effect, we are putting on what may be called the first voluntary worldwide forum in history.

Now, I expect you want to know what some of these sponsors, like yourselves, are doing. I'd like to tell you first about the most amazing experience we had in our trip to Europe to help organize this plan.

We were calling on the famous old societies of which Franklin was once a member. So far as we know, he was the only American ever elected to all of these great organizations which have led the cultural life and thought of Europe for centuries.

A leading French scholar said to me: "If you in America had always followed and explained the teachings of Benjamin Franklin, there never would have been any communism or even socialism in the world." I was startled—but I thought it might be just one man's opinion.

However, I was soon to find out my mistake. In other countries, many men were to repeat that observation in different ways. They told me that was one reason why they were so glad to cooperate in the celebration. They hoped people would talk about Franklin's kind of free enterprise. They felt it offered the only ideology in the world today that could still inspire millions of people and defeat the various "isms" that were tending to make the individual lose his dignity and personal drive.

I came back home very humble and determined to find out where we had failed to live up to the goals Benjamin Franklin had set for us.

It wasn't very hard to find. Our two early apostles of private enterprise were Benjamin Franklin and Alexander Hamilton. Both believed in the same basic system, but Hamilton believed that the right to achieve individual success was the supreme goal in itself alone.

Franklin believed that it carried an obligation to help others who were less fortunate.

As time went on, both beliefs were changed to fit the temper of different individuals. Some businesses changed Hamilton's theory into the fancied right to exploit labor, build monopolies, crush competition by any practical means—in fact, as it has been called, "the survival of the fittest in industry."

Other business men followed Franklin. But the headlines played up the "dollar barons" who put personal wealth above all other considerations.

I know this is not free enterprise today—but many people still believe it is. Strange—how few you meet can define clearly Franklin's system of private enterprise, yet as Turgot tells us, it "snatched the scepter from the hands of tyrants" as surely as it snatched the lightning from the skies. We are going to talk about that system in the celebration next year. It is a very simple one and one that I believe every person in this room follows.

Franklin taught that each basic freedom carried with it a clear and definite obligation:

Freedom of speech and the press carried with it the obligation not to say or print anything that would hurt our country or the rights of any innocent individual.

Freedom of religion required that every faith would recognize the right of others to believe in another faith if they so preferred.

Freedom of opportunity and education required that it should be made available to all, without regard to class, caste, race, color, creed, or sex.

Freedom of the individual to achieve success through private enterprise carried with it the obligation to aid in the security of others less fortunate through circumstances beyond their control.

It was this belief that caused Benjamin Franklin to found the insurance industry in this country where "the many could share the losses of the few." To recommend old age pensions, annuities, public drives for charity and medical research, crop insurance for farmers against storm, hurricane, and drought, and to help found the public hospital system for the care of the poor and needy.

Nearly 200 years passed before all of these things were done—but they are a part of free enterprise today—the inspiring heart of a system that, as Mirabeau said, has done most to extend the rights of man across the earth.

Many of our sponsors, as I said earlier, are going to tell this story again in 1956, in the belief that it has greater vitality and force than any other ideology in the world. Others will emphasize other teachings of Franklin. I have here today the paper prepared by Ezra Taft Benson, Secretary of Agriculture. It tells, in a democratic way, how Franklin's plan for the exchange of technical ideas in farming can help to feed the rapidly growing populations of the world and end the fear of hunger and famine that causes so much bitterness and war.

We have half-a-dozen papers by the great medical societies on Franklin's predictions of how medical research could lengthen our lives and ease our pain. Not many people remember that Benjamin Franklin was one of the great pioneer leaders of the medical profession—a member of the Medical Society of London and the Royal Medical Academy of France. He led the crusade for preventive medicine through research, and the average American now lives twice as long today as in 1776. He will live to be more than 100, Franklin said, if we do our job right.

The Congress of the United States has planned its individual program, too. It plans to present a Distinguished Service Medal to the famous old societies of which Franklin was a member—and which are now preparing carefully researched papers on the four basic fields in which Benjamin Franklin served: Science—man and matter; socioiogy—man and society; economics—man and his works; international relations—man and his ideals.

I doubt, if ever before in history, have so many brilliant minds in so many countries ever focused on such an orderly plan of spreading basic knowledge and ideas.

I wish there were time to tell you about all the individual plans—of how the sponsors in London already have arranged for 7 weeks of celebration; how those in Paris have arranged for 6 weeks; how the orchestras of many counrties will play in tribute to America's first great musicologist; how the scientific and engineering societies will combine in an effort to solve the shortage of scientists and engineers in memory of the man who first introduced such subjects into our schools and colleges.

The University of Hiroshima in Japan is one of our committee of sponsors, as is the University of San Marcos in Lima, Peru—oldest university in the Americas; and the Montreal, Canada, Gazette which Franklin helped to found and which is today the oldest, continuously published English-language newspaper in the British Commonwealth.

You would be thrilled, as I have been, at the way Benjamin Franklin lives in the memories of millions of people all over the world. In Argentina, where Sarmiento revised the school system and called himself "the little Franklin"—in Holland, where they told me that Benjamin Franklin helped to build their first great scientific society, one of our sponsors today—in almost all countries where they said Benjamin Franklin was the best salesman America ever had.

But I am in danger of overstaying my time. The one thought I would like to leave with you is this: The 1956 celebration is 100 percent individual in character. In this way, all of us can, perhaps, make a contribution to better understanding after the manner of Benjamin Franklin, himself.

BULLETIN NO. 2—SOME ACTIVITIES PLANNED FOR THE INTERNATIONAL CELEBRATION OF THE 250TH ANNIVERSARY OF THE BIRTH OF BENJAMIN FRANKLIN

The plan for this celebration has been for each of the cooperating societies, associations, and institutions to create its own pro-

gram in memory of Franklin, in its own traditional manner in its own country.

News summaries of such papers, articles, and events will then be sent by our central committee to about 5,000 newspapers, magazines, radio and television stations—so that millions may share in the celebration.

As the program develops, more and more groups in allied fields are emphasizing related themes—in the belief, as Franklin put it, that "the same truths may be repeatedly enforced by placing them daily in different lights in different newspapers * * * which gives a great chance of establishing them."

A summary of some of these central themes follows:

1. EDUCATION AND THE NATURAL SCIENCES

A major theme developing in this section is the need for studying the broad field of knowledge and not just limited specialties. Benjamin Franklin was a great advocate of this principle. His famous "Proposals for the Education of Youth" emphasized the wisdom of teaching both classical and practical technical subjects. His own life as scientist, author, businessman, statesman, and philosopher is a shining example of the complete man—the type of scholar needed in this day of specialization.

Papers on this subject will be given very high and frequent visibility during the anniversary year.

2. INTERNATIONAL RELATIONS AND THE PUBLIC SERVICE

Benjamin Franklin was a public servant who believed sincerely in the power of an informed public. In an age when most diplomatic relations were determined in secret by court representatives, Franklin startled the world by carrying his program to the people.

John Adams said of his mission to France: "There (is) scarcely a peasant or citizen, a valet de chambre, coachman or footman, a lady's chambermaid or a scullion in the kitchen who * * * (does) not consider him as a friend to human kind * * * they (seem) to think he (is) to restore the golden age."

This plan of Franklin's to win the interest of all the people in better understanding and cooperation is the central theme of the entire anniversary celebration. All groups have been requested to observe this theme when practical.

3. PUBLISHING, BROADCASTING AND COMMUNICATIONS

Franklin believed that man's greatest service to man was the free and voluntary communication of ideas. His lifelong fight for freedom of speech, freedom of the press, freedom of religion, freedom in scientific exchange, in commerce and in opportunity poured a flood of light over the world of his day.

The great associations representing more than 5,000 newspapers, magazines, radio and television stations, which are cooperating in memory of Franklin, will do so in Franklin's own manner—publish or broadcast such news of the celebration as will interest the readers.

In this way, it is expected that many millions of people, in their own homes, in their own countries, may share in the celebration.

4. SCIENCE AND ENGINEERING

Benjamin Franklin's proposals brought the teaching of practical and technical subjects into American colleges for the first time.

Yet, despite the amazing progress of technology since then, one of the most critical needs in the world today is for more and more young technicians, engineers and scientists.

Many of the great scientific and engineering societies and institutions will combine in 1956 to provide the facts that will help encourage more young men and women to prepare for such careers.

Always, as in the pattern of Franklin, the engineer is urged also to study the humanities, that science may keep clear its goal as a servant to mankind.

5. MEDICINE AND THE PUBLIC HEALTH

Few people think of Benjamin Franklin as one of the pioneer leaders in the medical profession. Yet it was he who helped found America's first public hospital and devised a plan for public and State cooperation in the care of all who suffered. His vigorous championship of the public's responsibility for aiding medical research helped to lay the foundations on which this great profession has lengthened our lives and eased our pain.

One of the major themes in this section will be to emphasize the close cooperation that should exist always between the public and the profession—towards the end that millions of more lives can be saved and made more useful.

6. PRINTING, ADVERTISING AND THE GRAPHIC ARTS

Despite all the proud titles he won in a lifetime of service to humanity, Franklin described himself in his last will and testament—"I, Benjamin Franklin, printer."

He knew that printing, advertising and the graphic arts offered the means for communicating the ideas that could reshape the world. His theory of the "electric fluid" helped to pave the way for the later great media of communications—the telephone, telegraph, radio, and television. (A fascinating fact is that Marconi's antenna that picked up the first transatlantic signal was held aloft by a kite in Newfoundland—descendant of that storied kite with which Franklin first brough down the lightning from the skies.)

Many of the societies, associations, and institutions in this section will carry on Franklin's great fight for continued freedom in the communication of ideas, in publicity, advertising, publishing, and broadcasting.

"When men differ in opinion" Poor Richard wrote in his Apology for Printers, "both sides ought equally to have the advantage of being heard by the public; and when truth and error have fair play, the former is always an overmatch for the latter."

7. FINANCE—INSURANCE—PRIVATE ENTERPRISE

Many people have called Benjamin Franklin an apostle of private enterprise. Certainly, the rules and obligations he laid down for this type of system were the most enlightened in history.

After more than 200 years, the world is just beginning to appreciate fully and to understand these rules and obligations.

It was Franklin who pointed out that the gaining of wealth alone was not an end in itself. He believed that the privilege of the individual to become successful carried with it the obligation to help those who were less fortunate. He advocated old age pensions, help for the needy, all known types of insurance against loss by factors beyond control, crop insurance for farmers, public service as a public duty.

Had these principles been more widely understood and practiced, the system of private enterprise would have swept more irresistibly across the face of the world.

Many who are cooperating in this section will seek to present the true meaning of free enterprise, and how it serves all of the people, whatever their circumstance or fortune.

8. RELIGION, FRATERNAL AND THE HUMANITIES

Stung by the religious and social prejudices which still existed in a country settled by people who had fled from other persecutions, the Presbyterian Franklin recommended to the Pope the appointment of America's first Catholic bishop. His name headed the list of subscribers to the Jewish synagogue; and he lent his aid to buying ground and building a house "expressly for the use of any preacher of any religious persuasion who might desire to say something to the people."

The great Masonic fraternity credits him with having helped change their membership from a club for the wealthy to an order for people of every class.

A major theme for this section was best expressed by the famous French Ambassador, Jules Jusserand:

"He (Franklin) taught us something we have never forgotten * * * that no man should have a better chance in this world because he happened to be born in some certain caste or class."

9. AGRICULTURE, HORTICULTURE AND BOTANY

Ezra Taft Benson, United States Secretary of Agriculture, in his tribute to Benjamin Franklin as a pioneer in scientific farming, research and education, said:

"Today, we recognize that the agricultural scientists is as important to building permanent peace as even the greatest statesman * * * The world has the means through research to knock out starvation in every corner of the globe * * * and bring that security and prosperity to agriculture that would help to lay the real foundations for permanent peace * * * This is the kind of work that must be expanded today * * * and shared among all nations."

That, in the Secretary's words, is the theme which many in this section will emphasize during the anniversary.

10. MUSIC, ENTERTAINMENT AND SPECIAL EVENTS

During the past year, music composed by Benjamin Franklin has been played in Europe and America. These events attracted wide attention because so few people know that Poor Richard was America's first musicologist; music publisher, inventor of a musical instrument (the armonica); early composer and writer of popular songs.

Despite his thrift and industry, Franklin was a determined advocate of entertainment to lighten and pleasure the process of living. He was the first American to recommend organized college sports and recreation as a part of the school curriculum. It was at a picnic on the banks of the Schuylkill that he first demonstrated the practical use of electricity for cooking and entertainment. Many of his toughest battles were won by the sparkling wit that amused as well as influenced his listeners.

A large number of special events are scheduled during the anniversary year, paying tribute to the man who, Henry Butler Allen, Director of the Franklin Institute, has called "the philosopher with a twinkle in his eye."

These are a few of the themes that will run through activities planned for the international celebration. Additional copies of this bulletin No. 2 may be obtained by writing to: the 250th Anniversary Committee for the Franklin Institute, 20th and the Parkway, Philadelphia, Pa.

PLAN FOR THE CELEBRATION

Benjamin Franklin was born on January 17, 1706.

In his long and eventful life, he gave generously of himself in service to all mankind. He recognized no narrow boundaries of race, color, or creed.

To him, serving God meant "doing good to man."

So now, on January 17, 1956—250 years after his birth—many of the foremost societies and institutions of the world plan to honor his memory and his virtues.

They will do this after the traditional manner of Franklin himself—"Each to do his own part well, and all combine to make the parts a whole."

Briefly, that is the plan of the celebration.

More than 200 societies, associations, institutions, businesses, and public-service units with a Franklin tradition are invited to join the committee of sponsors.

Each sponsor will plan its own program in honor of Franklin, in its own country and in its branches in hundreds of cities. The highlights of these individual programs will be offered on a merit basis to the newspapers, magazines, radio, television, and pictures of all countries—so that many millions of people, in their own homes, may share in the celebration.

THEME

As scientist, inventor, publisher, author, printer, philosopher, stateman, and public servant, Franklin's service to man covered a wide range of activities.

Naturally, in their individual celebrations, many of the sponsors will pay tribute to Franklin's contributions in their own fields and in their traditional procedures and policies.

All are requested, wherever practical, to have a part of their program emphasize Franklin's great dream of a much closer and more cordial understanding between all the nations of the earth. "What vast additions to the conveniences and comforts of living might mankind have acquired," he wrote to Sir Joseph Banks from Passy in 1783, "if the money spent in wars had been employed in works of public utility."

The committee of sponsors will develop this theme in a very practical, nonpolitical manner. Franklin himself wrote: "Would you persuade, speak of interest, not of reason."

In recognition of this philosophy, many of the world's leading scientists, authors, educators, and statesmen are being invited by the sponsors to take a practical, human-interest part in the celebration. They are requested to look into the future of the kind of world described by Franklin, where better understanding between nations and peoples will permit more of the earth's rich resources to be devoted to the benefit of mankind.

These men and women will tell, in their own fields, of the improvements in standards of living, health, and happiness that could be thus achieved.

They will speak of great new scientific inventions, now in the laboratories of all countries, and which could benefit the people more rapidly under better conditions of international cooperation; of the challenging future of atomic energy once it may be harnessed for the service of man; of the miraculous strides of medicine which might save many lives that are now lost needlessly; of the progress in agriculture which could help to meet the needs of rapidly growing populations and reduce the haunting fear of famines; of the future aims in education which could aid so many more people to enjoy the fruits of progress; and of the philosophy of Franklin himself, who tirelessly fought for respect and equality among all races, colors, and creeds—to the end that, some day, there might be a deeper and more enduring kinship among mankind.

AS PRIVATE CITIZEN TO PRIVATE CITIZEN

Franklin believed that man's greatest service to man was in the communication of ideas, free and unfettered.

While he contacted many governments brilliantly—and all governments will be invited to cooperate in the celebration—the theme of better international understanding, and what it could mean to all peoples, will be presented without connection with the official foreign policies of any nation.

It is the Private Citizen Franklin whom we honor on this anniversary—the American philosopher who wrote to Joseph Priestly in England from his temporary home in Passy, France, in 1780, saying:

"The rapid progress true science now makes, occasions my regretting sometimes that I was born too soon. It is impossible to imagine the height to which may be carried, in a thousand years, the power of man over matter. We may perhaps learn to deprive large masses of their gravity, and give them absolute levity, for the sake of easy transport. Agriculture may diminish its labor and double its produce; all diseases may by sure means be prevented or cured, not excepting even that of old age, and our lives lengthened at pleasure even beyond the antediluvian standard.

"O that moral science were in a fair way of improvement, that men would cease to be wolves to one another, and that human beings would at length learn what they now improperly call humanity."

During the years that have passed since Franklin wrote that, great progress in true science has been made, even as he predicted. Large masses are now transported through the air with the greatest of ease. Agriculture has diminished its labor and more than doubled its produce. Our lives have been lengthened and many diseases prevented or cured. Magnificent media of communications have made it possible to spread ideas from nation to nation almost instantaneously.

Yet, even as Franklin feared, there has been much less progress toward real understanding and cooperation among the peoples of all nations. Reason has not persuaded as well as self-interest might.

FRANKLIN BELIEVED THIS

He always believed completely in the mission of the great scientific and educational societies to lead in the communication of ideas that would develop technology for the maximum benefit to mankind. He, himself, was an active and corresponding member of 24 such societies of his day.

How right he was in this belief is now a matter of history. The development of science in the 17th and 18th centuries, which Herbert Butterfield, professor of history, University of Cambridge, said "outshines everything since the rise of Christianity," was mainly due to the leadership of the scientific societies. (See Kenneth Mees, The Path of Science; Martha Ornstein, The Role of Scientific Societies in the 17th Century.)

Perhaps these societies now, together with the universities, associations, and institutions that would honor Franklin, may find a way to emphasize the practical self-interest of people everywhere in helping to bring about better understanding and cooperation among the peoples of all nations.

"We may make these times better, if we bestir ourselves," Poor Richard.

Mr. BYRNE of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the gentleman from Pennsylvania.

Mr. BYRNE of Pennsylvania. Mr. Speaker, I am pleased to join my distinguished colleague from New York in honoring the memory of that great American printer, scientist, and statesman, Benjamin Franklin, who was born nearly 250 years ago on January 17, 1706.

At an early age he became the sole owner and editor of the Pennsylvania Gazette which at one time had the largest circulation in the American Colonies. His fame was spread even more widely by Poor Richard's Almanack which he published annually from 1732 to 1757. His proverbs are still household sayings in this country.

Benjamin Franklin was Philadelphia's first bookseller and established the first circulating library.

Electricity, in its infancy, interested him, and his famous kite experiment proved the indentity of lightning and electricity.

Despite the lack of formal education, he learned several languages and assimilated the best in the works of European philosophers and scientists. His scientific research covered every field—electricity, ocean phenomena, medicine, chemistry, heat and cold. His great mind seemed to grasp all spheres of human knowledge.

His public life and private practice rang true to his motto that "the highest form of worship is service to man." He was instrumental in founding in Philadelphia the academy from which the University of Pennsylvania grew, just as later he went to Lancaster and helped lay the cornerstone of the Franklin and Marshall College. He was a member of the Second Continental Congress and organized the Post Office Department, of which he was the first Postmaster General.

Reared in Boston, a citizen of Philadelphia, residing for 16 years in London and for 9 in Paris, he was equally at home in 3 countries; knew Europe better than any other American, America better than any European, England better than most Frenchmen, France better than most Englishmen, and was acquainted personally or through correspondence with more men of eminence in letters, science, and politics than any other man of his time.

It was remarked by Thomas Jefferson that Franklin was the one exception to the rule that 7 years of diplomatic service abroad spoiled an American. Twenty-five years of almost continuous residence abroad did not spoil Benjamin Franklin. Acclaimed and decorated as no American had ever been, he returned to Philadelphia and was immediately at home again, easily recognizable by his neighbors as the man they had always known—Ben Franklin, printer.

After a long life of exceptional activity, his last public act was to sign a memorial to Congress for the abolition of slavery. He died April 17, 1790, at the age of 84. At his funeral 20,000 people assembled to do him honor, and he was buried in Christ Church Burial Ground at Fifth and Arch Streets, in Philadelphia, within the congressional district I now have the honor of representing.

As a further mark of respect and honor for this great American, I introduced in January a bill, H. R. 2381, to authorize the issuance of commemorative medals to certain societies of which Benjamin Franklin was a member in observance of the 250th anniversary of his birth. I am in hopes the Congress will act favorably on this proposal before the end of this session.

SUPPRESSION OF HUMAN RIGHTS BY DICTATOR PERON

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the journey of mankind toward a government of laws under which the inalienable rights of man can be enjoyed as a right, and the free exercise of which is guaranteed by law, and which government itself cannot deny or suppress, has been a long and painful one.

Among these rights are the right of freedom of religious conscience, freedom of speech, and of the press, the right of petition and of peaceful assembling, and many others.

Unfortunately, in a substantial part of the world, dictators of various types even today suppress and attempt to destroy these freedoms, and the free exercise thereof.

The first step of the dictator is usually to attack a free press and to suppress it. Then follows the usual pattern of attacking and suppressing a free educational system or institutions, and an attack on and suppression of religion as such, or some particular religion.

Where freedom of the press is curtailed and suppressed, then suppression of freedom of religion follows, as well as other rights recognized as the freedoms of the individual and of a people.

Our forefathers recognized in man certain God-given rights, possessed antecedently to, and independently of, any government—and that it was the government's duty and obligation to guarantee and protect them.

For dictatorial government may temporarily suppress but can never destroy those God-given rights.

And across the pages of history comes in Argentina another such dictator, Juan Peron, who with the recklessness of men of his type disregard the lessons of history.

For history shows that his type comes, causes suffering and distress, and when he passes, as he will, he does so quickly leaving only contempt for himself and what he stood for.

For Peron did not create the inherent desire of the people of Argentina to possess those freedoms which constitute the inalienable rights of man. And while he might temporarily suppress them, he cannot destroy them. And neither can any other dictator.

For the problem in Argentina is essentially one of human freedom.

In addition, Peron cannot withstand the voice and the power of an aroused world public opinion.

I am confident that the liberty-loving people of Argentina are deeply concerned over the loss of their freedoms, and the war on the Catholic Church that Peron deliberately started, and is waging.

For Peron may cause suffering, but he cannot win.

In the light of this attack upon the liberties of the people of a proud nation, our Government should reconsider its relationship with Peron, the one man dictator of Argentina, and see that no action on the part of our Government will strengthen Peron's hold on the Government of Argentina.

Mr. SCOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. SCOTT. I would like to associate myself with the sentiments the gentleman has expressed and recall the fact that I was in Buenos Aires, Argentina, last December when some of these repressive measures were being initiated; when people gathered outside of their places of worship at the close of the service, the cry went up, "Viva Peron. Long live Peron." That cry arose from some 5,000 people. As such cries must always be answered throughout the world, they were answered in this fashion: "Viva Cristo el Rey"—"Long live Christ the King."

So I think that when people respond from their hearts and from their souls with an expression of spiritual leadership against temporal oppression, there is hope for Argentina, and hope for the people who are oppressed by dictatorship everywhere.

Mr. McCORMACK. I thank the gentleman very much.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may be permitted to sit tomorrow during general debate and special orders.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks was granted to:

Mr. CELLER in five instances and to include extraneous matter.

Mr. VAN ZANDT and to include extraneous matter.

Mr. WALTER.

Mrs. FRANCES P. BOLTON.

Mr. CHELF (at the request of Mr. CHRISTOPHER).

Mr. ROGERS of Texas in two instances and to include extraneous matter.

Mr. CUNNINGHAM and include an address.

Mr. RUTHERFORD.

Mr. THOMPSON of New Jersey in two instances and to include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. MERROW (at the request of Mr. ARENDS) for 2 days, June 23 and 24, on account of official business.

SENATE BILLS REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1894. An act to provide for the participation of the United States in the International Finance Corporation; to the Committee on Banking and Currency.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 903. An act for the relief of Harold C. Nelson and Dewey L. Young;

H. R. 1069. An act for the relief of Hussein Kamel Moustafa;

H. R. 1202. An act for the relief of Robert H. Merritt;

H. R. 1400. An act for the relief of David R. Click;

H. R. 1409. An act for the relief of W. H. Robinson & Co.;

H. R. 1416. An act for the relief of J. B. Phipps;

H. R. 1640. An act for the relief of Constantine Nitsas;

H. R. 1643. An act for the relief of the estate of James F. Casey;

H. R. 2456. An act for the relief of Mrs. Diana P. Kittrell;

H. R. 2529. An act for the relief of Albert Vincent, Sr.;

H. R. 2760. An act for the relief of Mrs. Sally Rice;

H. R. 3045. An act for the relief of George L. F. Allen;

H. R. 3958. An act for the relief of Louis Elterman;

H. R. 4714. An act for the relief of Theodore J. Harris;

H. R. 5196. An act for the relief of the Overseas Navigation Corp.;

H. R. 5923. An act to authorize certain sums to be appropriated immediately for the completion of the construction of the Inter-American Highway; and

H. J. Res. 232. Joint resolution authorizing the erection of a memorial gift from the Government of Venezuela.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On June 21, 1955:

H. R. 1062. An act for the relief of Luigi Cianci;

H. R. 1081. An act for the relief of Anna Tokatlian Gulezian;

H. R. 1086. An act for the relief of Mayer Rothbaum;

H. R. 1108. An act for the relief of Rose Mazur; and

H. R. 1165. An act for the relief of Maria Theresia Reinhardt and her child, Maria Anastasia Reinhardt.

On June 22, 1955:

H. R. 103. An act to provide for the construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies;

H. R. 1664. An act for the relief of Charles Chan;

H. R. 2126. An act to amend the act of July 3, 1952, relating to research in the development and utilization of saline waters; and

H. R. 4650. An act to amend the Canal Zone Code by the addition of provisions authorizing regulation of the sale and use of fireworks in the Canal Zone.

ADJOURNMENT

Mr. YATES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 13 minutes p. m.),

under its previous order, the House adjourned until tomorrow, Thursday, June 23, 1955, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

924. A letter from the Acting Secretary of the Navy, transmitting a draft of proposed legislation entitled "A bill to increase the peacetime limitation on the number of lieutenant generals in the Marine Corps"; to the Committee on Armed Services.

925. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Agricultural Conservation Program Service, Department of Agriculture, pursuant to the Budget and Accounting Act, 1921 (31 U. S. C. 53), and the Accounting and Auditing Act of 1950 (31 U. S. C.); to the Committee on Government Operations.

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. McMILLAN: Committee on the District of Columbia: S. 391. An act to provide for the bonding of certain officers and employees of the government of the District of Columbia, for the payment of the premiums on such bonds by the District of Columbia, and for other purposes; without amendment (Rept. No. 876). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 1614. A bill to amend the veterans regulations to provide an increased statutory rate of compensation for veterans suffering the loss or loss of use of an eye in combination with the loss or loss of use of a limb; without amendment (Rept. No. 877). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 1617. A bill to amend section 622 of the National Service Life Insurance Act of 1940; without amendment (Rept. No. 878). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 1619. A bill to amend certain provisions of the Servicemen's Indemnity Act of 1951; with amendment (Rept. No. 879). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 1821. A bill to provide that checks for benefits provided by laws administered by the Administrator of Veterans' Affairs may be forwarded to the addressee in certain cases; without amendment (Rept. No. 880). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 4006. A bill to amend the Veterans' Readjustment Assistance Act of 1952 to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training; without amendment (Rept. No. 881). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 4225. A bill authorizing the Administrator of Veterans' Affairs, to convey certain property of the United States to the city of North Little Rock, Ark.; with amendment (Rept. No. 882). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 4727. A bill to permit the issuance of a flag to a friend or associate of the deceased veteran where it is not claimed by the next of kin; with amendment (Rept. No. 883). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 4946. A bill to amend title IV of the Veterans' Readjustment Assistance Act; with amendment (Rept. No. 884). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 5792. A bill to amend the Veterans' Readjustment Assistance Act of 1952, to extend the time for filing claims for mustering-out payments; without amendment (Rept. No. 885). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 5852. A bill to extend the period of authorization of appropriations for the hospital center and facilities in the District of Columbia; without amendment (Rept. No. 886). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 5892. A bill to authorize officers and members of the Metropolitan Police force and of the Fire Department of the District of Columbia voluntarily to perform certain services on their time off from regularly scheduled tours of duty and to receive compensation therefor, and for other purposes; with amendment (Rept No. 887). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 5893. A bill to amend paragraph I (a), part I, of Veterans Regulation No. 1 (a), as amended, to make its provisions applicable to active service on and after June 27, 1950, and prior to February 1, 1955, and for other purposes; without amendment (Rept. No. 888). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 6259. A bill to amend section 8 of the act entitled "An act to establish a District of Columbia Armory Board, and for other purposes," approved June 4, 1948; without amendment (Rept. No. 889). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 6419. A bill to redefine the terms "stepchild" and "stepparent" for the purposes of the Servicemen's Indemnity Act of 1951, as amended; with amendment (Rept. No. 890). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 6574. A bill to amend section 2 of title IV of the act entitled "An act to provide additional revenue for the District of Columbia, and for other purposes," approved August 17, 1937 (50 Stat. 680), as amended; without amendment (Rept. No. 891). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 6585. A bill to amend the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and for other purposes; with amendment (Rept. No. 892). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 6727. A bill to authorize the Administrator of Veterans' Affairs to convey certain land to the city of Milwaukee, Wis.; with amendment (Rept. No. 893). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 6796. A bill to provide for the conveyance to the city of Clarksburg, W. Va., of certain property which was donated for use in connection with a veterans' hospital, and which is not being so used; without amendment (Rept. No. 894). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE of Texas: Committee on Veterans' Affairs. H. R. 6832. A bill to provide for payment of a reasonable attorney's fee by the insured in a suit brought by him or on his behalf during his lifetime for waiver of premiums on account of total disability; without amendment (Rept. No. 895). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 5853. A bill to amend the act entitled "An act to regulate the practice of veterinary medicine in the District of Columbia," approved February 1, 1907; without amendment (Rept. No. 896). Referred to the House Calendar.

Mr. RICHARDS: Committee on Foreign Affairs. House Concurrent Resolution 149. Concurrent resolution expressing the sense of the Congress that the United States in its international relations should maintain its traditional policy in opposition to colonialism and Communist imperialism; without amendment (Rept. No. 897). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 283. Resolution for consideration of H. R. 6795, a bill to authorize appropriations for the Atomic Energy Commission for acquisition or condemnation of real property or any facilities, or for plant or facility acquisition, construction, or expansion, and for other purposes; without amendment (Rept. No. 898). Referred to the House Calendar.

Mr. BONNER: Committee on Merchant Marine and Fisheries. Senate Joint Resolution 67. Joint resolution to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes; with amendment (Rept. No. 899). Referred to the Committee of the Whole House on the State of the Union.

Mr. ANDREWS: Committee of conference. H. R. 6499. A bill making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1956, and for other purposes. (Rept. No. 900). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 6956. A bill to permit a resident of Alaska employed by the Federal Government in Alaska to accumulate a maximum of 45 days a year annual leave; to the Committee on Post Office and Civil Service.

H. R. 6957. A bill to amend an act entitled "An act to provide for the refunding of the bonds of municipal corporations and public-utility districts in the Territory of Alaska, to validate bonds which have heretofore been issued by a municipal corporation or any public-utility district in the Territory of Alaska, and for other purposes" (54 Stat. 14), approved January 17, 1940; to the Committee on Interior and Insular Affairs.

By Mr. FLOOD:

H. R. 6958. A bill to provide for procurement of property by the Federal Government from firms a large percentage of whose employees are disabled veterans; to the Committee on Government Operations.

By Mr. JOHNSON of Wisconsin:

H. R. 6959. A bill to provide for the improvement of Eau Galle River, Wis., for flood control; to the Committee on Public Works.

By Mrs. KEE:

H. R. 6960. A bill to establish the Federal Agency for Handicapped, to define its duties, and for other purposes; to the Committee on Education and Labor.

By Mr. LANDRUM:

H. R. 6961. A bill to designate the lake created by Buford Dam in the State of Georgia as "Lake Sidney Lanier"; to the Committee on Public Works.

By Mr. MERROW:

H. R. 6962. A bill to permit an individual who retired before September 1954 under the Federal old-age and survivors insurance program to have his benefit amount recomputed, without acquiring any additional coverage, to take advantage of the "drop-out" provisions in title II of the Social Security Act; to the Committee on Ways and Means.

By Mr. MILLER of Nebraska:

H. R. 6963. A bill to provide for the establishment of the Booker T. Washington National Monument; to the Committee on Interior and Insular Affairs.

By Mr. POAGE:

H. R. 6964. A bill to amend section 344 of the Agricultural Adjustment Act of 1938, as amended, with respect to State reserves of cotton allotments; to the Committee on Agriculture.

By Mr. SIMPSON of Pennsylvania:

H. R. 6965. A bill to amend section 1016 of the Internal Revenue Code of 1954 with respect to the adjustment of the basis of property for carrying charges on unimproved and unproductive real property; to the Committee on Ways and Means.

H. R. 6966. A bill to amend section 115 of the Internal Revenue Code of 1939 in respect of distributions in kind; to the Committee on Ways and Means.

By Mr. WESTLAND:

H. R. 6967. A bill to provide for the creation of an 11th judicial circuit to be comprised of Alaska, Idaho, Montana, Oregon, and Washington, and for the circuit judges constituting the 9th and 11th circuits; to the Committee on the Judiciary.

By Mr. BEAMER:

H. R. 6968. A bill to amend the Communications Act of 1934 with respect to the application of that act to persons connected with any medium primarily engaged in the gathering and dissemination of information; to the Committee on Interstate and Foreign Commerce.

By Mrs. FRANCES P. BOLTON:

H. R. 6969. A bill to amend the Immigration and Nationality Act to permit children adopted by United States citizens to be naturalized in certain cases without satisfying the residence and physical presence requirements; to the Committee on the Judiciary.

By Mr. BOSCH:

H. R. 6970. A bill to amend the Trading With the Enemy Act, as amended, and the War Claims Act of 1948, as amended; to the Committee on Interstate and Foreign Commerce.

H. R. 6971. A bill to authorize the Attorney General to dispose of the remaining assets seized under the Trading With the Enemy Act prior to December 18, 1941; to the Committee on Interstate and Foreign Commerce.

By Mr. BURNSIDE:

H. R. 6972. A bill to amend paragraph 1513 of the Tariff Act of 1930 with respect to toy marbles; to the Committee on Ways and Means.

H. R. 6973. A bill to protect the public health by providing for grants to assist States in assuring that no child is deprived of an opportunity for immunization against poliomyelitis because of inability to pay the costs of vaccination, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CELLER:

H. R. 6974. A bill to amend title 28, United States Code, and the act of May 29, 1930, to provide for the payment of annuities to widows and dependent children of judges; to the Committee on the Judiciary.

By Mr. EDMONDSON:

H. R. 6975. A bill to amend the Servicemen's Readjustment Act of 1944, so as to extend the authority of the Administrator of Veterans' Affairs to restore entitlement used to acquire homes subsequently taken by condemnation, destroyed by natural hazard, or otherwise disposed of for compelling reasons without fault on the part of the veteran; to the Committee on Veterans' Affairs.

H. R. 6976. A bill relating to the affairs of the Osage Tribe of Indians in Oklahoma; to the Committee on Interior and Insular Affairs.

By Mr. HARRIS:

H. R. 6977. A bill to amend the Communications Act of 1934 with respect to the application of that act to persons connected with any medium primarily engaged in the gathering and dissemination of information; to the Committee on Interstate and Foreign Commerce.

By Mr. HILLINGS:

H. R. 6978. A bill to amend the Internal Revenue Code of 1954 to provide a partial tax credit for certain payments made to a public or private educational institution of higher education; to the Committee on Ways and Means.

By Mr. HOLTZMAN:

H. R. 6979. A bill to amend the Social Security Act to provide that, for the purpose of old-age and survivors insurance benefits, retirement age shall be 60 years; to the Committee on Ways and Means.

By Mr. McCORMACK:

H. R. 6980. A bill providing for the conveyance of the Old Colony project to the Boston Housing Authority; to the Committee on Banking and Currency.

H. R. 6981. A bill to establish a Permanent Committee for the Oliver Wendell Holmes Devise, and for other purposes; to the Committee on House Administration.

By Mr. METCALF:

H. J. Res. 353. Joint resolution to authorize the Secretary of the Interior to execute a certain contract with the Toston Irrigation District, Montana; to the Committee on Interior and Insular Affairs.

By Mr. UTT:

H. J. Res. 354. Joint resolution providing for the revision of the Status of Forces Agreement and certain other treaties and international agreements, or the withdrawal of the United States from such treaties and agreements, so that foreign countries will not have criminal jurisdiction over American Armed Forces personnel stationed within their boundaries; to the Committee on Foreign Affairs.

By Mr. SCOTT:

H. J. Res. 355. Joint resolution to establish a Commission on Government Security; to the Committee on the Judiciary.

By Mr. FULTON:

H. J. Res. 356. Joint resolution authorizing the creation of a Federal memorial commission to consider and formulate plans for the construction in the city of Washington, D. C., of an appropriate permanent memorial to the memory of the great Italian navigator and discoverer of America, Christopher Columbus; to the Committee on House Administration.

By Mr. LANE:

H. Res. 284. Resolution authorizing and directing the study and investigation of the national boxing sport by the House Committee on the Judiciary; to the Committee on Rules.

By Mr. OSTERTAG:

H. Res. 285. Resolution creating a select committee to conduct an investigation and study of international championship boxing and wrestling; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H. R. 6982. A bill for the relief of the F. and M. Schaefer Brewing Co.; to the Committee on the Judiciary.

By Mr. BATES (by request):

H. R. 6983. A bill for the relief of Gerald Seckl; to the Committee on the Judiciary.

By Mrs. FARRINGTON:

H. R. 6984. A bill for the relief of Rosalia Agmata; to the Committee on the Judiciary.

By Mr. FLOOD:

H. R. 6985. A bill for the relief of Mrs. Hildegard Savner; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 6986. A bill for the relief of Jose M. Fernandez; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 6987. A bill for the relief of the State House, Inc.; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 6988. A bill for the relief of Lucy Manus Daley; to the Committee on the Judiciary.

By Mr. SISK:

H. R. 6989. A bill for the relief of Mrs. Gertrud Helene Erika Tiegs Krueger; to the Committee on the Judiciary.

By Mr. WESTLAND:

H. R. 6990. A bill to provide for the conveyance of certain lands by the United States to the Board of National Missions of the Presbyterian Church in the United States of America; to the Committee on Interior and Insular Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

327. By Mr. CANFIELD: Resolution of the New Jersey State Bar Association urging the Government of the United States to consider and to propose suitable amendments to the United Nations Charter providing for compulsory adjudication of all disputes; to the Committee on Foreign Affairs.

328. Also, resolution of the New Jersey State Bar Association that House Joint Resolution 200 and House Joint Resolution 201 introduced at the 1st session of the 84th Congress are not in the public interest and should not be adopted; to the Committee on the Judiciary.

329. By Mr. SHORT: Petition of Mrs. Utah Strong and other citizens of Ozark County, Mo., requesting that the United States Senate and the House of Representatives repeal the recently enacted law raising the pay of Senators and Representatives; to the Committee on the Judiciary.

330. By Mr. SMITH of Wisconsin: Resolution adopted at a mass meeting of Americans of Baltic descent of the city of Racine, Wis., held under the auspices of the Racine branch of the Lithuanian American Council, on June 18, 1955, to commemorate the 15th anniversary of Baltic States' enslavement by Communist Russia, and praying some day these small Baltic nations will be free from the domination of Communist Russia; to the Committee on Foreign Affairs.