other interests—they say we are like all the rest of the politicians. All we can do is retreat into the cloakroom and weep on the shoulder of a sympathetic colleague—or go home and snarl at our wives.

We may tell ourselves that these pressure groups and letterwriters represent only a small percentage of the voters—and this is true. But they are the articulate few whose views cannot be ignored and who constitute the greater part of our contacts with the public at large, whose opinions we cannot know, whose vote we must obtain and yet who in all probability have only a limited idea of what we are trying to do.

These then, are some of the pressures which confront a man of conscience. He cannot ignore the pressure groups, his constituents, his party, the comradeship of his colleagues, the needs of his family, his own pride in office, the necessity for compromise and the importance of remaining in office. He must judge for himself which path to choose, which step will most help or hinder the ideals to which he is committed.

He realizes that once he begins to weigh each issue in terms of his chances for reelection, once he begins to compromise away his principles on one issue after another for fear that to do otherwise would halt his career and prevent future fights for principle, then he has lost the very freedom of conscience which justifies his continuance in office. But to decide at which point and on which issue he will risk his career is an overwhelming and frightening responsibility.

Why, then, does any man resist these pressures and speak out with courage and conscience? Perhaps those Senators whose acts of political courage are recounted in my forthcoming book were men who forgot all about themselves in their dedication to the public good. But, on the other hand, it is perhaps more likely that John Adams, surely as disinterested a public servant as we ever had, came much nearer to the truth when he wrote: "It is not true, in fact, that any people ever existed who love the public better than themselves."

If this be true, what then caused such statesmen to act as they did? It was not, it seems to me, because they loved the public better than themselves. On the contrary, it was precisely because they did love themselves—because each one's need to maintain his own respect for himself was more important to him than his popularity with others—because his desire to maintain a reputation for integrity was stronger than his desire to maintain his office—because his conscience, his personal standard of ethics, his integrity or morality, call it what you will, was stronger than the pressures of public disapproval—because his faith that his course was the best one, and would ultimately be vindicated, outweighed his fear of public reprisal.

When the politician loves neither the public good nor himself, or when his love for himself is limited and is satisfied by the trappings of office, then the public interest is badly served. But when his regard for himself is so high that his own self-respect demands he follow the path of courage and conscience, all benefit.

Today, the challenge of political courage looms larger than ever before. For our everyday life is becoming so saturated with the tremendous power of mass communications that any unpopular or unorthodox course arouses a storm of protests. Our political life is becoming so expensive, so mechanized, and so dominated by professional politicians and public-relations men that the idealist who dreams of independent statesmanship is rudely awakened by the necessities of election and accomplishment.

And our public life is becoming so increasingly centered upon that seemingly unending war to which we have given the curious epithet "cold" that we tend to encourage rigid ideological unity and orthodox patterns of thought and to frown on insurgent individualism.

Thus, in the days ahead, only the very courageous will be able to make the hard and unpopular decisions necessary for our survival in the struggle with a powerful enemy; an enemy with leaders who need give little thought to the popularity of their course, who need pay little tribute to the public opinion they themselves manipulate, and who may force, without fear of retaliation at polls, their citizens to sacrifice present laughter for future glory. And only the very courageous will be able to keep alive the spirit of individualism and dissent which gave birth to this Nation, nourished it as an infant, and carried it through its severest tests upon the attainment of its maturity.

SENATE

THURSDAY, JANUARY 26, 1956

(Legislative day of Monday, January 16, 1956)

Rev. Frank C. Marvin, Jr., minister, First Presbyterian Church,, Fairmont, W. Va., offered the following prayer:

Eternal Father, strong to save, whose arm doth bind the restless wave, who bid'st the mighty ocean deep its own appointed limits keep, we bow our heads this day before Thee, for we know that with Thee we can do all things. May we be so aware of Thy spirit in our midst that the faith that was in Jesus Christ may be in us.

Let Thy blessing be with these Senators who have been chosen to rule Thy people. May they glorify Thee by their words and deeds, remembering that they serve more than State or Nation, but also Thine unshaken kingdom.

May our faith in Thee never become a badge we display with pride, but rather a banner we unfurl with humility, and follow in the steps of Jesus Christ our Lord, in whose name we pray. Amen.

THE JOURNAL

On request of Mr. CLEMENTS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, January 25, 1956, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

REPORT OF NATIONAL SCIENCE FOUNDATION — MESSAGE FROM THE PRESIDENT (H. DOC. NO. 319)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and, with the accompanying report, referred to the Committee on Labor and Public Welfare.

To the Congress of the United States:

Pursuant to the provisions of Public Law 507, 81st Congress, I transmit herewith the Fifth Annual Report of the National Science Foundation for the year ending June 30, 1955.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *January 26, 1956.*

THE ADMINISTRATION'S HEALTH PROGRAM—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 320)

The PRESIDENT pro tempore. The Chair lays before the Senate a message from the President of the United States, which, in view of the fact that it has already been read in the House, will be noted in the RECORD, and referred to the Committee on Labor and Public Welfare.

(For President's message, see House proceedings of today.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed a joint resolution (H. J. Res. 471) to permit FHA title I repair assistance to new homes damaged by major disasters, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 471) to permit FHA Title I repair assistance to new homes damaged by major disasters, was read twice by its title and referred to the Committee on Banking and Currency.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. CLEMENTS. Mr. President, I ask unanimous consent that there may be the usual morning hour for the presentation of petitions and memorials, the introduction of bills, and the transaction of other routine business, and that any statement made in connection therewith be limited to 2 minutes.

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

SENATOR BRIDGES OF NEW HAMPSHIRE—RESOLUTION

Mrs. SMITH of Maine. Mr. President, on December 8, 1955, a testimonial dinner was held in honor of Senator STYLES BRIDGES, the senior Senator from New Hampshire, the senior Republican Member of the United States Senate, and former President pro tempore of the Senate. At that dinner, a resolution signed by the Honorable Lane Dwinell, Governor of New Hampshire, in behalf of the people of New Hampshire, was read. I ask unanimous consent that it be incorporated in the RECORD.

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

Whereas all citizens of the State of New Hampshire are cognizant of the forthright representation they have in the Nation's

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Capitol in the person of the Honorable STYLES BRIDGES; and

Whereas all citizens of the State of New Hampshire are desirous of publicly manifesting their appreciation for his fearless and capable example: Now, therefore, be it

Resolved, That we here assembled, for ourselves and for the citizens of the sovereign State of New Hampshire, hereby acknowledge the 25 long and faithful years of public service rendered by the Honorable STYLES BRIDGES, United States Senator from New Hampshire, and express our heartfelt gratitude for his loyalty to the people of this State, and more particularly for his patience and faithfulness in assistance so willingly given in the innumerable personal problems with which we, his friends, so often confront him; and we especially acclaim his great vision and integrity in all matters of national concern. And with great affection, we tender to him our homage.

In testimony whereof, the Governor of New Hampshire has hereunto set his hand and seal at Manchester, N. H., this 8th day of December, in the year of our Lord 1955, in behalf of the people of New Hampshire.

LANE DWINELL,
Governor of New Hampshire.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON CLAIMS PAID BECAUSE OF CORRECTION OF MILITARY RECORDS OF COAST GUARD PERSONNEL

A letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, a report of claims paid on account of the correction of military records of Coast Guard personnel, for the 6-month period ended December 31, 1955 (with an accompanying report); to the Committee on Armed Services.

AMENDMENT OF FEDERAL RESERVE ACT, AS AMENDED

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 14 (b) of the Federal Reserve Act, as amended (with accompanying papers); to the Committee on Banking and Currency.

PETITIONS

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

By the PRESIDENT pro tempore:

A resolution adopted by the General Assembly of the State of Connecticut; to the Committee on Appropriations:

"House Joint Resolution 6

"Joint resolution memorializing Congress to aid in a program of flood control and hurricane protection

"*Resolved by this assembly:*

"Whereas hurricanes and floods have become a serious menace to life and property in Connecticut; and

"Whereas Connecticut is a highly industrialized State, and an important part of the national economy and national defense, ranking fifth in the per capita payment of Federal taxes, so that disruption of its production and commerce adversely affects the Nation as a whole as well as the people of Connecticut; and

"Whereas these hurricanes and floods are occurring with increasing frequency and violence, and the State of Connecticut is not able to finance adequate corrective and protective measures to meet the threat of future hurricanes and floods. The floods of August and October, 1955, alone, have caused personal and property damage estimated in excess of $200 million: Now, therefore, be it

"*Resolved,* That this general assembly believes it of the utmost importance that the Congress of the United States take immediate action to provide adequate funds to carry out a program of flood control and hurricane protection measures which will protect the State of Connecticut against future disasters of this nature; be it further

"*Resolved,* That the clerks of the house and senate shall cause a copy of this resolution to be sent to the President of the United States, the Speaker of the House of Representatives, and to the President of the Senate, the chairman of appropriate committees in the House and Senate, and the Connecticut Senators and Representatives in Congress."

RESOLUTIONS OF GASOLINE RETAIL DEALERS ASSOCIATION OF NEW HAMPSHIRE

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD, and appropriately referred, two resolutions adopted by the Gasoline Retail Dealers Association of New Hampshire at its annual meeting on January 15, 1956.

There being no objection, the resolutions were referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Whereas the service-station operator and thousands of other small-business men, are responsible in great part for the industrial strength of this country; and

Whereas discriminatory pricing has in the past been detrimental to their livelihood: It is hereby

Resolved, That this association go on record as supporting and encouraging progressive action to secure enforcement of the Robinson-Patman Act to correct price discrimination practices harmful to the retail gas dealer and other small-business men; and it is further

Resolved, That this association vigorously support and seek adoption by the Congress of such bills as the Kefauver-Patman bill, which have as their objective, elimination of price discrimination; it is further

Resolved, That this association join with retail grocers, food brokers, druggists, and other small-business trade associations, in supporting the above bill and similar bills which would tend to promote equality of opportunity for the small-business man; it is further

Resolved, That a copy of this resolution be forwarded to the New Hampshire congressional delegation and urge their support.

Whereas the small gasoline dealer is one of the segments of small business in the country, and in the community; and

Whereas he has been prejudiced by monopolistic practices by the retail petroleum industry; and

Whereas gasoline retail dealers as lessees have in the past been dominated by suppliers: It is hereby

Resolved, That this association go on record as condemning any course of business by suppliers or distributors which interferes in any manner with the freedom of choice of any gasoline retail dealer to deal in competitive products; and condemning also such practices as threats of lease cancellations, and other unlawful practices; and it is further

Resolved, That this association hereby vigorously supports and seeks adoption of H. R. 7096, the freedom-of-choice bill, and any similar bills which endeavor to make ulawful the denial of freedom of choice in trade to the retail gasoline dealer; it is further

Resolved, That a copy of this resolution be forwarded to the New Hampshire congressional delegation and urge their support.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLELLAN, from the Committee on Government Operations:

S. 1992. A bill to provide for the conveyance of a certain tract of land in Madison County, Ky., to the Pioneer National Monument Association; with amendments (Rept. No. 1447).

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

S. 1221. A bill for the relief of the estate of Joseph Kelsch (Rept. No. 1450).

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

H. R. 6790. A bill for the relief of Anna K. McQuilkin (Rept. No. 1451).

By Mr. GREEN, from the Committee on Rules and Administration, without amendment:

S. Con. Res. 64. Concurrent resolution providing for a joint committee to arrange for the inauguration of the President-elect of the United States, January 20, 1957;

S. Res. 161. Resolution authorizing the Committee on Foreign Relations to employ two temporary additional clerical assistants (Rept. No. 1453);

S. Res. 164. Resolution authorizing the Committee on Post Office and Civil Service to employ a temporary additional clerical assistant;

S. Res. 184. Resolution to provide additional funds for the Committee on Interior and Insular Affairs;

S. Res. 185. Resolution extending the time for filing a report by the Subcommittee on Disarmament (Rept. No. 1454);

S. Res. 198. Resolution to pay a gratuity to Inez Riley;

S. Res. 199. Resolution to pay a gratuity to Doretha Johnson; and

S. Res. 200. Resolution extending the time for investigation of welfare and pension plans (Rept. No. 1452).

By Mr. GREEN, from the Committee on Rules and Administration, with an amendment:

S. Res. 163. Resolution to investigate certain problems relating to interstate and foreign commerce (Rept. No. 1455); and

S. Res. 183. Resolution authorizing the Committee on Interior and Insular Affairs to make a study of minerals, materials, and fuels and certain other matters within its jurisdiction (Rept. No. 1456).

By Mr. GREEN, from the Committee on Rules and Administration, with an additional amendment:

S. Res. 153. Resolution extending the time for an investigation of the administration of the civil-service system and the postal service (Rept. No. 1457); and

S. Res. 154. Resolution extending the time for a study of the Government employees security program (Rept. No. 1458).

By Mr. GREEN, from the Committee on Rules and Administration, with amendments:

S. Res. 162. Resolution to investigate matters pertaining to technical assistance and related programs (Rept. No. 1459); and

S. Res. 188. Resolution to provide additional clerical assistance and funds for the Committee on Government Operations (Rept. No. 1460).

By Mr. BYRD, from the Committee on Finance:

H. R. 7030. A bill to amend and extend the Sugar Act of 1948, as amended, and for other purposes; with an amendment (Rept. No. 1461).

MASSACHUSETTS COLLEGE OF PHARMACY—REFERENCE OF BILL TO COURT OF CLAIMS—REPORT OF A COMMITTEE

Mr. KILGORE. Mr. President, from the Committee on the Judiciary, I report an original resolution, referring the bill (S. 104) to the Court of Claims, and I submit a report (No. 1449) thereon.

The PRESIDENT pro tempore. The report will be received and the resolution will be placed on the calendar.

The resolution (S. Res. 196) was placed on the calendar, as follows:

Resolved, That the bill (S. 104) entitled "A bill for the relief of the Massachusetts College of Pharmacy" now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims, and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

INEZ RILEY—REPORT OF A COMMITTEE

Mr. GREEN. Mr. President, from the Committee on Rules and Administration, I report an original resolution to pay a gratuity to Inez Riley.

The PRESIDENT pro tempore. The resolution will be received, and placed on the calendar.

The resolution (S. Res. 198) was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Inez Riley, widow of Haywood Riley, an employee of the Office of the Architect of the Capitol at the time of his death, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

DORETHA JOHNSON—REPORT OF A COMMITTEE

Mr. GREEN. Mr. President, from the Committee on Rules and Administration, I report an original resolution to pay a gratuity to Doretha Johnson.

The PRESIDENT pro tempore. The resolution will be received, and placed on the calendar.

The resolution (S. Res. 199) was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Doretha Johnson, widow of Raymond J. Johnson, an employee of the Office of the Architect of the Capitol at the time of his death, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

EXTENSION OF TIME FOR INVESTIGATION OF WELFARE AND PENSION PLANS—REPORT OF A COMMITTEE

Mr. GREEN. Mr. President, from the Committee on Rules and Administration, I report an original resolution extending the time for investigation of welfare and pension plans, and I submit a report (No. 1452) thereon.

The PRESIDENT pro tempore. The report will be received and the resolution will be placed on the calendar.

The resolution (S. Res. 200) was placed on the calendar, as follows:

Resolved, That section 1 of Senate Resolution 40, 84th Congress, 1st session, agreed to February 21, 1955 (authorizing an investigation of welfare and pension plans by the Committee on Labor and Public Welfare), is amended by striking out "January 31, 1956" and inserting in lieu thereof "March 15, 1956."

REPORT ENTITLED "REVIEW OF FEDERAL HOUSING PROGRAMS"—ANNUAL REPORT OF THE SUBCOMMITTEE ON HOUSING OF THE COMMITTEE ON BANKING AND CURRENCY (S. REPT. NO. 1448)

Mr. SPARKMAN. Mr. President, from the Committee on Banking and Currency, pursuant to Senate Resolution 57, I submit a report prepared by the Subcommittee on Housing, entitled "Review of Federal Housing Programs," and ask that it be printed.

This report, approved unanimously by the Committee on Banking and Currency, is a factual and analytical review of Federal housing programs. It was prepared by the Subcommittee on Housing to provide Members of the Congress with a ready reference to the nature and scope of activities in the housing field during 1955, and to review the present and prospective problems confronting this very important segment of our economy. I believe it will be of great value to Members, the executive branch, and the public.

The PRESIDENT pro tempore. The report will be received and printed, as requested by the Senator from Alabama.

BILLS INTRODUCED

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

By Mr. IVES (for himself and Mr. ALLOTT) (by request):

S. 3051. A bill to provide for registration and reporting of welfare and benefit plans; to the Committee on Labor and Public Welfare.

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

By Mr. NEELY (by request):

S. 3052. A bill to amend the act of April 1, 1942, so as to permit the transfer of an action from the United States District Court for the District of Columbia to the municipal court for the District of Columbia at any time prior to trial thereof, if it appears that such action will not justify a judgment in excess of $3,000; to the Committee on the District of Columbia.

By Mr. NEELY (for himself, Mr. MCNAMARA, and Mr. BEALL) (by request):

S. 3053. A bill to extend the time within which the District of Columbia Auditorium Commission may submit its report and recommendations with respect to the civic auditorium to be constructed in the District of Columbia, and to provide that such commission shall continue in existence until the construction of such auditorium has been completed; to the Committee on the District of Columbia.

By Mr. SMITH of New Jersey:

S. 3054. A bill to provide for the establishment of a Federal Advisory Commission on the Arts, and for other purposes; to the Committee on Labor and Public Welfare.

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

By Mr. BIBLE:

S. 3055. A bill to provide an adequate basis for administration of the Lake Mead National Recreation Area, Arizona and Nevada, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. SPARKMAN:

S. 3056. A bill for the relief of Eugene W. Broadway; to the Committee on Labor and Public Welfare.

By Mr. MONRONEY:

S. 3057. A bill to permit apartment projects constructed under the National Housing Act to provide transient or hotel-type accommodations if such accommodations were furnished in such projects prior to May 28, 1954; to the Committee on Banking and Currency.

By Mr. FREAR:

S. 3058. A bill for the relief of Javier F. Kuong; and

S. 3059. A bill for the relief of No Kum Sok (also known as Kenneth No); to the Committee on the Judiciary.

By Mr. O'MAHONEY (for himself, Mr. MURRAY, Mr. BARRETT, Mr. NEUBERGER, Mr. GOLDWATER, and Mr. JACKSON):

S. 3060. A bill to provide a 10-year program for the construction and improvement of roads, trails, buildings, and utilities in national park and monument areas and other areas administered by the National Park Service and for the construction and improvement of parkways authorized by acts of Congress; to the Committee on Interior and Insular Affairs.

By Mr. COTTON:

S. 3061. A bill to extend veterans' preference benefits to the mothers and fathers of certain ex-servicemen and ex-servicewomen upon an equal basis; to the Committee on Post Office and Civil Service.

S. 3062. A bill to amend Public Law 815, 81st Congress, in order to extend for 2 years the program of assistance for school construction under title III of such law; to the Committee on Labor and Public Welfare.

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

By Mr. BRIDGES (for himself, Mr. COTTON, Mrs. SMITH of Maine, Mr. PAYNE, Mr. SALTONSTALL, Mr. KENNEDY, Mr. BUSH, Mr. PURTELL, Mr. GREEN, Mr. PASTORE, Mr. GEORGE, Mr. CAPEHART, Mr. YOUNG, Mr. ROBERTSON, Mr. BRICKER, Mr. THYE, Mr. HUMPHREY, Mr. KEFAUVER, Mr. DIRKSEN, Mr. POTTER, Mr. BARRETT, Mr. BEALL, and Mr. THURMOND):

S. 3063. A bill to provide for the recognition of the Altar of the Nation, located in the Cathedral of the Pines, Rindge, New Hampshire, as a national shrine; to the Committee on Interior and Insular Affairs.

By Mr. BYRD:

S. 3064. A bill for the relief of Thomas J. Smith; to the Committee on the Judiciary.

By Mr. THYE:

S. 3065. A bill to extend the special school milk program to colleges; to the Committee on Agriculture and Forestry.

RESOLUTIONS

The following resolutions were submitted or reported, and referred as indicated:

Mr. KILGORE, from the Committee on the Judiciary, reported an original resolution (S. Res. 196) referring the bill (S. 104) for the relief of the Massachusetts College of Pharmacy to the Court of Claims; placed on calendar.

(See resolution printed in full, which appears under the heading "Reports of Committees.")

Mr. FULBRIGHT submitted the following resolution:

S. Res. 197. Resolution opposing the sale of the Government-owned synthetic rubber plant at Institute, W. Va.; to the Committee on Banking and Currency.

(See resolution printed in full, which appears under a separate heading.)

Mr. GREEN, from the Committee on Rules and Administration, reported the following original resolutions, which were placed on the calendar;

S. Res. 198. Resolution to pay a gratuity to Inez Riley;

S. Res. 199. Resolution to pay a gratuity to Doretha Johnson; and

S. Res. 200. Resolution extending the time for investigation of welfare and pension plans.

(See above resolutions printed in full, when reported by Mr. GREEN, which appear under separate headings.)

REGISTRATION AND REPORTING OF WELFARE AND BENEFIT PLANS

Mr. IVES. Mr. President, on behalf of the junior Senator from Colorado [Mr. ALLOTT] and myself, I introduced for appropriate reference a bill to provide for the registration and reporting of welfare and pension plans.

President Eisenhower again has urged the Congress to enact legislation needed as a safeguard for our rapidly increasing private welfare and pension funds, and he has stated that it would be desirable to require Federal registration of these plans and reports on their administration and finances.

Pursuant to the President's recommendation during the 83d Congress, the Subcommittee on Welfare and Pension Funds of the Senate Committee on Labor and Public Welfare was created and for the past year and three quarters has been engaged in a thorough study of welfare and pension funds with a view to the enactment of needed legislation. During the 83d Congress, I had the honor and privilege of acting as its chairman. This subcommittee, now under the able chairmanship of the senior Senator from Illinois [Mr. DOUGLAS], is currently completing its study and I am hopeful that it will be able to present its findings and legislative recommendations in the near future.

The United States Department of Labor, in behalf of the President, has also been considering this important subject and has proposed legislation which is designed to provide for the full disclosure of the financial operations of welfare and pension funds established by employer or employee organizations or by both. The legislative recommendations of the Department of Labor are contained in the bill which the junior Senator from Colorado and myself are now introducing. Both of us are pleased to introduce this legislation at the request of the Department of Labor, in order that the subcommittee may benefit from the study of the Department in connection with welfare and pension plans. I know that these recommendations will be extremely helpful to the Subcommittee on Welfare and Pension Funds in the preparation of its own legislative recommendations.

I ask unanimous consent that the bill, together with an explanation of it, prepared by me, be printed in the RECORD.

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

The bill (S. 3051) to provide for registration and reporting of welfare and benefit plans, introduced by Mr. IVES (for himself and Mr. ALLOTT) (by request), was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Welfare and Benefit Plans Registration Act of 1956."

SEC. 2. Findings and policy: (a) The Congress finds that in recent years there has been a phenomenal increase in the number of welfare and benefit plans for the wage earners of the United States, with a corresponding increase in the amount of money contributed to, involved in, and disbursed by such welfare and benefit plans; that these plans have served greatly to advance the health and well-being of millions of wage earners and their families; that these plans have become an important factor in present day industrial relations and it is essential that their integrity be maintained; that much of the money involved in such plans is exempted by law from taxation by the United States, and that it is essential for the protection both of the revenue of the United States and of the interests of the beneficiaries that full disclosure be made of the financial details of the operation and administration of such plans.

(b) It is hereby declared to be the policy of this act to afford protection to the revenue of the United States and to the beneficiaries of the welfare and benefit plans above referred to, and to promote the general welfare, by requiring the registration of welfare and benefit plans and the reporting of appropriate information respecting their receipts, disbursements, assets, liabilities, and financial activities.

SEC. 3. Definitions: When used in this act—

(a) The term "welfare or benefit plan" means any plan, fund or program established by employers or employee organizations, or by both, for the purpose of paying or providing, for the benefit of beneficiaries, for medical or hospital care, pensions or annuities on retirement or death of beneficiaries, compensation for injuries or illness, or insurance to provide any of the foregoing, or life insurance, disability and sickness insurance, or accident insurance; but shall not include any plan, fund, or program established by statute to provide benefits prescribed by such statute.

(b) The term "employee organization" means any labor union or any organization of any kind, or any agency or employee representation committee, association, group, or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, conditions of work, or other matters incidental to employment relationships.

(c) The term "employer" includes any person acting directly or indirectly in the interest of an employer in relation to an employee, or a group or association of employers, but shall not include a foreign government or the Government of the United States or of any State, Territory, or possession or political subdivision thereof or the District of Columbia, or any governmental instrumentality of such a government.

(d) The term "employee" means any individual employed by an employer.

(e) The term "beneficiary" means any employee of an employer or any member of an employee organization who is eligible to receive a benefit of any type from a welfare or benefit plan, or whose dependents or the members of whose family may be eligible to receive any such benefit.

(f) The term "person" means an individual, partnership, corporation, association, or employee organization.

(g) The term "Secretary" means the Secretary of Labor.

SEC. 4. Registration: The person or persons responsible for the control, disposition, or management, either directly or through an agent or trustees designated solely by such person or persons, of the money received by or contributed to any welfare or benefit plan for which—

(1) any exemption from taxation is claimed under the Internal Revenue Code by reason of the nature or activities of such plan; or

(2) any claim is made that money involved in such plan constitutes an allowable deduction in computing taxable income under the Internal Revenue Code; or

(3) contributions are received from any person who claims all or any part of such contributions as an allowable deduction under the Internal Revenue Code in computing taxable income;

shall register such welfare or benefit plan with the Secretary and shall file a report with the Secretary within 3 months after the close of the fiscal year of such plan, and shall thereafter file with the Secretary an annual report. Every registration and all reports of every such plan shall be in such form as the Secretary may, by regulations, prescribe. Every report shall be sworn to by a person responsible for the registration of such plan, and shall include such information or documents relating to the income and disbursements of the plan as the Secretary may, by regulations, prescribe.

SEC. 5. Government agency cooperation: (a) The Secretary is authorized to request from any department, agency, or independent instrumentality of the Government any information he deems necessary to carry out his functions under this act; and each department, agency, and instrumentality is directed to cooperate with the Secretary and, to the extent permitted by law, to furnish such information to the Secretary upon his request.

(b) The Secretary shall consult with the Secretary of the Treasury and the Secretary of Health, Education, and Welfare regarding the administration of this act by the Secretary, and the Secretary may utilize the facilities of the Department of the Treasury and the Department of Health, Education, and Welfare for such research and other purposes as the Secretary may deem appropriate. Any such utilization of any such facilities shall be pursuant to proper agreement, and payment to cover the cost thereof shall be made either in advance or by way of reimbursement as may be provided in such agreement.

SEC. 6. Access to information filed with the Secretary: (a) The Secretary may provide that portions of the reports of welfare or benefit plans, in such form as the Secretary may prescribe by regulations, shall be mailed by the person or persons responsible for the registration of such plan to each beneficiary.

(b) When in the judgment of the Secretary the disclosure of any information contained in the reports or other documents filed by welfare or benefit plans pursuant to this act would be in the public interest or in the interest of the beneficiaries, such information as the Secretary deems appropriate to disclose may be made available to the public under such regulations as the Secretary may prescribe.

(c) The Secretary may by regulations require the person or persons responsible for the registration of any welfare or benefit plan to file a copy of any report required by this act, or any portions thereof, with such State agency as the Secretary may designate.

(d) The Secretary shall by regulations provide for the making available of information furnished to him by welfare and benefit plans pursuant to this act to other departments and agencies of the Government to assist in the performance of the statutory functions of such departments and agencies.

SEC. 7. Powers of the Secretary: (a) The Secretary is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

(b) The Secretary may by regulations provide for the exemption from any provision of this act of any class or type of welfare or benefit plans if the Secretary finds that the application of such provision to such plans is not required in order to effectuate the purposes of this act.

(c) The Secretary is authorized to utilize any information submitted under this act for statistical and research purposes and to compile and publish such studies, analyses, reports, and surveys as he may deem appropriate.

(d) The Secretary is authorized to make such expenditures and, subject to the civil-service laws and the Classification Act of 1949, as amended, to appoint and fix the compensation of such personnel, including attorneys, as may be necessary to perform the functions imposed upon the Secretary by this act. Attorneys appointed under this section may appear for and represent the Secretary in any litigation, but such litigation shall be subject to the direction and control of the Attorney General.

SEC. 8. Reports to the Congress: The Secretary shall submit annually a report to the Congress including such information and data, and such recommendations for further legislation in connection with the matters covered by this act, as the Secretary may find desirable.

SEC. 9. Enforcement: (a) Any person who willfully violates or fails to comply with any provision of this act or the rules and regulations thereunder shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

(b) Any person who makes a false statement or representation of a material fact, knowing it to be false, or who knowingly fails to disclose a material fact, in any registration, report, or other document required to be submitted to the Secretary by this act or the rules and regulations thereunder, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

(c) The District Courts of the United States, and the United States Courts of any Territory or other place subject to the jurisdiction of the United States, shall have jurisdiction, for cause shown, to restrain violations of, to enforce any duty created by, or to compel disclosure of any information required to be submitted to the Secretary in accordance with this act or the rules and regulations thereunder. All actions under this subsection shall be brought on behalf of the Secretary.

SEC. 10. Effect of other laws: Neither the provisions of this act nor any action taken thereunder shall be held to exempt or relieve any person from any liability, duty, penalty, or punishment provided by any law of the United States or of any State or Territory relating to the operation or administration of welfare or benefit plans, or in any manner to authorize the operation or administration of such a plan contrary to any such law.

SEC. 11. Separability of provisions: If any provision of this act or the application of such provision to any person or circumstance is held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected.

The explanatory statement presented by Mr. IVES, is as follows:

EXPLANATORY STATEMENT BY SENATOR IVES

PURPOSE OF BILL

This bill is designed to provide for full disclosure of the financial operations of welfare and benefit plans established by employers or employee organizations, or by both, to provide benefits such as medical or hospital care, pensions or retirement annuities, compensation for injuries or illness, or insurance to provide any of those benefits, for employees of employers, members of employee organizations, or the dependents of such employees or members. The bill excludes any plan, fund, or program established by statute to provide benefits prescribed by such statute, such as the laws relating to unemployment compensation and workmen's compensation.

Most of the older craft unions for many years have made available medical services, hospitalization, and cash payments during disability, as well as group life insurance and pension plans. During the late 1920's plans providing such benefits were brought within the scope of collective bargaining in isolated instances.

The real growth in number of plans has occurred during the past 10 years. It is estimated that at least 12 million workers are now covered by plans under collective bargaining. From slightly more than one-half million in 1945, coverage increased to upward of three million by mid-1948, to more than 7½ million by early 1950, and since then to the estimated 12 million figure. The total number of employees covered by all private health, insurance, and pension plans is unknown, but the amount of money involved today is probably in excess of $20 billion.

This rapid growth has led to many problems. As President Eisenhower indicated in his message of January 11, 1954, transmitting to the Congress his legislative recommendations affecting labor-management relations, the interest of the Federal Government in the subject extends to protecting these funds for the millions of working men and women who are their beneficiaries.

Full disclosure concerning the financial operation of these plans has been widely urged as desirable and practical. It would undoubtedly be a deterrent to malpractice, mismanagement, and waste. The ready availability of detailed information respecting the financial operations of a plan would greatly contribute to honesty and efficiency of administration. These plans have become an important factor in present-day industrial relations and it is essential that their integrity be maintained. In addition, the availability of such information respecting other plans would lend material assistance to individual plans in devising means to improve their actuarial soundness. Moreover, much of the money involved in such plans is exempt from taxation under Internal Revenue Code. The disclosure which the bill provides would afford a substantial measure of protection both to the revenue of the United States and to the beneficiaries of those plans.

ADMINISTERING AGENCY

The Secretary of Labor would be charged with the function and responsibility of administering the bill, and he would be authorized to utilize any information obtained under the bill for statistical and research purposes. However, the Secretary would be directed to consult with the Secretary of the Treasury and the Secretary of Health, Education, and Welfare respecting the administration of the measure.

COVERAGE

The bill applies to all welfare or benefit plans for which (a) any exemption from taxation is claimed under the Internal Revenue Code, (b) any claim is made that money involved in such plan constitutes an allowable deduction for income tax purposes, or (c) contributions are received from any person claiming such contributions as a deduction under the Internal Revenue Code. However, the Secretary would be empowered to exempt from any provision of the bill, by regulations, any class or type of plans if the Secretary finds that the application of such provision to such plans is not required in order to effectuate the purposes of the bill. This procedure, analogous to one followed by the National Labor Relations Board, would facilitate the administration of the measure by the Secretary.

REGISTRATION

The registration and reporting requirements are the heart of the bill. The person or persons responsible for the control, disposition, or management of the money contributed to or received by any welfare or benefit plan covered by the measure would be required to register such plan with, and submit annual reports to, the Secretary in such form as the Secretary may prescribe by regulations. The reports would be sworn to by a responsible official of the particular plan and would contain such information as the Secretary may prescribe by regulations.

UTILIZATION OF OTHER GOVERNMENT AGENCIES AND OF INFORMATION SUBMITTED IN REPORTS

The bill authorizes the Secretary to request information from other Government agencies and utilizes on a reimbursable basis the facilities of the Departments of the Treasury and Health, Education, and Welfare for such research and other purposes as the Secretary may deem appropriate. Information obtained by the Secretary from welfare and benefit plans would be made available, under regulations, to other Government agencies to assist in the performance of their statutory functions. The Secretary would also be authorized to require portions of the information contained in the reports of welfare and benefit plans to be furnished to the beneficiaries of the plans. The measure further permits the Secretary to make public information in the reports, the disclosure of which he deems appropriate in the interest of the public or the beneficiaries. The Secretary would be empowered to require any plan to file copies of all or part of its reports with an appropriate State agency.

OTHER PROVISIONS

An annual report would be submitted to the Congress by the Secretary including such information, data and legislative recommendations in connection with the subject matter of the bill as he may find advisable.

The bill would make it a misdemeanor wilfully to violate or fail to comply with any provision of the bill or the regulations, or to submit false statements to or conceal material facts from the Secretary. Civil litigation to restrain violations of, to enforce

any liability or duty created by, or to require disclosure of information in accordance with, the measure or the regulations issued thereunder could be brought on behalf of the Secretary.

Section 10 makes clear that neither the provisions of the bill nor any action taken thereunder would exempt or relieve any person from compliance with any Federal, State or Territorial law relating to the operation or administration of welfare or benefit plans, or authorize the operation or administration of such a plan contrary to any such law.

Section 11 is the separability of provisions portion of the measure.

PROPOSED FEDERAL ADVISORY COMMISSION ON THE ARTS

Mr. SMITH of New Jersey. Mr. President, I introduce, for appropriate reference, a bill to provide for the establishment of a Federal Advisory Commission on the Arts.

Last spring a similar bill was introduced in the House by Representative WAINWRIGHT, of New York.

President Eisenhower, in his 1955 state of the Union message, stated that:

> The Federal Government should do more to give official recognition to the importance of the arts and other cultural activities.

The purpose of this Commission, in the President's words, is "to advise the Federal Government on ways to encourage artistic and cultural endeavor and appreciation."

The bill makes it clear that, although the encouragement of the arts is an appropriate matter of concern to the Federal Government, this is primarily a matter for private and local initiative.

It is my hope that legislation along the line of this bill, as recommended by the President, will receive early consideration and approval by the Congress.

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

The bill (S. 3054) to provide for the establishment of a Federal Advisory Commission on the Arts, and for other purposes, introduced by Mr. SMITH of New Jersey, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

BASIS FOR ADMINISTRATION OF LAKE MEAD RECREATIONAL AREA, ARIZONA AND NEVADA

Mr. BIBLE. Mr. President, I introduce, for appropriate reference, a bill to provide an adequate basis for administration of the Lake Mead National Recreation Area, Arizona and Nevada, and for other purposes.

One of the country's largest and most scenic recreation areas is that surrounding Lake Mead and Lake Mohave, formed by Hoover and Davis Dams on the Colorado River. More than 2,600,000 persons visit this area annually, attesting to its national significance.

Administrative problems of control over this nearly 2 million acre area have arisen through the year since its withdrawal by Executive order in 1930 for reclamation purposes. It has been administered by the National Park Service by an interbureau agreement with the Bureau of Reclamation.

The principal effect of my bill will be its recognition and designation of the area as a recreation area of national significance. It is of extraordinary scenic and scientific interest, with the plateau section, including nearly 100 miles of the Grand Canyon, the mouth of the canyon, 155-mile long Lake Mead—the world's largest manmade body of water, and Lake Mohave, not to mention numerous sites of geological, biological, and archeological interest.

My bill redescribes the boundaries of the national recreation area, with the new boundaries eliminating some 162,560 acres from the present gross area of 1,951,928 acres. It is recognized this is a large acreage, but it includes a region of almost indescribable ruggedness, whose principal values apart from the storage of water, are those served by the national recreation area, and collateral uses such as mining and grazing.

The bill will fully protect the purposes of the water-control projects, and at the same time will allow for greater development of the tremendous recreation advantages. As I have told the Senate before, the facilities supplied by the National Park Service on Lake Mead have been pitifully inadequate in the last 20 years, compared with demands and the potential available.

Present regulations governing hunting, grazing, and vacation cabin sites will be continued substantially the same. Insofar as the mineral potential of the area is concerned, the policy of allowing the use of as much land as is required for mining and the removal of minerals will be continued.

Recognition is given to the canyon portion of the Hualapai Indian reservation within the national recreation area. This Arizona tribe has indicated its willingness to have certain of its lands included, allowing the tribe to participate and benefit from establishment of the area.

In effect, the bill will provide a suitable and harmonious adjustment of various activities within the recreation area. At the same time, it will permit greater development of the area's recreational potential, which growing populations in Nevada, Arizona, and other western States are quite properly demanding.

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

The bill (S. 3055) to provide an adequate basis for administration of the Lake Mead National Recreation Area, Arizona and Nevada, and for other purposes, introduced by Mr. BIBLE, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

ASSISTANCE FOR SCHOOL CONSTRUCTION IN CERTAIN AREAS

Mr. COTTON. Mr. President, I introduce, for appropriate reference, a bill extending for 2 years the provisions of title III of Public Law 815 of the 81st Congress relating to assistance for school construction in federally impacted areas.

The present law expires June 30, 1956, so far as the receipts of applications for Federal assistance are concerned, and the federally connected children who come into the schools after that date cannot be counted for purposes of computing payments under the act.

Unless the law is extended for an additional period, there will be a most unfortunate discrimination against many school districts in the country, including at least one in my State of New Hampshire.

The last session of Congress authorized, under the Capehart housing program, approximately 105,000 housing units for military personnel, all of which must be under contract by September 30, 1956. Relatively few of these units will be completed and occupied by June 30, 1956, when the present act expires.

Some 1,500 of these military housing units have been programed for the new Air Force base at Portsmouth, N. H. The staffing of that base will throw an estimated 700 additional children on the facilities of the Portsmouth School Board. All of that burden, occasioned entirely by Federal defense activity, will be felt after the expiration date of the present law. In fact, the present plans call for the housing units to be complete and occupied in July and August of 1956. So none of the children will be present on June 30, 1956, the present cutoff date, but most of them will have moved in and be ready when school opens in September of this year.

Therefore, I am introducing this bill to extend the provision of title III of Public Law 815, in accordance with the recommendations of President Eisenhower in his state of the Union and budget messages.

The bill, of course, authorizes only limited Federal aid for school construction in those areas where the activities of the Federal Government have contributed significantly to a shortage of classrooms.

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

The bill (S. 3062) to amend Public Law 815, 81st Congress, in order to extend for 2 years the program of assistance for school construction under title III of such law, introduced by Mr. COTTON, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

SALE OF GOVERNMENT-OWNED SYNTHETIC RUBBER PLANT, INSTITUTE, W. VA.

Mr. FULBRIGHT. Mr. President, I submit, for appropriate reference, a resolution, pursuant to Public Law 336 of this Congress, disapproving the proposed sale of the synthetic rubber plant at Institute, W. Va., to Goodrich-Gulf Chemicals, Inc.

I shall not now take the time to read to the Senate a statement I have prepared, indicating the necessity for the adoption of the resolution. I ask unanimous consent that the text of the resolution and also the statement, prepared by me, explaining the reasons for its submission, be printed in the RECORD.

The PRESIDENT pro tempore. The resolution will be received and appro-

priately referred; and, without objection the resolution and statement will be printed in the RECORD.

The resolution (S. Res. 197) to oppose sale of Government-owned synthetic rubber plant at Institute, W. Va., was referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Resolved, That the Senate does not favor sale of the Government-owned synthetic rubber plant at Institute, W. Va., known as Plancor No. 980, as recommended in the report of the Rubber Producing Facilities Disposal Commission.

The statement presented by Mr. FULBRIGHT is as follows:

STATEMENT BY SENATOR FULBRIGHT

On January 12, 1956, the Rubber Producing Facilities Disposal Commission filed a report recommending this sale. This report has been refererd to the Banking and Currency Committee.

Under the law the proposed sale will become final unless either House adopts a resolution of disapproval before the expiration of 30 days of continuous session from the filing of the Commission's report. The resolution I am introducing is the appropriate vehicle for hearings to review the proposed sale.

In my judgment such a review is necessary.

Under the law, the Attorney General was required to advise the Disposal Commission whether a proposed sale would violate the antitrust laws and whether a proposed sale would "best foster the development of a free, competitive synthetic rubber industry." The Attorney General's advice to the Commission is set forth in the report.

In the report the Attorney General states:

"Prior to the Commission's decision to sell the Institute plant to Goodrich-Gulf, we advised the Commission that a sale of that plant to Goodrich-Gulf or to Goodyear Synthetic Rubber Corp. would not best foster the development of a free, competitive synthetic rubber industry, since such disposal would add significantly to the substantial position presently held by these companies in the field of synthetic rubber."

Later, after the Commission had decided that only Goodrich-Gulf had offered a purchase price equal to the full, fair value of the plant, the Attorney General decided that the sale would best foster the development of a free, competitive synthetic rubber industry.

The Attorney General, considering whether the sale would violate section 7 of the Clayton Act, said:

"Were this a private transaction rather than a sale by the Government subject to the review of the Congress, I would probably request a Federal court to enjoin consummation pending a determination of legality by the court under section 7 of the Clayton Act."

However, apparently proceeding on the basis that section 7 of the Clayton Act applies only to transactions between two corporations and not to acquisitions from the Government, the Attorney General stated:

"In order, however, to permit the Congress to have the final determination, as the law anticipates, I set forth the considerations hereinabove mentioned, and am willing to, and do, express the opinion that the proposed disposal of the Institute plant to Goodrich-Gulf would not violate section 7 of the Clayton Act."

These statements by the Attorney General in my judgment leave the Congress no alternative but to review the proposed sale. In addition, 1 day after the filing of the Disposal Commission's report, the Federal Trade Commission issued a complaint against the B. F. Goodrich Co. and the Texas Co. charging them with antitrust law violations. This also, in my judgment, makes it necessary for us to review the proposed sale.

There is no question that sale of the Institute plant and addition of its output to the supply of synthetic rubber are desirable, under the proper conditions. The increased supply of rubber would be helpful to the rubber consuming industry and the added employment would be welcome in the area. But there may be other and better ways to get the plant into operation without the dangers which the Attorney General suggests are involved in this sale. These should be explored fully.

Accordingly, I wish to announce that the Banking and Currency Committee will hold hearings on the proposed sale on next Wednesday, February 1, at room 303, Senate Office Building. I have asked the Attorney General, the chairman of the Federal Trade Commission and other witnesses to testify.

It seems appropriate also to point out at this time that we now have additional evidence that the sales prices under last year's disposal program were unnecessarily low. Last year some of us argued that selling for only $260 million an industry which had earned an average of about $66 million was even more than a cut rate bargain. Apparently, the bargain, from the standpoint of the big rubber and oil companies, was even greater than we thought. The Federal Facilities Corporation report for the fiscal year 1955 has now been received and we find that the Government collected over $80 million from these plants during the year, even though all but one of the plants was transferred to the buyers in April of 1955.

In addition, you will recall that last year no one even put in a bid for Institute, supposedly the least efficient and least desirable of all the GR–S plants. Now a price of $90 a ton of capacity is offered. This is actually higher than the rate realized last year on three of the plants and very close to the per ton rates received for a number of the other plants.

Mr. FULBRIGHT. Mr. President, I very urgently request Members of the Senate to read the remarks explaining the resolution, because it is very easy to misapprehend its purpose and the occasion for it.

PROPOSED PEA RIDGE BATTLEFIELD NATIONAL PARK — ADDITIONAL COSPONSOR OF BILL

Mr. FULBRIGHT. Mr. President, on yesterday, I introduced the bill (S. 3047) to provide for the establishment of the Pea Ridge Battlefield National Park, in the State of Arkansas. I ask unanimous consent that the name of my colleague, the senior Senator from Arkansas [Mr. MCCLELLAN] be added as cosponsor of the bill the next time it is printed.

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

WEATHER FORECASTING SERVICES FOR AGRICULTURE (S. DOC. NO. 97)

Mr. ELLENDER. Mr. President, on July 11 of last year the Senate requested the Secretary of Commerce and the Secretary of Agriculture to report to the Committee on Agriculture and Forestry the steps taken to improve and extend the horticultural and agricultural weather forecasting service. That report has been made and filed with the committee. I ask unanimous consent that it be printed as a Senate document, with an illustration, and referred to the Committee on Agriculture and Forestry.

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

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

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

By Mr. DIRKSEN:

Address delivered by the Vice President at salute to Eisenhower dinner in Chicago, Ill., on January 20, 1956.

By Mr. NEUBERGER:

Press release regarding speech by him at the Madison Avenue Baptist Church in New York City on January 25, 1956.

AMERICAN FOREIGN POLICY

Mr. SMITH of New Jersey. Mr. President, in connection with the matters relating to foreign policy which I recently had printed in the RECORD, I now ask unanimous consent that there be printed in the body of the RECORD an editorial entitled "The President's Press Conference," which appeared in the New York Herald Tribune of Friday, January 20, 1956.

I also ask unanimous consent to have printed in the body of the RECORD two statements having to do with the recent Geneva parley between our representatives and the Chinese representatives, who were trying to get together in connection with troubles and problems involving China. One of the statements appeared in the New York Times of January 19, 1956, and is entitled, "Text of Red China's Statement on Geneva Parley." The other article appeared in the New York Times of January 22, 1956, and is entitled "United States Statement on Geneva Negotiations With Chinese Reds Over Taiwan."

It seems to me the statements should appear in the RECORD in connection with the other foreign policy statements I placed in the RECORD a day or two ago.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from New Jersey?

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

[From the New York Herald Tribune of January 20, 1956]

THE PRESIDENT'S PRESS CONFERENCE

President Eisenhower's first press conference in Washington in 5½ months formed a notable contrast to his meeting with reporters in Key West. Then his health was, almost exclusively, the subject of the questions. Yesterday they covered a much wider range, although the great decision facing the President undoubtedly preoccupied the correspondents.

By reading his letter to New Hampshire, on his attitude toward the inclusion of his name in that State's primaries, the President was able to give a comprehensive answer—as comprehensive as is now possible—on the subject of a second term. Mr. Eisenhower made it clear that he does not intend to make any official objection if his name is placed

on primary ballots. He gives a frank statement on his condition: "normal and satisfactory" progress toward a "reasonable level of strength," but with the necessity for carefully regulating his "future life to avoid fatigue." The President was meticulous in not foreclosing his future decision in any way; he gave assurance that it would be based on "my best judgment on the good of our country."

This covered the ground so far as it can be done at this stage. The President also was asked about Mr. Dulles and the Life magazine article, which the Secretary of State had dealt with in a previous conference. The principal point made by each was that a detailed discussion of "a privately written" article would, in the President's words, "thereby make of it a paper which, if it is going to discuss those subjects, should be most carefully and properly written." But both went on to restate the fundamentals of American policy.

President Eisenhower's affirmation was in these terms: "I am supporting before the world a program of peace. It is really waging peace, based upon moral principles of decency and justice and right. If you are going to do that and are not going to be guilty, every time the thing looks dangerous, of a Munich, you have got to stand firmly."

Such a course involves risk. But in a world where predatory aggressors are at large, there is always risk, which appeasement positively increases. The great fact about Mr. Eisenhower's leadership is that America and the free world have confidence that he will not court war by either appeasement or by truculence. This fact, proved again in his review of the world situation to the newsmen yesterday, is the real reason for "the flood of mail"—"of one tenor only"—that the President has been receiving on the subject of his candidacy. He is vitally important to the country and to the cause of freedom and peace.

[From the New York Times of January 19, 1956]

TEXT OF RED CHINA'S STATEMENT ON GENEVA PARLEY

The Sino-American ambassadorial talks have been going on for more than 4 months without any agreement being achieved on the second item of the agenda ever since agreement was reached on September 10, 1955, on the return of civilians of both sides.

The two sides have not yet entered into discussion of the substance of the two subjects proposed by the Chinese side, that is, abolishment of the embargo and preparations for a Sino-American conference of the Foreign Ministers to discuss the relaxation and elimination of the tension in the Taiwan (Formosa) area.

The American side raised the question of so-called renunciation for the use of force, but has been unwilling to enter into an agreement on this question acceptable to both sides. Moreover, the United States has recently stepped up military activities in the Taiwan area to aggravate the tension, and United States Secretary of State Dulles even renewed the clamors for an atomic war against China.

In these circumstances, the Chinese Government deems it necessary to make public the course of events in the Sino-American talks so as to set forth the stand of the Chinese side.

I

As soon as agreement was reached at the Sino-American talks on the return of civilians of both sides, our side put forward under the second item of the agenda two subjects for discussion—the question of embargo and the question of preparation for Sino-American negotiations at a higher level.

But the American side refused to proceed to any substantive discussion of these two subjects. It was not until October 8, 1955, that the American side suggested that both China and the United States should, first of all, make a declaration in the renunciation of the use of force.

If the so-called renunciation of the use of force means that China and the United States should, in accordance with the purposes and principles of the United Nations Charter, settle peacefully disputes between the two countries without resorting to force, then it is precisely what China has advocated consistently.

It was precisely for the purpose of realizing the principle of nonuse of force in international relations that China proposed at Bandung (Indonesia, at a Conference of Asian-African Nations) that China and the United States should sit down and enter into negotiations.

It was for this same purpose that in the Sino-American ambassadorial talks China proposed the holding of Sino-American negotiations at a higher level. However, the question of nonuse of force in the international relations between China and the United States should in no way be mixed up with the domestic matters of either China or the United States.

So far as the question of Taiwan is concerned, the occupation of China's territory of Taiwan by the United States is an international dispute between China and the United States, while the liberation by the Chinese people of their own territory of Taiwan is China's sovereign right and internal affair.

The Chinese Government has repeatedly declared that it would strive for the liberation of Taiwan by peaceful means so far as it is possible. But this internal affair of China's cannot possibly be a subject of the Sino-American talks.

II

After making clear in the talks its abovementioned stand, the Chinese side put forward on October 28, 1955, a draft agreed announcement of the Ambassadors of China and the United States on the question of renunciation of the use of force as raised by the American side. The text of the draft anouncement reads as follows:

"Ambassador Wang Ping-nam, on behalf of the Government of the People's Republic of China, and Ambassador U. Alexis Johnson, on behalf of the Government of the United States of America, jointly declare:

"In accordance with article 2, paragraph 3 of the United Nations Charter, 'all members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered.'

"And in accordance with article 2, paragraph 4 of the United Nations Charter, 'all members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations.'

"The People's Republic of China and the United States of America agree that they should settle disputes between their two countries by peaceful means without resorting to the threat or use of force.

"In order to realize their common desire the People's Republic of China and the United States of America decide to hold a conference of foreign ministers to settle through negotiations the question of relaxing and eliminating the tension in the Taiwan area."

If there is sincerity on both sides there should not be any difficulty in reaching an agreement on the basis of this draft announcement submitted by the Chinese side. The United States is a member of the United Nations. It should not have any objection to the explicit provisions of the United Nations Charter.

The United States has resorted to the use and threat of force against China in the Taiwan area, thus creating tension there. In order that the principle of nonuse of force stipulated in the United Nations Charter may be realized in Sino-American relations, it is obvious that only through a Sino-American conference of the foreign ministers will it be possible to settle the question of the relaxation and elimination of the tension in the Taiwan area.

III

However, in the course of the talks, the American side expressed unwillingness to have particular stipulations of the United Nations Charter specifically mentioned in the announcement, or to have the announcement explicitly provide for the holding of a Sino-American conference of the foreign ministers. It was not until November 10, 1955, that it, two whole months after both sides reached agreement on the first agenda item, that the American side for the first time put forward in concrete form its own draft announcement concerning the renunciation of the use of force. The substantive part of the draft announcement put forward by the American side reads as follows:

"Ambassador U. Alexis Johnson, on behalf of the United States of America, informed Ambassador Wang Ping-nan that:

"In general, and with particular reference to the Taiwan area, the United States of America renounces the use of force, except in individuals and collective self-defense.

"Ambassador Wang Ping-nan, on behalf of the People's Republic of China, informed Ambassador U. Alexis Johnson that:

"In general, and with particular reference to the Taiwan area, the People's Republic of China renounces the use of force, except in individual and collective self-defense."

Just as the Chinese side has pointed out in the talks, the draft announcement put forth by the American side is in substance an attempt to confuse the international dispute between China and the United States in the Taiwan area with the domestic matter between the Chinese Government and the Chiang Kia-shek clique and a demand that China accept the status quo of the United States occupation of China's territory, Taiwan, and give up its sovereign right to liberate Taiwan.

That is absolutely unacceptable to China. Taiwan is China's territory. There can be no question of defense, so far as the United States is concerned. The United States has already used force and the threat of force against China in the Taiwan area. Therefore, should one speak of defense, it is precisely China which should exercise its right of defense to expel such force and threat. Yet the United States has demanded the right of defense in the Taiwan area. Is this not precisely a demand that China accept continued United States occupation of Taiwan and that the tension in the Taiwan area be maintained forever?

IV

Nevertheless in order that the talks may progress step by step, the Chinese side made another effort and on December 1, 1955, put forward the following new draft:

"Ambassador Wang Ping-nan, on behalf of the government of the People's Republic of China, and Ambassador U. Alexis Johnson, on behalf of the Government of the United States of America, agree to announce:

"The People's Republic of China and the United States of America are determined that they should settle disputes between their two countries through peaceful negotiations without resorting to the threat of force.

"The two ambassadors should continue their talks to seek practical and feasible means for the realization of this common desire."

The Chinese side holds that the only practical and feasible means for settling disputes between China and the United States, particularly a serious question such as the tension in the Taiwan area, is a Sino-American conference of the foreign ministers.

However, in order to promote the progress of the talks, the Chinese side has agreed to issue first the above announcement and then the ambassadors of the two sides will discuss and decide upon the specific question of holding a Sino-American conference of the foreign ministers. At the same time, it should be pointed out that since the United States has already used force and the threat of force against China in the Taiwan area, it would not be possible to realize the desire expressed in the above announcement if agreement is not reached at the Sino-American ambassadorial talks on the holding of a Sino-American conference of the foreign ministers.

It can thus be seen that if the United States Government really has the sincerity to renounce the use or threat of force, it has no reason whatsoever to continue to drag out the talks instead of entering into agreement on our new draft.

V

However, in three consecutive meetings following out putting forward of this new draft, the American side refused to make any specific comments, expressing neither opposition nor agreement to it. It was not until January 12, 1956, that the American side put forward a counter-proposal. The full text of it reads as follows:

"Ambassador U. Alexis Johnson, on behalf of the Government of the United States of America, and Ambassador Wang Ping-nan, on behalf of the Government of the People's Republic of China, agree to announce:

"The United States of America and the People's Republic of China are determined that they will settle disputes between them through peaceful means, and that, without prejudice to the inherent right of individual and collective self-defense, they will not resort to the threat or use of force in the Taiwan area or elsewhere.

"The two Ambassadors should continue their talks to seek practical and feasible means for the realization of this common desire."

It is obvious that in substance there is no difference whatsoever between this counter-proposal of the American side and its November 10 draft announcement which the Chinese side has firmly rejected long ago. The American side continues to demand that our side accept that the United States has "inherent right of individual and collective self-defense" in China's Taiwan area. That is what our side absolutely cannot accept.

VI

Ever since September 10, 1955, the American side has on the one hand dragged out the discussion of the second item of the agenda and refused to enter into an agreement acceptable to both sides on the question of so-called renunciation of the use of force, while on the other hand it has continuously been haggling over the implementation of the agreement on the first agenda item. As a matter of fact, it is precisely the American side which is violating that agreement. According to the agreement, the United States has the obligation to adopt measures so that the Chinese in the United States can expeditiously exercise their right to return to China. But the American side has up to now failed to furnish our side with a complete name-list and information concerning the Chinese residents and students in the United States, thus making it difficult for India to carry out the tasks of a third country as specified in the agreement.

Recently the United States Government has issued a regulation that the Chinese in the United States must secure entrance permits for Taiwan, openly to deprive them of the right to return to China in the future. There are tens of thousands of Chinese in the United States. Owing to the continued obstructions and threats by the American side in violation of the agreement, the great majority of them have up to now been able or not dared to apply for returning to China. As far as the Americans in China, their number was not very large to begin with. During the Sino-American talks, out of the 59 law-abiding Americans in China, all 16 who applied have been permitted to depart. Even among the 40 Americans who committed offenses against the law in China 27 have been released before the completion of their sentences as a result of the lenient policy of the Chinese Government. In spite of these facts, the American side still kept raising groundless charges in the talks. This can only be interpreted as an attempt to shirk its responsibility for violating the agreement and to manufacture a pretext for dragging out the talks.

VII

The tension in the Taiwan area is the key issue between China and the United States, and the root of the tension is United States armed occupation of China's territory. Nevertheless, the Chinese side still advocates settlement of this dispute between China and the United States through negotiation and has been striving constantly in the Sino-American ambassadorial talks for finding a practical and feasible means to achieve this aim. The American side, however, has deliberately dragged out the Sino-American talks and refused to enter into agreement on the means for the relaxation and elimination of the tension in the Taiwan area, and on the contrary demands that China accept the status quo of United States armed occupation of Taiwan.

In the meantime, United States Secretary of State Dulles again openly cried out recently that in order to hold on to China's territory and infringe China's sovereignty, he would not scruple to start an atomic war. The United States aggressors imagined that this would frighten the Chinese people into giving up their own sovereign rights. But this attempt will never succeed.

In the recent years, the armistice in Korea, the restoration of peace in Indochina, and the withdrawal from the Tachen Islands have successively demonstrated the strength of the world people who fight for peace and uphold justice, and declared the bankruptcy of the policy of positions of strength and atomic intimidation. Should the United States aggressors still want to carry on such a policy of atomic intimidation, they would inevitably encounter great and more disastrous defeats.

The Chinese Government holds that the Sino-American talks should seek practical and feasible means for the relaxation and elimination of the tension in the Taiwan area. The Chinese side has already put forward a reasonable proposal completely acceptable to both sides. The Sino-American talks should speedily reach an agreement on the basis of this reasonable proposal and proceed to settle the question of abolishment of the embargo and the question of preparations for a Sino-American conference of the foreign ministers. To drag out the talks and carry out threats will settle no question.

[From the New York Times of January 22, 1956]

TEXT OF UNITED STATES STATEMENT ON GENEVA NEGOTIATIONS WITH CHINESE REDS OVER TAIWAN

AMBASSADORIAL TALKS AT GENEVA

The Chinese Communists issued a misleading statement on January 18 regarding the Geneva discussions which have been taking place between United States Ambassador [Alexis] Johnson and Chinese Communist Ambassador Wang [Ping-nam]. It is thus necessary that the record be set straight.

These conferences were started last August to discuss the repatriation of civilians and other practical matters at issue.

AGREEMENT TO REPATRIATION OF CIVILIANS

On September 10, 1955 the representatives of both sides, by agreement, issued statements that civilians were entitled to return to their own countries (annex A).

The Communist declaration stated:

"The People's Republic of China recognizes that Americans in the People's Republic of China who desire to return to the United States are entitled to do so, and declares that it has adopted and will further adopt appropriate measures so that they can expeditiously exercise their right to return."

As of today, 4 months after this declaration was made, only 6 out of the 19 for whom representations were being made on September 10 have been released. Thirteen Americans are still in Communist prisons.

As for the United States, any Chinese is free to leave, the United States for any destination of his choosing, and not a single one has been refused exit. The Indian Embassy, which was designated to assist any Chinese who wished to leave, has not brought to the attention of this Government any case of a Chinese who claims he is being prevented from leaving, nor has it stated that it is impeded in any way in carrying out its functions under the terms of the September 10 agreed announcement.

DISCUSSION OF RENUNCIATION OF FORCE

After this agreed announcement was made, the two sides proceeded to discuss "other practical matters at issue between them."

The Communists suggested the topics of the termination of the trade embargo against Communist China and the holding of a meeting by the foreign ministers of both sides.

Ambassador Johnson at the October 8, 1955 meeting, pointed out that progress in further discussions could not be expected in the face of continuing Communist threats to take Taiwan (Formosa) by military force, and suggested that both sides agree to announce that they renounced the use of force generally and particularly in the Taiwan area and agree to settle their differences by peaceful means. The United States representatives made clear that this renunciation of the use of force was not designed to commit the Communists to renounce pursuit of their policies by peaceful means with respect to Taiwan. These proposals were in the terms shown as Annex B.

Three weeks after the United States proposal to renounce the use of force, the Communists on October 27 proposed a draft, a copy of which is shown on Annex C. In this proposal, the Communists pointedly omitted any reference to the Taiwan area, or to the recognition of the right of self defense, and inserted a provision for an immediate meeting of foreign ministers.

This proposal was unacceptable because it would have made it possible for the Communists to claim that the proposal did not apply to the Taiwan area, which is the very place against which the Communist threats are directed, and to claim further that the United States had renounced the right to use force in self defense. Ambassador Johnson further pointed out that consideration of higher level meetings was neither appropriate nor acceptable under existing circumstances.

On November 10, 1955, Ambassador Johnson, in an attempt to reach an acceptable form of declaration, submitted a new draft declaration (Annex D). This made clear that the renunciation of the use of force was without prejudice to the peaceful pursuit of its policies by either side; that it had general application, but applied particularly to the Taiwan area; and that it did not deprive either side of the right of self defense.

The United States proposal was rejected by the Communists, who on December 1, 1955, made a counterproposal (Annex E). This represented an advance over their previous proposal in that it dropped the provision for talks on the foreign minister level in favor of the continuance of ambassadorial talks, but still pointedly omitted any references to the Taiwan area and to recognition of the right of self-defense.

In a further effort to reach agreement, Ambassador Johnson, at the January 12 meeting, suggested two simple amendments to the Communist counterproposal. These were the insertion of the words "without prejudice to the inherent right of individual and collective self-defense" and of the words "in the Taiwan area or elsewhere." This United States revision of the Chinese counterproposal is shown in Annex F.

THE COMMUNIST PUBLIC STATEMENT

This was the status of the discussions when the Communists released their public statement of January 18.

The Communist statement apparently rejects the United State proposal. It states "Taiwan is Chinese territory: There can be no question of defense, as far as the United States is concerned * * * yet the United States has demanded the right of defense of the Taiwan area. Is this not precisely a demand that China accept continued occupation of Taiwan and that the tension in the Taiwan area be maintained forever?" And further, it states: "The American side continues to demand that our side accept that the United States has 'the inherent right of individual and collective self-defense' in China's Taiwan area. This is what our side absolutely cannot accept."

THE UNITED STATES POSITION

Two points must be made clear. First, the United States is not occupying Taiwan, and Taiwan has never been a part of Communist China. The claims of Communist China and the contentions of the United States with respect to this area are well known and constitute a major dispute between them. It is specifically with respect to this dispute that the United States has proposed the principle of renunciation of force and the settlement of differences by peaceful means. This is the principle which the Communists say they have accepted.

In this connection the United States has made completely clear that in renouncing the use of force neither side is relinquishing its objectives and policies, but only the use of force to attain them.

Secondly, the United States has rights and responsibilities in the Taiwan area; also it has a mutual defense treaty. Accordingly it is present in the Taiwan area. The Communist refusal to state that the renunciation of force is without prejudice to the right of self-defense against armed attack can only be interpreted as an attempt to induce the United States to agree that if attacked it will forego the right to defend its lawful presence in this area.

The right of individual and collective self-defense against armed attack is inherent; it is recognized in international law; it is specifically affirmed in the Charter of the United Nations. No country can be expected to forego this right. Indeed the Communists should be as anxious to preserve this right as is the United States.

CONCLUSION

The present exchange makes clear that:

1. Four months after the Communists announced that they would adopt measures to permit Americans in China to return to the United States, 13 Americans are still held in Communist prisons.

2. The United States proposed that the parties renounce the use of force without prejudice to the right of individual and collective self-defense against armed attack, in order that the discussions might take place free from the threat of war.

3. The United States made clear that this renunciation would not prejudice either side in the pursuit of its objectives and policies by peaceful means.

4. The Communists, while stating that they accept the principle of the renunciation of force, have deprived such acceptance of its value by refusing to agree that it is without prejudice to the right of individual and collective self-defense against armed attack and that it is applicable to the Taiwan area.

In short, the Communists so far seem willing to renounce force only if they are first conceded the goals for which they would use force.

The United States, for its part, intends to persist in the way of peace. We seek the now overdue fulfillment by the Chinese Communists of their undertaking that the Americans now in China should be allowed expeditiously to return. We seek this not only for humanitarian reasons but because respect for international undertakings lies at the foundation of a stable international order. We shall also seek with perseverance a meaningful renunciation of force, particularly in the Taiwan area.

ANNEX A

AGREED ANNOUNCEMENT OF THE AMBASSADORS OF THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA

The Ambassadors of the United States of America and the People's Republic of China have agreed to announce measures which their respective Governments have adopted concerning the return of civilians to their respective countries.

With respect to Chinese in the United States, Ambassador Johnson, on behalf of the United States, has informed Ambassador Wang that:

1. The United States recognizes that Chinese in the United States who desire to return to the People's Republic of China are entitled to do so and declared that it has adopted and will further adopt appropriate measures so that they can expeditiously exercise their right to return.

2. The Government of the Republic of India will be invited to assist in the return to the People's Republic of China of those who desire to do so as follows:

A. If any Chinese in the United States believes that contrary to the declared policy of the United States he is encountering obstruction in departure, he may so inform the Embassy of the Republic of India in the United States and request it to make representations on his behalf to the United States Government. If desired by the People's Republic of China, the Government of India may also investigate the facts in any such case.

B. If any Chinese in the United States who desires to return to the People's Republic of China has difficulty in paying his return expenses, the Government of the Republic of India may render him financial assistance needed to permit his return.

3. The United States Government will give wide publicity to the foregoing arrangements and the Embassy of the Republic of India in the United States may also do so.

With respect to Americans in the People's Republic of China, Ambassador Wang Pingnan, on behalf of the People's Republic of China, has informed Ambassador Johnson that:

1. The People's Republic of China recognizes that Americans in the People's Republic of China who desire to return to the United States are entitled to do so, and declares that it has adopted and will further adopt appropriate measures so that they can expeditiously exercise their right to return.

2. The Government of the United Kingdon will be invited to assist in the return to the United States of those Americans who desire to do so as follows:

A. If any American in the People's Republic of China believes that contrary to the declared policy of the People's Republic of China he is encountering obstruction in departure, he may so inform the office of the chargé d'affaires of the United Kingdom in the People's Republic of China and request it to make representations on his behalf to the Government of the People's Republic of China. If desired by the United States, the Government of the United Kingdom may also investigate the facts in any such case.

B. If any American in the People's Republic of China who desires to return to the United States has difficulty in paying his return expenses, the Government of the United Kingdom may render him financial assistance needed to permit his return.

3. The Government of the People's Republic of China will give wide publicity to the foregoing arrangements and the office of the chargé d'affaires of the United Kingdom in the People's Republic of China may also do so.

ANNEX B

UNITED STATES STATEMENT AND PROPOSAL ON RENUNCIATION OF FORCE, OCTOBER 8, 1955

One of the practical matters for discussion between us is that each of us should renounce the use of force to achieve our policies when they conflict. The United States and the People's Republic of China confront each other with policies which are in certain respects incompatible. This fact need not, however, mean armed conflict, and the most important single thing we can do is first of all to be sure that it will not lead to armed conflict.

Then and only then can other matters causing tension between the parties in the Taiwan area and the Far East be hopefully discussed.

It is not suggested that either of us should renounce any policy objectives which we consider we are legitimately entitled to achieve, but only that we renounce the use of force to implement these policies.

Neither of us wants to negotiate under the threat of force. The free discussion of differences, and their fair and equitable solution, become impossible under the overhanging threat that force may be resorted to when one party does not agree with the other.

The United States as a member of the United Nations has agreed to refrain in its international relations from the threat or use of force. This has been its policy for many years and is its guiding principle of conduct in the Far East, as throughout the world.

The use of force to achieve national objectives does not accord with accepted standards of conduct under international law.

The Covenant of the League of Nations, the Kellogg-Briand Treaties, and the Charter of the United Nations reflect the universal view of the civilized community of nations that the use of force as an instrument of national policy violates international law, constitutes a threat to international peace, and prejudices the interests of the entire world community.

There are in the world today many situations which tempt those who have force to use it to achieve what they believe to be legitimate policy objectives. Many countries are abnormally divided or contain what some consider to be abnormal intrusions. Nevertheless, the responsible governments of the world have in each of these cases renounced the use of force to achieve what they believe to be legitimate and even urgent goals. It is an essential foundation and preliminary to the success of the discussions under item 2 that it first

be made clear that the parties to these discussions renounce the use of force to make the policies of either prevail over those of the other. That particularly applies to the Taiwan area.

The acceptance of this principle does not involve third parties, or the justice or injustice of conflicting claims. It only involves recognizing and agreeing to abide by accepted standards of international conduct.

We ask, therefore, as a first matter for discussion under item 2, a declaration that your side will not resort to the use of force in the Taiwan area, except defensively. The United States would be prepared to make a corresponding declaration. These declarations will make it appropriate for us to pass on to the discussion of other matters with a better hope of coming to constructive conclusions.

ANNEX C

CHINESE COMMUNIST DRAFT DECLARATION ON RENUNCIATION OF FORCE, OCTOBER 27, 1955

1. Ambassador Wang Ping-nan on behalf of the Government of the People's Republic of China and Ambassador Johnson on behalf of the Government of the United States of America jointly declare that:

2. In accordance with article 2, paragraph 3, of the Charter of the United Nations, "All members shall settle their international disputes by peaceful means in such a manner that international peace and security and justice are not endangered"; and

3. In accordance with article 2, paragraph 4, of the Charter of the United Nations, "All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations";

4. The People's Republic of China and the United States of America agree that they should settle disputes between their two countries by peaceful means without resorting to the threat or use of force.

5. In order to realize their common desire, the People's Republic of China and the United States of America decide to hold a conference of foreign ministers to settle through negotiations the question of relaxing and eliminating the tension in the Taiwan area.

ANNEX D

UNITED STATES DRAFT DECLARATION ON RENUNCIATION OF FORCE, NOVEMBER 10, 1955

1. The Ambassador of the United States of America and the Ambassador of the People's Republic of China during the course of the discussions of practical matters at issue have expressed the determination that the differences between the two sides shall not lead to armed conflict.

2. They recognize that the use of force to achieve national objectives does not accord with the principles and purposes of the United Nations Charter or with generally accepted standards of international conduct.

3. They furthermore recognize that the renunciation of the threat or use of force is essential to the just settlement of disputes or situations which might lead to a breach of the peace.

4. Therefore, without prejudice to the pursuit by each side of its policies by peaceful means they have agreed to announce the following declarations:

5. Ambassador Wang informed Ambassador Johnson that:

6. In general, and with particular reference to the Taiwan area, the People's Republic of China renounces the use of force, except in individual and collective self-defense.

7. Ambassador Johnson informed Ambassador Wang that:

8. In general, and with particular reference to the Taiwan area, the United States renounces the use of force, except in individual and collective self-defense.

ANNEX E

CHINESE COMMUNIST DRAFT COUNTERPROPOSAL FOR AN AGREED ANNOUNCEMENT DECEMBER 1, 1955

1. Ambassador Wang, on behalf of the Government of the People's Republic of China, and Ambassador Johnson on behalf of the Government of the United States of America, agree to announce:

2. The People's Republic of China and the United States of America are determined that they should settle disputes between their two countries through peaceful negotiations without resorting to the threat or use of force;

3. The two ambassadors should continue their talks to seek practical and feasible means for the realization of this common desire.

ANNEX F

UNITED STATES REVISION OF CHINESE COMMUNIST DECEMBER 1 COUNTERPROPOSAL

1. Ambassador Wang, on behalf of the Government of the People's Republic of China, and Ambassador Johnson, on behalf of the Government of the United States of America, agree to announce:

2. The People's Republic of China and the United States of America are determined that they will settle disputes between them through peaceful means and that, without prejudice to the inherent right of individual and collective self-defense, they will not resort to the threat or use of force in the Taiwan area or elsewhere.

3. The two ambassadors should continue their talks to seek practical and feasible means for the realization of this common desire.

THE PRESIDENT'S HEALTH MESSAGE

Mr. SMITH of New Jersey. Mr. President, today we had the honor of receiving the special health message of President Eisenhower to the Congress.

The President's recommendations are forward-looking and constructive, and represent a well-balanced program to improve the health of our people.

It is the third time President Eisenhower has sent to the Congress a comprehensive series of health recommendations. In 1954 Congress enacted, at the President's recommendations, a broadening and expansion of the hospital construction program and an expanded vocational rehabilitation program. In 1955, at the first session of the present 84th Congress, we failed to enact significant health legislation, other than a bill for a study in the mental health field and the Poliomyelitis Vaccination Assistance Act.

This year, I fervently hope that we can take more vigorous action on health measures. As in the past, I am sure this can be achieved—and must be achieved—on a bipartisan basis. My colleague, the distinguished chairman of the Senate Labor and Public Welfare Committee, the senior Senator from Alabama [Mr. HILL], has a keen interest in health legislation; and I am confident that we shall work together harmoniously and effectively in giving consideration to the recommendations made by the President.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a brief outline of the President's recommendations. I have prepared the outline for the use of the Senate.

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

The President's health message covers five broad areas:

1. Medical research;
2. Grants for the construction of medical research and training facilities;
3. Steps to alleviate health personnel shortages;
4. Meeting the costs of medical care; and
5. Other basic health services.

I would like to say a few words about each of these areas and refer to the legislation involved.

1. MEDICAL RESEARCH

I do not need to tell any Member of this body about the tremendous value and importance of medical research.

The President has effectively recognized this by including a 28 percent increase in his budget for the National Institutes of Health. In actual research grants, the percentage increase is much larger—47 percent. These increases, if granted, would represent the largest expansion of medical research support by the Federal Government in its history.

These budget requests will, of course, be handled by the Appropriations Committees. I urge their most sympathetic consideration.

2. MEDICAL RESEARCH AND TEACHING FACILITIES

The President points out that medical research, as well as medical training, is dependent on having the necessary physical facilities. He emphasizes the close interrelationship of medical research and teaching, with the medical school as the situs of both.

The needs of our medical schools for construction funds are well known. Our committee only last year heard testimony from the deans of the medical schools describing their plight. We know that the lack of good research and teaching space is going to hamper our research efforts in the future, unless the groundwork is now laid for a large expansion. Furthermore, we know that medical schools cannot expand their enrollments unless their facilities are enlarged.

For these reasons, the President has proposed a 5-year $250 million construction program for schools of medicine, osteopathy, public health, and dentistry, as well as other research institutions. These institutions would be required to supply at least equal amounts in matchng funds.

I propose to introduce tomorrow or Monday a bill to carry out this recommendation, and I call upon any of my colleagues who so desire to join with me in sponsoring this important legislation. The proposal is a bold one and a sound one. It is the only proposal of its type—to the best of my knowledge—which is clearly cognizant of and reflects in its structure the ever-increasing interdependency of the research and teaching functions in our great centers of medical learning. This bill, in brief, will combine—in a carefully thought out way—the best features of the various research construction and medical school aid bills which have been heretofore introduced.

3. HEALTH PERSONNEL

The President's health message underscores the fact that the increasing demand for health services and the increasing complexities of medical science will require more trained personnel in the health field. There are definite shortages in many of the health specialties.

The President points out that the increase in funds requested for the National Institutes of Health and the National Science Foundation will permit a major increase in trainees and research fellows.

He also points out that the construction-grant program will give medical, dental, and

other schools an opportunity to expand their enrollments.

In the nursing field, the President reiterates two recommendations which he made last year:

1. A 5-year program of grants for the training of practical nurses—this is contained in title III of S. 886, the administration's health bill which I introduced last year; and

2. Traineeships for graduate nurses, helping them to acquire the special skills needed for supervisory and administrative work in hospitals. This proposal is a part of title IV of S. 886.

Finally, the President recommends that the Public Health Service be granted authority to establish traineeships in other public health specialties. This is also covered in title IV of S. 886.

4. MEETING THE COSTS OF MEDICAL CARE

The President in his message has again stated the policy of his administration of encouraging the further expansion of voluntary health insurance. He expresses particular concern for covering older persons, those living in rural areas, the self-employed, and others working in small organizations who cannot be reached through ordinary group enrollment methods. The President also again emphasizes the need for protection against major medical expenses, sometimes called protection against "catastrophic illness" costs.

The President, consistent with his position since he took office, believes that the Federal Government can assist in encouraging the more rapid expansion and improvement of voluntary health insurance. His message refers to the expansion and improvement which has occurred in the last 2 years, since the introduction of the administration's reinsurance bill.

It is the belief of the administration that private insurance and prepayment plan organizations would be encouraged to progress more rapidly in developing broader coverage if permitted to pool their efforts. With this in mind, the administration is considering proposals which would authorize joint development of new plans and policies by a number of carriers or prepayment plans. If new plans or policies were developed through the efforts of such a pool, those plans and policies could be put into effect by any insurer. Thus, there would be a great stimulus to further competition and wider extension of benefits to the American people.

The President's message emphasizes his intention to press again for enactment of a Federal reinsurance service if a practical plan for pooling by organizations without the participation of the Federal Government cannot be developed. The Federal reinsurance plan, as previously proposed by the President, is embodied in title I of S. 886.

The health message again calls for enactment of a program of improved medical care for public assistance recipients—the most indigent group in our population. In order to alleviate the effect of the present $55 maximum for Federal sharing in public assistance payments by States and localities to individuals, the President proposes that the Federal Government be permitted to share, on a 50–50 basis, in a pooled fund from which payments could be made to individuals in excess of the present $55 maximum for Federal sharing. This program would give great incentive to improved medical care programs for the indigent in the State and localities, and would help to insure better health care for a segment of our population which clearly cannot afford voluntary health insurance premiums. It is my understanding that members of the Senate Finance Committee—to which this bill would be referred, since it relates to the public assistance titles of the Social Security Act—will introduce a bill embodying this improved medical care program for those on relief.

5. STRENGTHENING BASIC HEALTH SERVICES

The final portion of the President's health message encompasses a variety of important programs and proposals, all of which contribute to improving the public health.

The first one is a vitally important measure which would enable the Public Health Service to obtain accurate and up-to-date information on the incidence and effects of illness and disability in the country. We as legislators cannot develop sound legislation unless we have the facts and data on which to base our thinking. Nor can research be directed to our most urgent problems, or the execution of our health programs be carried out most effectively, unless we have improved statistical data. For this reason, I propose to introduce a bill which would facilitate recurring health surveys, on a sampling basis, which would be kept constantly up to date. The President's budget for fiscal 1957 contains $1 million for this proposal.

With respect to physical facilities in which medical care and treatment can be given, the President offers a two-pronged approach: (1) An extension of the Hospital and Medical Facilities Construction and Survey Act for a 2-year period; and (2) a program of Federal insurance for mortgage loans made by private lending institutions for the construction of hospitals, clinics, nursing homes, and other types of private medical facilities. I propose to introduce a bill to extend the Hill-Burton program, and the second proposal is embodied in title II of S. 886.

I wish to call to the attention of the Congress that the President has called for a $19 million increase in funds to expand construction under the Hospital and Medical Facilities Construction and Survey Act. This would represent a 17 percent increase.

A third area which requires the urgent attention of the Congress is the improvement of the Indian health program. You will recall, under legislation enacted by the 83d Congress, the administration of the Indian health program was transferred from the Bureau of Indian Affairs to the Public Health Service. Legislation is now needed which will authorize the Public Health Service to construct and maintain urgently needed sanitary facilities for the Indian population. A bill will be introduced shortly to carry out this program.

A fourth area of need is in the field of mental health. Last year the President recommended authorization of a new program of mental health project grants, aimed particularly at improving care in mental institutions and of reducing the length of stay in these institutions. That proposal is embodied in title VI of S. 886. While the study bill which the Congress enacted last year was indeed a worthy one, we must accompany it with an action program—and the President has pointed the way to the most effective type of action program which can be instituted at this time. I hope that we will not delay in enacting title VI of S. 886 or its equivalent.

In the field of air and water pollution, the President proposes increased appropriations, and expresses the necessity of extension of the Water Pollution Control Act, which expires this June 30.

I am pleased to say that this body last year reported S. 890, a bill to extend the Water Pollution Control Act, and that that bill is now pending in the House.

The President also recommends extension of the Poliomyelitis Vaccination Assistance Act—and the bill to effectuate this was reported by the Senate Labor and Public Welfare Committee.

The President has also called for increased support for the Food and Drug Administration, the expanded vocational rehabilitation program, and the veterans' medical program.

Mr. SMITH of New Jersey. In conclusion, Mr. President, I wish to say that we have had placed before us this morning a broad and comprehensive statement of the most urgent areas of need of the Nation in the health field. The President has laid before us a practical program for immediate action. It is one that combines proposals for research, for obtaining more trained personnel, for building more facilities, and for helping to meet the costs of medical care.

I commend the President for his continued emphasis on the importance of improving the health of the people of our Nation. I commend him further for proposals which preserve the traditional role of the Federal Government—as a partner, rather than a dominating authority.

It now is up to the Congress to consider the President's program, to consider other proposals which may be made, and to enact at this session sound and effective health legislation.

Mr. ALLOTT. Mr. President, the President's special message on health, which was delivered to the Congress at noon today, is truly an example of statesmanship of a high order. It is a state of the Union message on the state of the Nation's health and, as such, it is a document which deserves the careful attention of all Americans. Our national health, the President tells us, is good—and this is heartening, indeed—but much can be done to improve it. He then proceeds to outline a comprehensive and balanced program of measures which can be taken by Government, voluntary effort, industry, and the individual citizen. The measures deal with research, medical care, professional health manpower, and basic health services. This is a sound and an orderly program, which should be speedily enacted by the Congress. It deserves the careful consideration of all Americans.

OPINION OF THE SUPREME COURT IN THE TWIN CITY POWER CO. CASE

Mr. MURRAY. Mr. President, I ask unanimous consent that there be printed in the RECORD, at the conclusion of my remarks, a copy of the opinion of the Supreme Court, delivered on January 23, 1956, by Mr. Justice Douglas, in favor of the United States of America, in its appeal against the Twin City Power Co. et al. This case, as I understand it, involved condemnation proceedings by the United States for the land required for right of way for the Clark Hill (Ga.) Dam and Reservoir on the Savannah River. The company, which owned the right-of-way, claimed that "just compensation which the United States must pay by force of the fifth amendment includes the value of the land as a site for hydroelectric power operations." Justice Douglas's opinion, concurred in by the Chief Justice and three Associate Justices, reversed the court of appeals, and held that "to require the United States to pay for this waterpower value would be to create private claims in the eminent domain."

A dissenting opinion by Mr. Justice Burton was concurred in by three other Associate Justices. The dissenting

opinion held that the judgment of the court of appeals in favor of the Twin City Power Co. should be affirmed.

The 5 to 4 majority opinion of the Supreme Court in the Twin City case may be of considerable significance in connection with the acquirement by the United States of the right-of-way for Yellowtail Dam and Reservoir, of the Missouri River Basin project, in Montana. In the case of Yellowtail Dam the Department of the Interior in 1950 offered the Crow Indian tribe $1,500,000 for about 7,000 acres of land required for the dam and reservoir right-of-way. The Crow Tribal Council recently countered with an offer to sell the Indian lands to the Government for $5 million. The tribe, however, insisted on reserving recreation and mineral rights for its own use. Previously, the tribal council had asked for an annual rental of the land of $1 million a year for 50 years, after which it was to own the dam and powerplant. The $5 million offer was a substitute for the higher offer.

The Department of the Interior, through the Bureau of Reclamation, had sought to negotiate with the Crow Tribal Council for fair, just, and adequate compensation for the Yellowtail Dam right-of-way. The tribal council's $5 million offer with reservations was a take-it-or-leave-it proposition, it would seem.

It is my understanding that the Department of the Interior now proposes to request the Department of Justice to institute condemnation proceedings immediately, and to seek an "order for immediate possession," so that construction of the project can proceed while court proceedings or negotiations are going forward.

The Congress in the fiscal year 1956 Appropriations Act appropriated $4 million to start construction of Yellowtail Dam. In the fiscal year 1957 budget, the President has recommended an additional $10,850,000 to continue construction of the dam. The Senate Appropriations Committee, in its report on the fiscal year 1956 bill, instructed the Secretary of the Interior to proceed to get construction started and to report to the committee any problems with respect to right-of-way claims of the Crow Indians.

I have advised the Crow Indian Tribal Council, the Secretary of the Interior, and the Senate Appropriations Committee that I favor full, just, and adequate compensation to the Crow Indians for the Yellowtail Dam right-of-way. I shall insist on that result.

However, construction of Yellowtail Dam must be started promptly if the fiscal year 1956 appropriation is not to be lost. I am advised there is no reason why negotiations cannot proceed after condemnation proceedings are instituted and "an order for immediate possession" entered. Under this order, the tribe would retain title to the land pending final action.

What I fear, Mr. President, is that delay on the part of the Crow Indians will strike a fatal blow to construction of the dam. This will mean loss of jobs to the Crow Indians, as well as loss of needed power production, flood control, and irrigation storage. The threat to monetary return to the Crow Tribe for right-of-way is also serious.

The appraised value of the 7,000 acres of Crow land required for Yellowtail Dam, under the Supreme Court decision, I understand, is less than $50,000, without having the power site value considered, as compared with the $1,500,000 offered the Crow Tribe in 1950, and the $5 million the tribal council is now asking.

In the Twin City Power Co. case in Georgia, the condemnation value fixed by the lower court was $1,257,033, including the power site value. Under the Supreme Court decree, the power company will receive only $150,841.

I am advising the Crow Tribal Council that I shall, as chairman of the Senate committee on Interior and Insular Affairs, join with my Democratic colleagues from Montana in securing from the Congress, by legislation if necessary, for the Crow Indians full, just, and adequate compensation for the Yellowtail Dam right-of-way land. I am also informing the council that, in my opinion, it will be necessary to secure a Federal court order for immediate possession or for the Crow Indians to give the Bureau of Reclamation immediately right of entry to the land, to start construction, while condemnation proceedings or negotiations are in progress.

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

SUPREME COURT OF THE UNITED STATES — No. 21 — OCTOBER TERM, 1955 — UNITED STATES OF AMERICA, PETITIONER, *v.* TWIN CITY POWER COMPANY AND WILLIAM P. DAUCHY, ITS MORTAGEE, ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT, JANUARY 23, 1956

Mr. Justice Douglas delivered the opinion of the Court.

This is a suit for condemnation of land instituted by the United States against respondent power company. A single question of valuation is presented. It is whether the just compensation which the United States must pay by force of the fifth amendment includes the value of the land as a site for hydroelectric-power operations. The Fourth Circuit Court of Appeals held that it does (215 F. 2d 592). The Court of Appeals for the Fifth Circuit reached the same result in litigation involving other lands in the same hydroelectric project (*United States* v. *Twin City Power Co.* (221 F. 2d 299)). We granted the petition for certiorari in the former case because of the importance of the issue presented (348 U. S. 910).

The condemnation proceedings are part of the procedure for completion of the Clark Hill project on the Savannah River, a navigable stream in southeastern United States. The Clark Hill project is the first in a series of steps recommended by the Chief of Army Engineers for the improvement of the basin of that river (H. R. Doc. No. 657, 78th Cong., 2d sess.). That report conceives of the Clark Hill project as serving multiple purposes—hydroelectric, flood control, and navigation. It states that the Clark Hill project, "if suitably constructed and operated primarily for hydroelectric-power development, would incidentally reduce downstream flood damages and improve low-water flows for navigation" (id., p. 3). Congress approved this project as part of "the comprehensive development of the Savannah River Basin for flood control and other purposes" (sec. 10 of the Flood Control Act of 1944, 58 Stat. 887). And see *United States ex rel. Chapman* v. *Federal Power Commission* (345 U. S. 153, 170).

The court of appeals concluded that the improvement of navigation was not the purpose of the taking but that the Clark Hill project was designed to serve flood control and water-power development (215 F. 2d 597). It is not for courts, however, to substitute their judgments for congressional decisions on what is or is not necessary for the improvement or protection of navigation. See *Arizona* v. *California* (283 U. S. 423, 455–457). The role of the judiciary in reviewing the legislative judgment is a narrow one in any case. See *Berman* v. *Parker* (348 U. S. 26, 32); *United States ex rel, TVA* v. *Welch* (327 U. S. 546, 552). The decision of Congress that this project will serve the interests of navigation involves engineering and policy considerations for Congress and Congress alone to evaluate. Courts should respect that decision until and unless it is shown "to involve an impossibility" as Mr. Justice Holmes expressed it in *Old Dominion Co.* v. *United States* (269 U. S. 55, 66). If the interests of navigation are served, it is constitutionally irrelevant that other purposes may also be advanced. *United States* v. *Appalachian Power Co.* (311 U. S. 377, 426); *Oklahoma ex rel. Phillips* v. *Atkinson Co.* (313 U. S. 508, 525, 533–534). As we said in the *Appalachian Power Co.* case, "Flood protection, watershed development, recovery of the cost of improvements through utilization of power are likewise parts of commerce control" (311 U. S., at 426).

The interest of the United States in the flow of a navigable stream originates in the Commerce Clause. That Clause speaks in terms of power, not of property. But the power is a dominant one which can be asserted to the exclusion of any competing or conflicting one. The power is a privilege which we have called "a dominant servitude" (see *United States* v. *Commodore Park Inc.* (324 U. S. 386, 391); *Federal Power Commission* v. *Niagara Mohawk Power Corp.* (347 U. S. 239, 249)) or "a superior navigation easement." *United States* v. *Gerlach Live Stock Co.* (339 U. S. 725, 736). The legislative history and construction of particular enactments may lead to the conclusion that Congress exercised less than its constitutional power, fell short of appropriating the flow of the river to the public domain, and provided that private rights existing under State law should be compensable or otherwise recognized. Such were *United States* v. *Berlach Live Stock Co., supra,* and *Federal Power Commission* v. *Niagara Mohawk Power Corp., supra.* We have a different situation here, one where the United States displaces all competing interests and appropriates the entire flow of the river for the declared public purpose.

We can also put aside such cases as *United States* v. *Kansas City Life Ins. Co.* (339 U. S. 799), where assertion of the dominant servitude in the navigable river injured property beyond the bed of the stream. Here we are dealing with the stream itself, for it is in the water power that respondents have been granted a compensable interest.

It is argued, however, that the special water rights value should be awarded the owners of this land since it lies not in the bed of the river nor below high water but above and beyond the ordinary high-water mark. An effort is made by this argument to establish that this private land is not burdened with the Government's servitude. The flaw in that reasoning is that the landowner here seeks a value in the flow of the stream, a value that inheres in the Government's servitude and one that under our decisions the Government can grant or withhold as it chooses. It is no answer to say that payment is sought only for the location value of the fast lands. That special location value is due to the flow of the stream; and if the United States were required to pay the judgments

below, it would be compensating the landowner for the increment of value added to the fast lands if the flow of the stream were taken into account.

That is illustrated by *United States* v. *Chandler-Dunbar Co.* (229 U. S. 53) the case that controls this one. In that case a private company installed a power project in St. Marys River under a permit from the Government, revocable at will. The permit was revoked, Congress appropriating the entire flow of the stream for navigation purposes. The Court unanimously held that the riparian owner had no compensable interest in the waterpower of which it had been deprived. Mr. Justice Lurton, speaking for the Court, said "Ownership of a private stream wholly upon the lands of an individual is conceivable; but that the running water in a great navigable stream is capable of private ownership is inconceivable" (Id. at 69). The Court accordingly reversed a judgment that awarded the riparian owner what respondents have obtained in this case, *viz.*, "the present money value of the rapids and falls to the Chandler-Dunbar Co. as riparian owners of the shore and appurtenant submerged land" (Id., at 74). The Court said, "The Government had dominion over the waterpower of the rapids and falls and cannot be required to pay any hypothetical additional value to a riparian owner who had no right to appropriate the current to his own commercial use"[1] (Id., at 76). Some of the land owned by the private company was in the bed of the stream, some above ordinary high water. But the location of the land was not determinative. It was the dominion of the Government over the waterpower that controlled the decision. Both in Chandler-Dunbar and in this case it is the waterpower that creates the special value, whether the lands are above or below ordinary high water. The holding in Chandler-Dunbar led us to say in *United States* v. *Appalachian Power Co., supra,* at 424, that the "exclusion of riparian owners" from the benefits of the power in a navigable stream "without compensation is entirely within the Government's discretion." And again, "If the Government were now to build the dam, it would have to pay the fair value, judicially determined, for the fast land; nothing for the waterpower" (Id., 427).

The power company in the present case is certainly in no stronger position than the owner of the hydroelectric site in the Chandler-Dunbar case. While the latter was deprived of a going private power project by the Government, the present private owners never had a power project on the Savannah and as a result of the Government's preemption never can have one.

It is no answer to say that these private owners had interests in the water that were recognized by State law. We deal here with the Federal domain, an area which Congress can completely preempt, leaving no vested private claims that constitute private property within the meaning of the fifth amendment. Location of the lands might under some circumstances give them special value as our cases have illustrated. But to attach a value of water power of the Savannah River due to location and to enforce that value against the United States would go contra to the teaching of Chandler-Dunbar—that the running water in a great navigable stream is capable of private ownership is inconceivable (229 U. S., at 69).

The holding of the Chandler-Dunbar case that waterpower in a navigable stream is not by force of the fifth amendment a compensable interest when the United States asserts its easement of navigation is in harmony with another rule of law expressed in *United States* v. *Miller* (317 U. S. 369, 375).

"Since the owner is to receive no more than indemnity for his loss, his award cannot be enhanced by any gain to the taker. Thus, although the market value of the property is to be fixed with due consideration of all its available uses, its special value to the condemnor as distinguished from others who may or may not possess the power to condemn, must be excluded as an element of market value."

The Court in the Chandler-Dunbar case emphasized that it was only loss to the owner, not gain to the taker, that is compensable (229 U. S., at 76). If the owner of the fast lands can demand waterpower value as part of his compensation, he gets the value of a right that the Government in the exercise of its dominant servitude can grant or withhold as it chooses. The right has value or is an empty one dependent solely on the Government. What the Government can grant or withhold and exploit for its own benefit has a value that is peculiar to it and that no other user enjoys. Cf. *U. S. ex rel. T. V. A.* v. *Powelson* (319 U. S. 266, 273, *et seq.*). To require the United States to pay for this waterpower value would be to create private claims in the public domain.

Reserved.

DISSENTING OPINION

Mr. Justice Burton, with whom Mr. Justice Frankfurter, Mr. Justice Minton, and Mr. Justice Harlan join, dissenting.

The issue here is the determination of the compensation which, under the fifth amendment, must be paid for privately owned fast land adjoining a navigable stream when such land is taken by the United States for a public use. For the reasons hereafter stated, I agree with the courts below that the proper measure of such compensation is the fair market value of the land at the time it is taken, and that this includes recognition of any fair market value of the land that is due to its riparian character.

This issue has confronted the United States ever since it proposed to construct a multipurpose dam across the Savannah River, and found it necessary to acquire privately owned land on which to locate its Clark Hill Dam, plant, and reservoir. Part of the needed land lay in South Carolina on the north bank of the river and the remainder on its south bank in Georgia. Of the 7,000 or more acres thus required, about 4,700, at the heart of the project, are the ones before us. Those in South Carolina are owned by the Twin City Power Co., a South Carolina corporation. Those in Georgia are owned by the Twin City Power Company of Georgia, a Georgia corporation. The latter is a wholly owned subsidiary of the former and the two will be referred to as Twin City.

In 1947 the United States, in 7 proceedings, but under a single program, took possession of the 4,700 acres. It filed 4 actions in the United States District Court for the Western District of South Carolina, and 3 in the corresponding court for the southern district of Georgia. Each sought to condemn the title to some of the property taken and to fix the compensation to be paid for it.

Because of the necessity for proceeding in 2 jurisdictions, the compensation issue has been passed upon by 2 district courts and 2 courts of appeals, as well as by 3 commissioners appointed jointly by the district courts to recommend the compensation to be paid. All of the opinions rendered have held that the fair market value of the land taken should include recognition of the value of its location, availability and exceptional suitability for use as a dam site, plant site, or reservoir basin incidental to a waterpower development. By doing so, they have expressly declined to limit their estimates of the fair market value of the Twin City land merely to its market value for agricultural purposes and the supplying of timber as contended by the Government.[1]

For over 50 years, the land in question has been the subject of frequent consideration and negotiation in connection with the proposed construction of some dam to raise the level of the Savannah River from 60 to 100 feet in that vicinity. Twin City was organized for the development of a hydroelectric plant in this area and began acquiring this property for that purpose in 1901. By 1911, it owned practically all of the land necessary for an integrated site for a hydroelectric power project with a 60-foot head at Price's Island.[2] Under six acts of Congress, passed between 1901 and 1919, Twin City was authorized to build power dams in the Savannah River at Price's Island utilizing the land involved here. The Secretary of War and the Chief of Engineers of the United States approved those plans. The land before us included an excellent dam site where the river narrowed to 900 feet. At appropriate points, the land included sound foundation rock and much clay suitable for earth dam purposes. The stream flow at Price's Island exceeded that of most hydro developments in North Carolina, South Carolina, or Georgia. At all material times, there has been an ample and growing market for the electrical energy to be produced. The area contained substantially no improvements requiring removal and was suited for a reservoir basin extending 11 or more miles up the river.

In 1925, the Federal Power Commission granted Twin City a preliminary permit for a development at Price's Island involving a dam with a 60-foot head of water. In 1926, the Southeastern Power & Light Co. nego-

[1] In the Chandler-Dunbar case an award of compensation was made for the value of the land for a lock and canal, passing "around the falls and rapids." *United States* v. *Chandler-Dunbar Co.* (229 U. S., at 67, 76–78). It may be that the Court was influenced by the fact that on the special facts of the case, the use of the land for canals and locks was wholly consistent with the dominant navigation servitude of the United States and indeed aided navigation. Whatever may be said for that phase of the case, it affords no support for respondent, since waterpower value, held to be compensable by the Court of Appeals, was ruled to be noncompensable in the Chandler-Dunbar case.

[1] See opinion of District Judge Wyche speaking in 1949 for the district courts for the western district of South Carolina and the southern district of Georgia (86 F. Supp. 467); report of commissioners in 1953 (R. 14); opinion of District Judge Wyche confirming in 1953 the Commissioner's report which also was confirmed by District Judge Scarlett for the southern district of Georgia (114 F. Supp. 719); opinion of District Judge Wyche, sitting with District Judge Scarlett, overruling in 1953 motion to amend findings and enter a new judgment (R. 55); opinion of Chief Judge Parker in 1954 joined by Circuit Judges Soper and Dobie, constituting the Court of Appeals for the Fourth Circuit (215 F. 2d 592); and opinion of Chief Judge Hutcheson in 1955 joined by Circuit Judge Holmes and District Judge Dawkins, constituting the Court of Appeals for the Fifth Circuit (221 F. 2d 299). See also, opinion rendered in 1947 in *Savannah River Electric Co.* v. *Federal Power Commission* (164 F. 2d 408), by the Court of Appeals for the Fourth Circuit.

[2] Twin City's 4,700 acres would include all except about 170 acres of the land and rights necessary for the location of a dam, plant, and reservoir basin with a 60-foot head of water at Price's Island. A 60-foot head at that point with a 5-foot surcharge would require about 400 additional acres instead of 170, a 70-foot head with a 5-foot surcharge, 1,250 acres, and an 80-foot head with a 5-foot surcharge, 2,800 acres. The Twin City land was not only available but essential for such developments in the vicinity of Price's Island. Cf. *United States ex rel. T. V. A.* v. *Powelson,* 319 U. S. 266; *Olson* v. *United States,* 292 U. S. 246.

tiated with Twin City for the purchase of its land. Shortly thereafter, the Savannah River Electric Co. intervened and obtained a license from the Commission to construct a 90-foot dam for a hydroelectric development which would have absorbed the land now before us. The Savannah River Electric Co. also instituted, but later abandoned, proceedings to condemn the Twin City property. After World War II, the Savannah River Electric Co. applied to the Commission for a permit to construct a dam for the development of water power at a point almost identical with the Clark Hill site. That proposal called for occupation of the Twin City land and negotiations for its purchase were renewed. By then, however, the United States had made plans for its own comprehensive improvement of the Savannah River for flood control, navigation, and power purposes. In 1944, Congress had authorized the Clark Hill project. 58 Stat. 894. In 1947, the efforts of the Savannah River Electric Co. came to an end with its unsuccessful petition for a Federal license.[3] In that year, the Government took possession of the land for its present Clark Hill project, calling for a 130-foot dam about 6 miles below Price's Island and for the complete absorption of the Twin City land.

Included in the 4,707.65 acres to be evaluated are 4.519.15 acres owned in fee, and 188.50 over which Twin City merely has flowage rights.[4] The latter are significant because a market for flowage rights is a recognition of a special value of the land for that use.

There is no need to discuss here the question whether the Clark Hill project, as authorized by Congress, is primarily in the interest of navigation, rather than of flood control or power development, for, in any event, the United States has the power of eminent domain. By payment of just compensation, it may acquire whatever private property may be necessary and appropriate for the project, including the Twin City fast land and flowage rights.

There also is no need to discuss the traditional servitude, generally referred to as the navigation servitude, which the United States enjoys within the banks and bed of the Savannah River. All of the Twin City land and flowage rights involved are located above and beyond the ordinary high-water mark of the river. It is conceded that the United States has a right to exercise its navigation servitude without payment of compensation within the limits of the servitude. There is no claim made here for payment for any value in the flow of the stream for any part of the bed of the river or for any land below the ordinary high-water mark of the river.[5]

"It is not the broad constitutional power to regulate commerce, but rather the servitude derived from that power and narrower in scope, that frees the Government from liability in these cases. (*United States* v. *Chicago, M. St. P. & P. R. Co.* (312 U. S. 592), and *United States* v. *Willow River Power Co.* (324 U. S. 499).) When the Government exercises this servitude, it is exercising its paramount power in the interest of navigation, rather than taking the private property of anyone. The owner's use of property riparian to a navigable stream long has been limited by the right of the public to use the stream in the interest of navigation. See Gould on Waters, chapter IV, sections 86–90 (1883); I Farnham, Waters and Water Rights, chapter III, section 29 (1904). This has applied to the stream and to the land submerged by the stream. There thus has been ample notice over the years that such property is subject to a dominant public interest. This right of the public has crystallized in terms of a servitude over the bed of the stream. The relevance of the high-water level of the navigable stream is that it marks its bed. Accordingly, it is consistent with the history and reason of the rule to deny compensation where the claimant's private title is burdened with this servitude but to award compensation where his title is not so burdened." *United States* v. *Kansas City Ins. Co.* (339 U. S. 799, 808).[6]

Similarly, there is no controversy here between the United States, any State, or private landowner as to the paramount right of the United States to take possession of the land in question for the puposes stated. Unlike the situation in *Federal Power Commission* v. *Niagara Mohawk Corp.* (347 U. S. 239), there are no vested water rights claimed here under State law. Twin City does not contest the right of the United States to develop the power resources of the river. It asks only that, to the extent that the United States takes private fast land for public use, it shall pay its fair market value, including its fair market value for riparian uses.

"The statement in that opinion (p. 326) (*Monongahela Navigation Co.* v. *United States* (148 U. S. 312)) that 'no private property shall be appropriated to public uses unless a full and exact equivalent for it be returned to the owner' aptly expresses the scope of the constitutional safeguard against the uncompensated taking or use of private property for public purposes. (*Reagan* v. *Farmers' Loan & Trust Co.* (154 U. S. 362, 399).)

"That equivalent is the market value of the property at the time of the taking contemporaneously paid in money. * * *

"Just compensation includes all elements of value that inhere in the property, but it does not exceed market value fairly determined. The sum required to be paid the owner does not depend upon the uses to which he has devoted his land but is to be arrived at upon just consideration of all the uses for which it is suitable. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future is to be considered, not necessarily as the measure of value, but to the full extent that the prospect of demand for such use affects the market value while the property is privately held. (*Boom Co.* v. *Patterson* (98 U. S. 403, 408). *Clark's Ferry Bridge Co.* v. *Public Service Commission* (291 U. S. 227). 2 Lewis, Eminent Domain, 3d ed., sec. 707, p. 1233. 1 Nichols, Eminent Domain, 2d ed., sec. 220, p. 671.) The fact that the most profitable use of a parcel can be made only in combination with other lands does not necessarily exclude that use from consideration if the possibility of combination is reasonably sufficient to affect market value."[7] (*Olson* v. *United States* (292 U. S. 246, 254–256).)

In the instant case, the Commissioners, the district courts and the court of appeals have applied the above rule. The Commissioners considered all elements of value which they could ascertain with reasonable accuracy, provided those elements were sufficiently assured to be reflected in the fair market value of the premises.[8] In confirming the report of the Commissioners, the district court said:

"Since the award to Twin City of $1,257,033.20 is not the value of its property for any particular purpose but represents its fair market value after considering all of the reasonable uses of the property which were not too remote or speculative, this amount is the 'just compensation' required by the fifth amendment and the applicable statues. * * * This is the amount that in all probability would have been arrived at by fair negotiations between an owner willing to sell and a purchaser desiring to buy" (114 F. Supp., at 725).

The potential use of this land for dam, plant and reservoir purposes is far from speculative in the light of the 50 years of recognition of its availability and suitability

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[3] *Savannah River Electric Co.* v. *Federal Power Commission, supra.*

[4] These 188.50 acres are those on which the flowage rights have been found by the lower courts to be valid and enforceable, as distinguished from the 745.58 acres of options which have been treated by the lower courts as unenforceable. The flowage rights were acquired by Twin City through deeds of purchase and, for reservoir purposes, they are as valuable as a title in fee. They evidence a control over riparian land without which water rights are useless for the development of a hydroelectric project.

[5] The answers filed by the condemnees in this action were so construed by the district court. The United States, relying on *United States* v. *Chandler-Dunbar Co.* (229 U. S. 53), moved to strike portions of the amended answers filed by the condemnees. In denying these motions, the district court said:

"But, I do not understand that the condemnee by its answers claims to have any private property right in the water power capacity or the raw water of the river; neither has it built, nor does it own, any structures in the stream for which it claims compensation. On the contrary, its claim is limited to the fair market value of its fast lands, based upon the most profitable use to which the land can probably be put in the reasonably near future." *United States* v. *1532.63 Acres of Land* (86 F. Supp. 467, 476).

[6] Following the above statement, we illustrated, in a footnote, the limitation of the servitude to the bed of the stream as fixed by its ordinary high-water mark. We showed that in the Chicago case, supra, this Court permitted the overflowing, without compensation, of land within the bed of the stream but denied application of the servitude to nearby land outside of the bed of the stream. The Court also remanded that case for a determination of whether or not certain other lands were within the bed of the stream.

[7] Near this point, there also appears the following statement which has significance here in view of the competition between Twin City and others prior to the taking of the land in question by the United States:

"* * * It is common knowledge that public service corporations and others having that power [of condemnation] frequently are actual or potential competitors, not only for tracts held in single ownership but also for rights of way, locations, sites, and other areas requiring the union of numerous parcels held by different owners. And, to the extent that probable demand by prospective purchasers or condemnors affects market value, it is to be taken into account." (292 U. S., at 256).

See *United States ex rel. T. V. A.* v. *Powelson, supra,* at 275; and also *Grand River Dam* v. *Grand-Hydro* (335 U. S. 359); *United States* v. *Miller* (317 U. S. 369); *McCandless* v. *United States* (298 U. S. 342); *City of New York* v. *Sage* (239 U. S. 57); *Boom Co.* v. *Patterson* (98 U. S. 403, 407–408).

[8] The following are excerpts from the Commissioner's report:

"By reason of their geographical location, these lands and other property rights of Twin City had a peculiar value for water power purposes. * * *

* * * * * *

"All the witnesses in the main, had taken the steam plant comparison method as one of the principal bases for arriving at the water power value of the property of Twin City. * * * In that connection, we wish to make it clear that the figure arrived at by the so-called 'steam plant comparison method' [$1,600,000], was not taken as an absolute guide, or basis, but was used as one of the principal bases, together with numerous other factors considered by these expert witnesses. * * *"

for those purposes. The land was accumulated by Twin City for this very purpose and it is now flooded as part of the Clark Hill project. The steam plant comparison computations made by the Commissioners are substantially uncontroverted. If a purchase price had been sought by negotiation in 1947, it is inevitable that a primary consideration would have been the value of the flowage rights and of the dam and plant locations in relation to water-power development. We cannot realistically imagine that such a negotiation would have been limited to a consideration of the land's timber and its minor value for agricultural uses.[9]

The value recommended by the Commissioners and approved by the courts below includes nothing for strategic or "hold-up" value. It reflects no inflation due to the "taking" of the property by the Government and no deflation due to the absence of other bidders after the Government announced that it would take the property. There was nothing condemned or valued that could be described as "in the flow of the stream." Only the fast land was taken and valued. It is because of that land's location near, but apart from, the flow of the stream that an additional fair market value, long recognized in this land, was recommended and approved below. The location of land is always a factor, and often a primary factor, in determining its market value. Every public utility exercising the right of eminent domain is required to pay it.

Before passage of the Water Power Act, the paramount, but unexercised, right of the Government to control the water power in the Savannah River did not exclude the development of that river under State control. The Water Power Act imposed additional conditions and provided for Federal licensing. (See *Federal Power Commission* v. *Niagara Mohawk Corp.* (347 U. S. 239), and *Grand River Dam Authority* v. *Grand-Hydro* (335 U. S. 359).) But, even though a Federal license then became generally necessary, a substantial market for the fast land still existed, because of its importance to any licensee. Up to the time of its "taking" of the property, the Government was but one of several prospective purchasers.

After the Federal Government announced that it would, itself, develop and use the water power, it still had to acquire fast land for its dam and plant site and for its reservoir basin. Although its taking of the property cut off further competitive bids for the land, the Government had the same constitutional obligation to pay just compensation for whatever private property it took.

A classic comment upon a comparable situation was made by this Court when the Federal Government, after condemning a lock and dam, sought to pay only for the tangible property taken, without recognizing the established value of a franchise issued by a State to exact tolls for the use of the canal and lock. In requiring recognition of the latter value, the Court said:

"And here it may be noticed that, after taking this property, the Government will have the right to exact the same tolls the navigation company has been receiving. It would seem strange that if by asserting its right to take the property, the Government could strip it largely of its value, destroying all that value which comes from the receipt of tolls, and, having taken the property at this reduced evaluation, immediately possess and enjoy all the profits from the collection of the same tolls. In other words, by the contention this element of value exists before and after the taking, and disappears only during the very moment and process of taking. Surely, reasoning which leads to such a result must have some vice, at least the vice of injustice." (*Monongahela Navigation Co.* v. *United States* (148 U. S. 312, 337–338).)

While the United States enjoys special rights in relation to navigable streams, such as its navigation servitude, there is no good reason why, when the Government condemns private property for a public use, its condemnee should not receive from the Government the same measure of just compensation as from other condemnors. If the property taken is private property, the constitutional compensation for it should be the same. That measures includes the "highest and most profitable use for which the property is adaptable * * * to the full extent that the prospect of demand for such use affects the market value while the property is privately held." (*Olson* v. *United States, supra,* at 255.)

"No precedent has been advanced which suggests that a different measure of compensation should be required where the United States rather than the State is the taker of the property for a public project. Nor has any reason been suggested why as a matter of principle or policy there should be a different measure of compensation in such a case. * * *

* * * * *

"The United States no more than a State can be excused from paying just compensation measured by the value of the property at the time of the taking merely because it could destroy that value by appropriate legislation or regulation." (*United States ex rel. T. V. A.* v. *Powelson* (319 U. S. 266, 278, 284). See also, *United States* v. *Cress* (243 U. S. 316, 319, 326–327, 329–330).)

The Government contends, however, that since it need not pay for appropriating the water in the stream, it should not be required to pay for any value in the fast lands that is predicated upon the riparian location of such lands, or their special value in relation to the use of that water. In this connection, the issues decided and the statements made by Justice Lurton for a unanimous Court in *United States* v. *Chandler-Dunbar Co.* (229 U. S. 53), are helpful. The Chandler case was a condemnation proceeding brought by the United States under a special act of Congress relating to all the land and other property between the St. Mary's Falls Ship Canal at Sault Sainte Marie, Mich., and the international boundary to the north. The United States took this land and property so as to improve navigation in these highly navigable waters. It exercised plenary control over the entire river and over everything within its bed up to its ordinary high-water mark. It thus exercised its navigation servitude and eliminated, without compensation, a hydroelectric development which the Chandler-Dunbar Co. had constructed on the latter's submerged land within the bed of the river. That elimination was no longer in issue in this Court. The principal questions related to the district court's awards for water rights claimed by Chandler and for fast land owned by Chandler above and beyond the bed of the river.[10]

1. The district court allowed Chandler $550,000 for the water rights. Chandler, however, established no vested right to such water under State law and this court disallowed the entire claim. It said:

"Unless * * * the water-power rights asserted by the Chandler-Dunbar Co. are determined to be private property, the court below was not authorized to award compensation for such rights. * * *

"Ownership of a private stream wholly upon the lands of an individual is conceivable; but that the running water in a great navigable stream is capable of private ownership is inconceivable" (Id., at 69).

That conclusion is not questioned.

2. In fixing compensation to Chandler for its strip of 8 acres of fast land, the district court allowed for "use for canal and lock purposes, an additional value of $25,000," and for a smaller area consisting of two other parcels of fast land for "its special value for canal and lock purposes an additional sum of $10,000" (Id., at 75). These allowances of additional value for fast lands, due to their suitability and availability for canal and lock purposes, are significant for our present purposes. The court explained them as follows:

"That this land had a prospective value for the purpose of constructing a canal and lock parallel with those in use had passed beyond the region of the purely conjectural or speculative. That one or more additional parallel canals and locks would be needed to meet the increasing demands of lake traffic was an immediate probability. This land was the only land available for the purpose. It included all the land between the canals in use and the bank of the river. Although it is not proper to estimate land condemned for public purposes by the public necessities or its worth to the public for such purpose, it is proper to consider the fact that the property is so situated that it will probably be desired and available for such a purpose. Lewis on Eminent Domain, section 707. (*Boom Co.* v. *Patterson* (98 U. S. 403, 408); *Shoemaker* v. *United States* (147 U. S. 282); *Young* v. *Harrison* (17 Ga., 30); *Alloway* v. *Nashville* (88 Tenn., 510); *Sargent* v. *Merrimac* (196 Mass., 171)" (Id., at 76–77).)

Justice Lurton then reviewed and quoted at length from the opinions in *Boom Co.* v. *Patterson, supra,* and *Shoemaker* v. *United States, supra.*[11]

Coupled with the reasoning of the Court and its quotations from earlier cases, these allowances support the position taken by the lower courts in the instant case. They are "additional values" allowed for the location, special suitability and availability of the riparian land for use in connection with the recognized future public use of the area. In fact, the uses for which the allowances are made are of the very same type as that for which the land has been condemned. There is no allowance for strategic or "holdup" value. The Chandler case thus supplies spe-

[9] The estimate which the Commissioners made of the value of the land based upon its timber and agricultural value, plus an allowance of $5 per acre for the assembly of the title under a single ownership, was about $37 per acre in South Carolina and $31 per acre in Georgia, producing a total of $150,841.85. This contrasts with the $267.02 per acre, and a total "just compensation" of $1,257,033.20, approved by the Commissioners and the courts below.

[10] The allowances of value are here discussed in the following order: (1) for water rights; (2) for value of land for canal and lock purposes; (3) for value of land for general purposes; and (4) for value of land for factory sites contingent upon availability of surplus privately developed electric power. In the text of the Chandler case, at pages 74–75, the value of canal and lock purposes is treated last.

[11] Although erroneously referring to it as having been used in a lower court instruction in the Shoemaker case, Justice Lurton's quotation of the following language lends this Court's approval to it: " 'The market value of the land includes its value for any use to which it may be put, and all the uses to which it is adapted, and not merely the condition in which it is at the present time, and the use to which it is now applied by the owner; * * * that if, by reason of its location, its surroundings, its natural advantages, its artificial improvement or its intrinsic character, it is peculiarly adapted to some particular use—e. g., to the use of a public park—all the circumstances which make up this adaptability may be shown, and the fact of such adaptation may be taken into consideration in estimating the compensation' " (229 U. S., at 78).

cific authority for the decision of the lower courts in the instant case.

3. In fixing the compensation for the same eight acres and the smaller area, the district court also made a basic allowance of $20,000 for the value of the strip "for all general purposes, like residences, or hotels, factory sites, disconnected with water power etc.," and $10,000 in relation to the smaller area for "general wharfage, dock and warehouse purposes" (Id., at 74, 75). This Court upheld both, thereby further demonstrating that the location of land is a proper element to be considered in determining "just compensation."

4. On the other hand, the district court approved one other element of additional value in relation to these land areas which this court rejected. In valuing the 8 acres, the district court allowed an additional value of $20,000 for "use as factory site in connection with the development of 6,500 horsepower, either as a single site or for several factories to use the surplus of 6,500 horsepower not now used in the city" (Id., at 74–75). Likewise, in valuing the smaller area, the district court allowed an additional value of $5,000 in "connection with the canal along the rapids, if used as a part of the development of 4,500 (6,500) horsepower" (Id., at 75). It has been suggested that these rejections are in conflict with the court's simultaneous approval of the additional values of the same land for canal or lock purposes. The Government also claims to find in these rejections some support for its opposition in the instant case to any allowance reflecting the favorable location of the fast land it has taken on the banks of the Savannah River.

The court's reasons for rejecting these particular values in the Chandler case, as expressly stated by Justice Lurton, lend no such support to the Government's position in the instant case. He said:

"These additional values were based upon the erroneous hypothesis that that company [Chandler-Dunbar] had a private-property interest in the waterpower of the river, not possibly needed now or in the future for purposes of navigation, and that that excess or surplus water was capable, by some extension of their works already in the river, of producing 6,500 horsepower.

"Having decided that the Chandler-Dunbar Co. as riparian owners had no such vested property right in the waterpower inherent in the falls and rapids of the river, and no right to place in the river the works essential to any practical use of the flow of the river, the Government cannot be justly required to pay for an element of value which did not inhere in these parcels as upland" (Id., at 75–76).

In other words, the rejected values were not part of the fair market value of the land for any assured use. They sought to recognize a value in the fast land for factory sites which were conditioned upon there being excess water in the stream not needed by the Government for navigation, and further conditioned upon the development by Chandler of structures in the bed of the stream to develop 6,500 additional horsepower from this excess water. Not only was there found to be no such excess water but Chandler's potential power development within the bed of the stream was expressly disallowed. The rejection thus was due to the speculative nature of the proposed use and not to the favorable riparian location of the land for assured uses. It was thoroughly consistent with the Court's allowance of established values of the land for canal and lock purposes.

To accept the Government's position in the instant case would, in effect, extend its navigation servitude far above and beyond the high-water mark of the Savannah River. In the face of decisions uniformly limiting that servitude to the bed of the stream, the Government would take 4,700 acres of private property for a public use, substantially without compensation therefor. This would enforce the Government's right of condemnation, while repudiating its constitutional obligation to pay for the private property taken.

The justice of sustaining the interpretation placed on the fifth amendment by the courts below is emphasized in the following statements made by this Court in *Monongahela Navigation Co.* v. *United States* (148 U. S. 312, 324, 325):

"The question presented is not whether the United States has the power to condemn and appropriate this property of the Monongahela Co., for that is conceded, but how much it must pay as compensation therefor. Obviously, this question, as all others which run along the line of the extent of the protection the individual has under the Constitution against the demands of the Government, is of importance; for in any society the fullness and sufficiency of the securities which surround the individual in the use and enjoyment of his property constitute one of the most certain tests of the character and value of the government. The first 10 amendments to the Constitution, adopted as they were soon after the adoption of the Constitution, are in the nature of a bill of rights, and were adopted in order to quiet the apprehension of many, that without some such declaration of rights the Government would assume, and might be held to possess, the power to trespass upon those rights of persons and property which by the Declaration of Independence were affirmed to be unalienable rights.

* * * * *

"And in this there is a natural equity which commends it to everyone. It in no wise detracts from the power of the public to take whatever may be necessary for its uses; while, on the other hand, it prevents the public from loading upon one individual more than his just share of the burdens of government, and says that when he surrenders to the public something more and different from that which is exacted from other members of the public, a full and just equivalent shall be returned to him."

For the foregoing reasons, the judgment of the court of appeals should be affirmed.

TRIBUTE TO GENERAL MacARTHUR ON HIS BIRTHDAY

Mr. KNOWLAND. Mr. President, I do not want to let this day pass without paying in some small way my respects to Gen. Douglas MacArthur, who was born on this date 76 years ago.

I am sure it is unnecessary for me to comment in detail on the outstanding events to date in the life of General MacArthur. From his graduation from the United States Military Academy in 1903 to his retirement from the Army in 1951, his extensive experience and military successes through a period of 53 years have been almost without parallel. He has not only won worldwide respect and recognition for his brilliant military performances, but today he is regarded by the American people as one of their truly great living heroes.

On this occasion, I want to extend to General MacArthur my best wishes, and I am sure the wishes of those present here today, for his continued success and good health in the years ahead.

Mr. SMITH of New Jersey. Mr. President, I should like to identify myself with the splendid tribute just paid by the Senator from California to Gen. Douglas MacArthur.

Mr. WILEY. Mr. President, the distinguished Senator from California [Mr. KNOWLAND] and the distinguished Senator from New Jersey [Mr. SMITH] have spoken most eloquently about Wisconsin's son, Gen. Douglas MacArthur. On other occasions I have been able to slip in ahead of the Senator from California and make remarks similar to those which he has made.

Even the distinguished Senator from New Jersey will have to admit that General MacArthur is one great man who did not come from the "Hub of the Universe," as he describes New Jersey.

I agree 100 percent with all that has been said about this great man, who made such a fine record for himself in the service of his country. We remember the words he uttered when he was forced to withdraw from the Philippines, "I shall return." He did return. It was under his leadership that the Pacific became once more what we might call an American pond, when our fleet took over.

I am glad to pay homage to this great man, who has accomplished so much, and who has been so much. May he have many more years to serve his country. He is no longer in our military service, but he is engaged in other activities in which he is making a fine record.

Mr. WELKER. Mr. President, I ask unanimous consent to proceed for not more than 4½ or 5 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Idaho is recognized for 5 minutes.

Mr. WELKER. Mr. President, I wish to associate myself with the remarks of the distinguished minority leader [Mr. KNOWLAND), and the distinguished Senator from New Jersey [Mr. SMITH], and the distinguished Senator from Wisconsin [Mr. WILEY], and to wish happy birthday to General MacArthur.

On January 21 of last year, I introduced Senate Joint Resolution 26, in which I was joined by my good friends and colleagues, Senator DANIEL and Senator SMATHERS. This joint resolution would confer upon Gen. Douglas MacArthur the title of "General of the Armies of the United States."

A full year has passed and no action has been taken on the joint resolution. General MacArthur is a distinguished, loyal, courageous, fighting American, and today we celebrate his 76th birthday. No man in our lifetime has dedicated himself more completely to the preservation of the liberty and freedom of this Nation than has Douglas MacArthur. For more than 50 years, he has lived his life with only one purpose—the defense of this Nation.

Mr. President, can we easily forget those dark days in 1941, when this country staggered from the blows inflicted in a surprise attack by a ruthless enemy? Are we willing to forget, in a few years, that this great general stepped forth and rallied the military forces of this Nation and led them to brilliant and final victory? Yet he did not come home to receive the honors which a grateful Nation wanted so much to bestow upon him. Instead, this loyal patriot remained behind to secure peace in the Pacific and, in doing so, he secured for

himself and for all Americans the everlasting gratitude and admiration of a vanquished people.

It is strange, Mr. President, that the people whom he fought so bitterly and defeated should honor and pay tribute to him before deserved honors were forthcoming from his own countrymen. General MacArthur is regarded by the Japanese people, not as a man to be feared and hated in defeat, but rather, as the great statesman and humanitarian that he is. The orderly transition of the Japanese from chaos to the peaceful rebuilding of their nation and resumption of their normal way of life is a tribute to the genius of General MacArthur. Never, to my knowledge, has it been equaled by any man in his field.

This man could have sat back and enjoyed the rest he so richly deserved, but there was another chapter to be written in this saga of a loyal American. There was the momentous matter of police action in Korea, and once again Gen. Douglas MacArthur was to be called upon to lead our fighting men against the enemy. At an age when many military men are enjoying the ease and comfort of retirement, General MacArthur was again on the field of battle in Korea, where his delaying tactics at the Pusan perimeter enabled the Allied forces to maintain a foothold on Korea. The Inchon landing was conceived and directed by MacArthur, and is looked upon by military leaders throughout the world as one of the most brilliant strategic achievements in military annals. In spite of the brilliant record of the 10th Corps and the 8th Army under the command of General MacArthur and his able officers, Generals Almond and Walker, Gen. Douglas MacArthur was to experience a bitter frustration of his plan for final victory. With forces at the Yalu River and victory within his grasp, General MacArthur was told, "You can go this far, and no farther." Mr. President, we all know the terrible shame, humiliation, and loss of American lives suffered by this Nation as a result. Certainly his words of wisdom, "There is no substitute for victory," will live forever in the minds of Americans.

This great American has most certainly been vindicated in his beliefs and plans for the preservation of our first line of defense in the Pacific. Is it not time, Mr. President, that we say to the world, and particularly to our generals and fighting men of tomorrow, that America is indeed grateful to such men? Or are we to be guilty of better hindsight than foresight, as we have been in too many instances? I ask my friends and colleagues in the Senate to consider this proposal and then ask themselves whether we are failing in our duty if we do not pay this long-overdue honor to one of the most illustrious military men in our history.

I beseech my colleagues to confer upon Gen. Douglas MacArthur the title of "General of the Armies of the United States." Certainly no man deserves it more.

TRIBUTE TO JUDGE JENNINGS BAILEY

Mr. GORE. Mr. President, recently in Washington, D. C., a distinguished Tennessean retired from public life after many years of valuable service to his profession and his country. A few days ago, at the age of 88, Judge Jennings Bailey held his last court. When he was a young lawyer in Tennessee, Judge Bailey remarked that a man was old when he reached 70. Upon his retirement from United States District Court for the District of Columbia, Judge Bailey has ended a useful and notable career. He was the oldest active Federal judge in the United States.

Judge Bailey was born in Nashville. His father, James E. Bailey, a colonel in the Confederate Army, was elected to fill the class I Senate seat which I now occupy, in January 1877, upon the death of Andrew Johnson. Colonel Bailey served in the Senate until 1881. Thus, it is a coincidence that the Tennessean to whom I wish to pay tribute today was the son of one of my predecessors in this class I seat in the United States Senate. It is interesting to note that the first Senator to occupy this seat was William Cocke; the second was Andrew Jackson, who served during the 5th and 7th Congresses, from 1797 to 1803. Andrew Johnson first served in this seat in the United States Senate in 1857–63, during the 35th and 37th Congresses, and again from March 1875 to March 1881.

Judge Jennings Bailey was educated at the Southern Presbyterian University in Clarksville. He attended Vanderbilt University Law School and did graduate work at Harvard. While he was practicing law in Nashville in 1918, President Woodrow Wilson appointed him to the old Supreme Court of the District of Columbia. During his 37 years on the bench, Judge Bailey saw this court expand to a regular Federal court. Judge Bailey is widely known for his comprehensive knowledge of the law. He will be missed on the bench, but his many friends wish him good health and happiness in his retirement, a well deserved rest after many years of marked service.

UNITED STATES POLICY IN THE MIDDLE EAST

Mr. LEHMAN. Mr. President, on Tuesday, January 24, at a press conference, the Secretary of State, John Foster Dulles, expressed the hope that Democrats would avoid debate on our policy in the Middle East. I am in complete disagreement with that suggestion. Therefore, on yesterday I issued to the press a statement which I shall read at this time:

I have noted the press reports of Secretary Dulles' press conference yesterday in which he expressed the hope that Democrats would agree to exempt our policy in the Middle East from criticism and debate.

Speaking not as a Democrat, but as a Member of the Senate from New York, I must say that I, for one, cannot accede to Secretary Dulles' request.

If ever there was a policy which needed to be examined and reexamined and debated, it is the administration's course of action in the Middle East; I really don't think it amounts to a policy.

Our actions in the Middle East have been based on fallacious assumptions and naive concepts of strategy. I agree with Secretary Dulles that we face grave dangers to our vital interests and to the cause of peace in the Middle East.

These can be averted only by a prompt formulation of a positive policy. We must not let the balance of power be disturbed in this area. We must not sacrifice the territorial integrity of Israel. We must use our power and influence to maintain the peace and to oppose aggression by any nation against any nation in this area for the purpose of territorial aggrandizement.

The need for a policy along these lines must be exhaustively discussed and debated. Such a debate is required in the vital interests of the United States.

TAXATION OF THE SELF-EMPLOYED

Mr. WILEY. Mr. President, I have earlier pointed out to the Senate the facts that two of the great professional organizations in America—the American Medical Association and the American Bar Association—vigorously support what is known as the Jenkins-Keogh legislation, H. R. 9 and H. R. 10—bills which have been offered by the Honorable EUGENE J. KEOGH, of New York, and THOMAS A. JENKINS, of Ohio, who are both extremely active, of course, on the House of Representatives Ways and Means Committee.

I have stressed that such legislation could do a great deal to provide a fair break for America's professional people who are taxed so much in the years of their relatively high income, that they are unable to save up for their later years.

I am hoping that the House of Representatives will take action on this proposed legislation and that the Senate Finance Committee and the Senate will thereafter follow through.

I send to the desk two additional important expressions on this subject.

The first is from Mr. John H. Zebley, Jr., president of the American Institute of Accountants, speaking for the CPA's of America. The other is from Mr. Charles B. Shuman, president of the American Farm Bureau Federation, speaking for more than 1½ million farm and ranch families.

I ask unanimous consent that both of these letters be printed at this point in the body of the RECORD.

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

AMERICAN INSTITUTE OF ACCOUNTANTS, INC.,
New York, N. Y., January 13, 1956.

Hon. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: On behalf of the 26,000 members of the American Institute of Accountants, I urge you to support the Keogh-Jenkins bills (H. R. 9 and 10) during the present session of Congress.

Our executive committee, council, and our members themselves in their annual meeting have unanimously approved the principle embodied in these bills, that the self-employed should have tax treatment of funds set aside for retirement comparable to that which is now permitted for corporation executive and employees.

Certified public accountants in public practice, because they accept individual re-

sponsibility for their work, are prohibited by law in almost all States, and by their own standards of professional conduct, from doing business as corporations. They should not for this reason be discriminated against in the tax treatment of their retirement plans.

The American Institute of Accountants has been working closely for several years with other national professional organizations to develop fair and reasonable legislation to remove the present inequity in the tax treatment of funds set aside by the self-employed to provide retirement income.

The principles on which we have agreed are embodied in H. R. 9 and H. R. 10, reported favorably by the Ways and Means Committee in the omnibus tax bill at the close of the first session of the 84th Congress.

I hope that they will have your support.

Yours sincerely,

JOHN H. ZEELEY, Jr.
President.

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., January 24, 1956.

Hon. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: The delegates to the 37th annual convention of the American Farm Bureau Federation, held last December, reaffirmed the position taken several years by this organization in support of the principles set forth in the Jenkins-Keogh bills (H. R. 9 and 10). Our policy resolution on this subject reads as follows:

"We favor amendment of the income tax law so that self-employed persons and others in a similar situation may have tax treatment similar to that now available to the several million employees who are participants in pension plans established by corporate employers. To accomplish this the Federal tax laws should permit a deduction for premiums paid into a properly safeguarded pension fund. When such plans mature the income derived therefrom should be taxable."

This proposal has been considered by the House Ways and Means Committee in public hearings on two occasions. On July 19, 1955 the committee approved the Jenkins-Keogh bills, with amendments.

On behalf of the 1,623,222 farm and ranch families who are members of this organization, we urge that the Congress give favorable consideration to the enactment of this legislation during this session. We believe there are many farmers, as well as others to whom the benefits of pension plans of corporate employers are not available, who will avail themselves of this proposal when enacted.

Respectfully yours,

CHARLES B. SHUMAN,
President.

COMMUNIQUE OF THE SECRETARY OF STATE ON UNITED STATES-PORTUGUESE CONVERSATIONS

Mr. WILEY. Mr. President, there have been a number of allegations that the Secretary of State, Mr. Dulles, has unnecessarily offended the Government and people of India by a statement which he made in December in connection with the visit to the United States of the Minister of Foreign Affairs of Portugal. I have made it a point to obtain a copy of that statement, which I shall ask to have printed in the RECORD.

I do not think the statement does what the press has said. It seems nowadays that the Secretary of State is the "whipping boy." When I hear so many of such comments, I cannot help but think that many times, we, as Senators, forget the real basis of our Government.

We are legislators. We are not in the executive branch of Government. It is not our function to lay down policy in connection with foreign affairs. As a legislator, it is my primary function to legislate. It is the function of the executive branch to execute and administer. It is the function of the courts to interpret. If we should all stay in our own bailiwicks, we would get along much better.

I ask unanimous consent to have printed in the RECORD at this point a copy of the communique issued by the Secretary of State on December 2, 1955, on United States-Portuguese conversations.

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

COMMUNIQUE ON UNITED STATES-PORTUGUESE CONVERSATIONS

In the course of the official visit of the Minister of Foreign Affairs of Portugal to Washington, conversations took place between Dr. Paulo Cunha and the Secretary of State, Mr. John Foster Dulles, and other officers of the United States Government on matters of mutual interest to both countries and also on other issues of general interest to their respective foreign policies.

The conversations were carried on in an atmosphere of excellent understanding, and they have therefore made a considerable contribution to the strengthening of Portuguese-American relations. Among other topics, problems of defense within the framework of NATO were discussed. The interdependence of Africa and the Western World was also emphasized.

Problems connected with the trade relations between the United States and Portugal, and certain points relating to the use of atomic energy for peaceful purposes were also considered.

Various statements attributed to Soviet rulers visiting in Asia, which included references to the policies of Western powers in the Far East and allegations concerning the Portuguese provinces in the Far East, were discussed by the two Foreign Ministers. They considered that such statements do not represent a contribution to the cause of peace. The two Ministers whose countries embrace many peoples of many races deplored all efforts to foment hatred between the East and West and to divide peoples who need to feel a sense of unity and fellowship for peace and mutual welfare.

Mr. WILEY. It is my opinion, Mr. President, that the Secretary of State made a justifiable statement on that occasion. I am sure that he had no intention of offending the Indian people or Government. A fair reading of his statement supports that view.

EXPANSION OF THE STEEL INDUSTRY

Mr. ALLOTT. Mr. President, we have read a great deal about the expansion of the steel industry to meet the growing needs of the economy.

On January 16, Mr. Benjamin F. Fairless, president of the American Iron and Steel Institute, made a statement on the plans of iron and steel companies to increase the Nation's steelmaking capacity by 15 million tons within the next 3 years, with more to come.

We in Colorado are witnessing this great expansion, as the largest steel plant operated by the Colorado Fuel & Iron Corp. is located at Pueblo, Colo. This plant, producing a wide variety of steel and wire products as well as coke and chemical byproducts for the basic industries of Colorado and other Western States, has a broad program of expansion and product diversification underway.

This expansion and improvement program has included the addition of a modern and high speed rod mill; new machines to produce a wider variety of wire, rolled, and specialty products; enlarged power facilities; a new seamless tubing and casing mill to produce tubular products for the oil country goods market and many other types of machinery and equipment.

Present improvements in progress at the Pueblo plant will increase steel-producing capacity by 15 percent, further increase seamless tubing and casing capacity, and broaden the product range of the various rolling mills.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks the statement of Mr. Fairless regarding the expansion of the steel industry in general.

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

A survey just completed by American Iron and Steel Institute shows that iron and steel companies plan to add another 15 million tons to the Nation's steelmaking capacity within the next 3 years, with more to come.

This increase, already underway, is at the rate of about 5 million tons a year, and represents a sharp stepping up of the industry's expansion over the past 10 years which was at the rate of about 3½ million tons annually.

Since the end of World War II, the steelmaking capacity of the industry has been expanded by 36 million tons, or 40 percent, to a total of 128 million tons today. The additions planned would bring the total to 143 million tons.

The need for this great expansion is apparent in the rapidly growing population of our country, in the rising standards of living and in the generally expanding economy.

The total cost of the steel expansion and modernization since the end of World War II has been more than $7 billion.

Billions of dollars more must be spent for the new expansion over the next 3 years. In 1956 alone, steel companies plan to spend $1.2 billion.

Various complex factors affecting costs make exact estimates difficult for the current and coming expansion.

First is the generally rising price level. This has special impact in the steel industry, because steel mills must buy materials in hundreds of categories, and need labor in practically every classification of skill.

Another factor in costs is the variation in circumstance that each company faces as it determines for itself how to secure expanded production most economically.

Where existing plants are already fully developed, additional capacity must be built from the ground up at a cost of more than $300 per ton, compared with $50 25 years ago.

In other cases, where additions can be made to existing plants, the cost of expansion will be relatively lower.

The new expansion will involve great engineering, industrial, and financial problems. Companies must again seek new sources of ores, open additional new mines and construct new taconite processing facilities. New sources of raw materials

necessitate construction of new railroads and ships. This is in addition to construction of new blast furnaces, steelmaking furnaces, rolling mills and other finishing equipment. Every cost that must be incurred in expansion has increased greatly in recent years.

There is every expectation that a continuing large rate of expansion will be required for many years to come because of the astonishing rise in America's population and because each American is using more things made of steel than ever before. Moreover, the steel industry must do its share in helping to maintain our Nation's strength in defense.

The population of the United States was 76 million in 1900. Now it is 166 million. By 1975, it is expected to be close to 200 million.

We have not only grown in numbers, but we want more things—more houses, more roads, more automobiles, more of everything which raises our standard of living. Steel is needed for all of these.

Of course, very few people buy steel outright in the form of hard metal. But everyone buys or uses steel every day in the form of thousands of products—from kitchen knife to skyscraper. During this century, the per capita use of steel has increased fivefold. And, in the United States today, we require about 3 tons of steelmaking capacity for every family of 4.

As a result of all these developments, America already is in the midst of a period of vast industrial expansion.

Furthermore, science is bringing in a new age of nuclear energy, electronics and supersonic speed.

Steel is the basic material needed for all this growth. This is because steel is the most versatile and also the lowest priced of all the metals. It sells for an average price of less than 7 cents a pound. And the individual steel companies, competing with each other, can be counted upon to keep pace with the requirements for their products.

Looking back over the last 25 years, we see that workers in the steel industry have constantly benefitted from the industry's great growth.

The wages of steelworkers today place them among the top 10 percent of all workers in this country, and they enjoy substantial pensions, insurance and other benefits. They are safer at work than at home. They are also twice as safe as workers in all industrial plants. Working conditions are good.

As the steel companies go forward with their great expansion, thousands of new jobs will open up—in the steel industry itself and in industries which use steel or supply the materials and services the steel industry uses.

The steel companies recognize their obligation to provide our country with all the steel it will need over the years. But the growing demands for steel and the problem of financing new capacity make the job they have to do bigger than anything they have faced before.

Over the years, the profits of steel companies have been below the average for other leading industries. And because permissible depreciation allowances under the tax laws are inadequate to meet rising construction costs, steel companies are constantly being forced to use profits just to keep their present plants intact. This reduces the amount available from profits to help pay for expansion.

Beyond that, the staggering sums which must be raised by the companies to meet the enormous cost of further expansion can come from two sources only: directly from the remaining profits of the steel companies, and from the savings of investors who have confidence in the ability of the companies to earn profits that are attractive to investors.

So steel's greatest problem today, as I see it, is to get the money required to carry the expansion that the country expects.

EXECUTIVE SESSION

Mr. CLEMENTS. Mr. President, under a previous order the Senator from Minnesota [Mr. HUMPHREY] is to have the floor this morning at the conclusion of morning business. First, however, I ask unanimous consent that the Senate proceed to the consideration of executive business, for action on nominations under the heading "New Reports."

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. HICKENLOOPER, from the Committee on Agriculture and Forestry:

Marvin Leland McLain, of Iowa, to be an Assistant Secretary of Agriculture, vice James A. McConnell, resigned; and

Marvin Leland McLain, of Iowa, to be a member of the Board of Directors of the Commodity Credit Corporation, vice James A. McConnell, resigned.

By Mr. FULBRIGHT, from the Committee on Banking and Currency:

Samuel C. Waugh, of Nebraska, to be President of the Export-Import Bank of Washington.

By Mr. ANDERSON, from the Joint Committee on Atomic Energy:

Harold S. Vance, of Indiana, to be a member of the Atomic Energy Commission.

The PRESIDENT pro tempore. If there be no further reports of committees, the Secretary will state the first nomination under New Reports.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of Frederick Henry Mueller, to be Assistant Secretary of Commerce.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harold Chadwick McClellan, to be an Assistant Secretary of Commerce.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

INTERSTATE COMMERCE COMMISSION

The Chief Clerk read the nomination of Robert W. Minor to be a member of the Interstate Commerce Commission.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Rupert L. Murphy, to be a member of the Interstate Commerce Commission.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

NATIONAL MEDIATION BOARD

The Chief Clerk read the nomination of Francis A. O'Neill, Jr., to be a member of the National Mediation Board.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations in the Public Health Service.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Public Health Service nominations be considered and confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the Public Health Service nominations are confirmed en bloc.

COAST AND GEODETIC SURVEY

The Chief Clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Coast and Geodetic Survey nominations be considered and confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations in the Coast and Geodetic Survey are confirmed en bloc.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the President be immediately notified of the nominations confirmed today.

The PRESIDENT pro tempore. Without objection, the President will be immediately notified.

LEGISLATIVE SESSION

The PRESIDENT pro tempore. Without objection, the Senate will resume the consideration of legislative business.

The Senate resumed the consideration of legislative business.

AMENDMENT OF THE NATURAL GAS ACT, AS AMENDED

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which is the bill (S. 1853) to amend the Natural Gas Act, as amended.

THE DOMESTIC PARITY PLAN FOR AGRICULTURE

Mr. NEUBERGER. Mr. President, the continuing agricultural crisis has made it obvious that some urgent remedies are necessary to bring our farmers full equality in the market place with other segments of the population.

One of the most sound proposals put forth is that of the domestic parity or so-called two-price plan for the harvesting and marketing of wheat, with one price going to that portion of the crop used for human consumption domestically and a lower price for that which finds its way into the world market.

Along with my distinguished senior colleague [Mr. MORSE] and with the two distinguished Senators from the State of Washington [Mr. MAGNUSON and Mr. JACKSON], I am a sponsor of S. 1770 to institute the domestic parity plan.

I believe that the validity of this plan is pointed out in an article by Mr. Norman Thomas which appeared on the editorial page of the Oregonian, of Portland, on January 14, and in a very cogent editorial which appeared in the publication Truth on the Square for Christmas 1955, under the editorship of ex-State Senator Joe E. Dunne, one of the prominent political figures in my State of Oregon.

I ask unanimous consent that the editorial and the article by Norman Thomas may appear in the body of the RECORD.

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

[From the Portland Oregonian of January 14, 1956]

HELP FOR WHEAT MEN SEEN IN OREGON TWO-PRICE PLAN

(By Norman Thomas)

NEW YORK.—It is already certain that the principal fight over a program to stem the decline in the farm economy will come over the question of a rigid 90 or 100 percent parity. Otherwise the President's special message, the most comprehensive in coverage of issues that I remember, has been well received. Details of it when elaborated will come in for sharper criticism.

My general sympathy on many other matters with supporters of rigid parity cannot persuade me of the soundness of their position on parity. The conference on economic progress in its otherwise excellent pamphlet, Full Prosperity for Agriculture, argues that as an immediate step to raise the average price received by farmers the level of price support should be raised to an average of about 90 percent of parity in 1956. Thereby the costly increase of surpluses would be further subsidized with dubious and inequitably distributed benefit to farmers.

The conference itself says in another section of its report that "farm price supports and income payments should help to narrow the gap between poverty and high incomes in agriculture and to strengthen the family-type farm."

It goes on to point out that in 1953, 1.9 of the farmers received 25 percent of the income benefits derived from price supports at the expense of taxpayers. Nine percent of the farmers got half of the benefits.

After examining the record of the last two decades the Twentieth Century Fund's book, Can We Solve the Farm Problem? argues that rigid parity had far less to do with years of the farmers' prosperity than drought in the thirties and war demand in more recent years.

Granting that more immediate help should be given to some farmers than can be promptly derived from the soil-bank plan and other measures suggested by the President, far better than enactment of rigid 90-percent parity would be favorable consideration of direct subsidies, somewhat along lines suggested by former Secretary Brannan, and for wheat, perhaps, the domestic parity, or 2-price plan, outlined by the Oregon Wheat Growers League in cooperation with the National Grange.

But any plan of subsidies or of 2 prices, 1 domestic and 1 foreign, should take account (1) of the needs of the family-sized farms rather than of the enormous acreages under big operators; and (2) of the differences in effective demand at a good price for durum, hard red spring wheat, soft white wheat, and hard red winter wheat.

Basically, the farm problem is not a problem of overproduction in a hungry world but of underconsumption. By no means are all our own people in America well fed. This, although under the influence of price support there has been actual overproduction of some products, notably butter. The long-range task in agriculture is the increase of effective demand, and that will come less by subsidizing farmers than by raising the purchasing power of the masses.

The problems of reasonable control of land values, and of greater cooperation among operators of family farms in ownership of machinery and in marketing, must be included in any comprehensive farm plan. Soil conservation or restoration is enormously important in a country which has wasted its wealth of soil prodigiously. This gives justification to the soil-bank plan which the President has proposed.

Then, planners with a long-range view must consider the growth in consolidation in farms and the necessity of improving conditions for the high percentage of farmers who operate on barely more than a subsistence level. The problem of migratory farm workers cannot be excluded from a comprehensive and equitable plan.

Whatever is done, there must be an end to the accumulation of abnormal surpluses kept in costly storage. Present surpluses must be reduced to reasonable levels without destroying food in a hungry world, without catastrophically lowering current prices to farmers at home, and without destroying farm markets for farmers in other lands, e. g., for rice growers in Burma. Quite a job for politicians in an election year.

[From Truth on the Square]

WHEAT FARMERS SUGGEST

The Oregon Wheat Commission, through its chairman, Marion T. Weatherford, has been making, what we think, are sound and reasonable suggestions as follows:

Establish two prices for wheat—give parity support on all domestic use of wheat, and all the rest can go into secondary uses, for export or feed as the need is supplied.

He makes it clear that the farmer does not want subsidy, he wants protection for all domestic use, pointing out that the wheat in a loaf of bread now only costs 2½ cents per loaf, and that at most, the cost of wheat per loaf increase under such a program would not exceed two-thirds of a cent more, and since wheat has been going down constantly, and the price of bread has remained stationary or even raised. He believes the bakers could absorb this cost, and it wouldn't hurt the public if they had to pay this slight increase, because of the relief it would give the Government through lowered storage costs and the end of subsidy as is now given.

The wheat, outside of domestic use, bakery, household and food uses, would then be used for animal and poultry feed and export.

Then we are told Canada might not like to have us do this, the State Department says, but we ask, "Since when has Canada ever done anything for us?" They won't even let us have the water for Libby Dam. Why don't we look out for ourselves for a while. The art of poultry and animal feeding is lost, or nearly so, because we have wheat stored in boats, docks, elevators, even in tin sheds on the farms, and in the meantime, we bring in corn, paying $12 million in freight alone for it last year.

The whole wheat problem could be resolved with only a few changes in our program—by feeding, say 300 million bushels of wheat, and if we could export the same amount, it wouldn't take long before we would be drawing on these reserves, and the end of the problem would happily find a solution, and it would get the Government out of the wheat business.

THE DEEPENING OF THE GREAT LAKES CHANNELS

Mr. HUMPHREY. Mr. President, one of the major projects of interest to the 17 States which lie within the basin of the Great Lakes, and which are tied together economically by that magnificent waterway, is the proposal to deepen the connecting channels of the lakes to a depth of 27 feet, so that oceangoing vessels may traverse the channels fully loaded en route between Duluth-Superior and the Atlantic.

This morning I testified before the Senate Subcommittee on Rivers and Harbors in behalf of my bill, S. 961, introduced on February 4, 1955, entitled "A bill to authorize the modification of the existing projects for the Great Lakes connecting channels above Lake Erie."

A companion bill, introduced by Representative JOHN A. BLATNIK, of the Eighth District of Minnesota, H. R. 2552, passed the House of Representatives on August 1, 1955.

Because of the importance of this measure, and because of the urgent need to commence construction on the project to deepen the connecting channels, I wish to call to the attention of this body the text of testimony before the Subcommittee on Public Works. I ask unanimous consent to have the text of this testimony inserted in the body of the RECORD.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Is there objection?

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

THE DEEPENING OF THE GREAT LAKES CHANNELS

(Testimony by Senator HUBERT H. HUMPHREY, Subcommittee on Navigation and Flood Control, Senate Committee on Public Works, January 26, 1956)

I wish to thank the subcommittee and the subcommittee chairman for according me the privilege of testifying on behalf of the bill now before the subcommittee to authorize the deepening and further improving of the connecting channels between Lakes Erie, Huron, Michigan, and Superior.

The State of Minnesota is vitally interested in the proposed project, and not alone because it will provide safe access for oceangoing vessels from the Atlantic to Minnesota via the St. Lawrence Seaway. If there were no St. Lawrence Seaway, the needs of the vast inland industrial heart of the Nation would still demand that the connecting channels be deepened. The satisfaction of these needs is long overdue.

The natural waterway, which links the State of New York directly with the industrial and agricultural heart of the Nation—with Pennsylvania and Ohio, Michigan and Indiana, Illinois, Wisconsin, and Minnesota—is almost an inland sea. More than half of our people live in the basin of the Great Lakes. The lakes are a natural resource very nearly incapable of evaluation. They have been the sine qua non of the magnificent American steel industry—that industry which underpins the whole fabulous American economy.

Overwhelmingly, the commerce of the Great Lakes has been the freighting of iron ore from the Gogebic, Marquette, and Menominee Ranges of Wisconsin and the Upper Peninsula of Michigan, with most of the ore coming from the Cuyuna, Vermillion, and the vast Mesabi Range of Minnesota. Eighty-five

percent of all the steel produced in the United States has originated in ore freighted from the upper Great Lakes region via Lake Superior to the great Soo canal at Sault Sainte Marie, down the St. Mary's River, across Lake Huron to the St. Clair River and Lake St. Clair, past Detroit via the Detroit River and on to the steel mills of Ohio and Pennsylvania; together with a strong flow of ore through the Straits of Mackinac, down Lake Michigan to the mills in the Gary-Chicago area. With the gradual depletion of the magnificent Mesabi direct-shipping ores, a new form of high-content ore has been developed in the Mesabi area to replace the old ores. This is taconite—a Minnesota development which I am convinced will someday be hailed as the key to the Nation's defense economy—an almost unlimited domestic source of iron ore.

But iron ore, while the major item of commerce on the Great Lakes, is far from being the only important item. The district engineer estimates that in addition to 65 million tons of iron ore, 17,500,000 tons of stone, and 4,800,000 tons of grain will be benefited each year for the next 50 years. These are tremendous amounts of tonnage in their own right and appear small only beside the staggering figures for iron ore.

Newer ships, gradually replacing the mostly obsolescent ships of the Great Lakes fleet now serving the steel industry, are faster and larger. They are potentially greatly more efficient. But their efficiency is presently sharply curtailed because oreships traveling from Duluth and Superior to the great steel mills of lower Lake Michigan and Lake Erie must continue to traverse connecting channels completed in 1895. These channels allow only vessels drawing 22.3 feet or less to traverse safely from Duluth to the Erie ports.

Some of the newer vessels of the Great Lakes fleet are designed to carry safely more than 26,000 tons, but it is presently impossible to load them to anywhere near this limit because the present depths of the three connecting channels will not permit it.

It is interesting and instructive to note that a large ore carrier of 20,000 tons capacity can presently be loaded to capacity only during unusually high water conditions. When the lake levels fall to their lowest cyclical point, such a vessel will not be able to navigate the present channels fully loaded. But with channels deepened an additional 2 feet, such a vessel could be loaded with 2,400 tons more ore. The Lake Carriers Association estimates that if water levels were at datum the loss of tonnage would be some 3 million tons in a season.

The proposed project which the Congress is asked to authorize will allow the deepening of the three connecting channels to a depth of at least 27 feet, and will safely accommodate vessels upbound and downbound with drafts of 25.5 feet, at low-water datum.

The Corps of Engineers estimates that the prospective commerce to be benefited by the deepening of the channels will average 88,300,000 tons each year—exclusive of commerce via the St. Lawrence. Yet it is interesting to note that in 1 year—1953—the fleet hauled 95,844,449 tons of iron ore alone through the channels to the steel mills of the lower lakes.

The demand for steel is rising steadily. Our steel mills are consuming ore at better than 7 million tons per month this year—2 million tons more per month than last year.

The Iron and Steel Institute in its 1955 spring meeting estimated that American steel production would rise by 2 million tons per year for the foreseeable future. The goal is to produce 160 million tons per year, compared to the 110 million tons we now produce.

In an all-out war, the economic backbone of this Nation, without question is the steel industry and that backbone can be geographically described by the course of the four Great Lakes and their connecting channels which link the massive deposits of domestic iron ore at the western end with the rich coal fields of the eastern terminus. Along this backbone ply the ships of the Great Lakes fleet, free from submarine attack, servicing the industrial heart of the Nation—truly the arsenal of democracy. On the grounds of the Nation's defense alone, the channel deepenings would be warranted. When war comes, a $109 million becomes immediately a relatively trivial sum. But even a billion dollars could not then deepen the Great Lakes channels quickly enough to speed up the flow of vital iron ore in time.

Even in peacetime, however, deepening of the channels far more than justifies its cost. Total first costs of the project to the Federal Government would be $109,125,000 on a 1954 price basis. This is a modest sum when the long-range benefits to the Nation are considered. It is a modest sum, also, considering the sum being allocated to the deepening of a 31-mile stretch of the Delaware River to service the new Fairless works—$87 million.

The Corps of Engineers estimates the annual charges for the channel work to be $4,250,000. The corps estimates the annual benefit due to the channel deepening alone to be $7,600,000 which is a highly favorable cost-to-benefit ratio of 1 to 1.7.

The engineers have been careful to limit their estimates of the benefits to be gained by deepening the connecting channels to the internal commerce of the Great Lakes between American ports—excluding that which will enter and leave the lakes via the St. Lawrence Seaway when the project is opened in 1959. "Additional unevaluated benefits will accrue in connection with commerce which is exclusively Canadian and with commerce entering or leaving the lakes through the St. Lawrence Seaway," say the engineers.

Yes, the proposed project to deepen the connecting channels stands on its own merits. It is necessary. And it is long overdue. It would be completely justified if Great Lakes were land bound, without access to the sea.

But, I cannot help but contemplate what the engineers have so cooly termed the unevaluated benefits which will accrue when the St. Lawrence Seaway opens the lakes to ocean shipping, and the connecting channels make it possible for an oceangoing vessel to steam 2,400 miles inland from the Atlantic, and 2,400 miles from Minnesota to the open sea.

The existing project provides for upbound channels with depths suitable for vessels drawing only 20 feet when lake stages are at their established datum planes. What is proposed is to deepen the upbound channels as well as the downbound channels to accommodate oceangoing vessels drawing up to 25.5 feet.

With the St. Lawrence Seaway and the connecting channels open to ocean shipping, the effect will be to extend our coast line from the tip of Maine to the Minnesota shore of Lake Superior, to make direct coastwise shipping possible and thereby link the Midwest with the Atlantic and Gulf States via tanker and cargo ship. The St. Lawrence Seaway Corporation estimates that 55 million tons of commerce will move along the seaway by 1970. It is only conjecture what this will mean to the port cities of Buffalo and Erie, Ashtabula, Cleveland, Lorain, and Toledo, to Detroit and Marquette, to Chicago and Milwaukee, to Ashland, Superior, and Duluth. But we know what riches the sea has brought to every great port of the world. And few ports have so rich a hinterland, so much to export to the world, and such eager markets as do the port cities of the Great Lakes.

This hinterland consists of 17 States, producing 31 percent of the Nation's industrial goods and 34 percent of its food and fiber.

This will be the northern seaboard of the United States, the busiest and perhaps the richest of the three American coasts.

No one can ignore the probabilities of the future of the Great Lakes. No one (and certainly not a midwesterner who has lived most of his life more than a thousand miles in any direction from salt water) can regard with equanimity opening of the heart of America to seagoing vessels.

Yet, we are asked to do just this today. We are asked to consider the deepening of the connecting channels solely in the light of their calculated benefits to the inland commerce of the Great Lakes. These benefits are clearly outlined. The costs are carefully presented to us. And solely on the comparison of the costs and benefits to this inland commerce, the proposed modification is eminently justified.

I strongly urge that the subcommittee act favorably on the proposed bill, so that it may be brought speedily before the full Senate for authorization. If action can be taken promptly it will be possible to secure in this session of Congress the necesary appropriations to commence work on the channels during the present year.

PROBLEMS FACING AMERICAN AGRICULTURE

Mr. HUMPHREY. Mr. President, the serious and difficult problems facing American agriculture require detailed study, vision, and the cooperation of all segments of the American economy. Our agricultural programs and policies need to be revised and strengthened. Federal and State Governments must mobilize their resources if we are to avert a disastrous agricultural depression.

The Senate Committee on Agriculture and Forestry has made an exhaustive study of the economic, technological, and social problems facing our agricultural economy. We have received the testimony of hundreds of citizens from all sections of the Nation. We have heard from the farmers, from the experts in the field of agricultural production and economics, from Members of Congress, and from State and local officials.

Gov. Orville L. Freeman, of Minnesota, testified before the Senate Committee on Agriculture and Forestry on January 23. His statement before our committee demonstrated Governor Freeman's deep concern for and understanding of the problems confronting our farm families. He presented a detailed analysis of the economic plight of American agriculture; he laid down sound basic principles of national agricultural policy; he gave to our committee specific suggestions and proposals designed to correct the present inequities and to restore agricultural income.

I call to the attention of my colleagues the Governor's testimony and urge that it be given the most careful study. I fully subscribe to the policies and programs outlined by Governor Freeman and shall press for their enactment into Federal law. They represent the considered judgment of the majority of the farmers of the State of Minnesota.

I have introduced appropriate bills and resolutions during the past 2 years to carry out the Governor's suggestions. An effective farm policy must be based on a comprehensive overall program. Piecemeal approaches will not be effective. A constructive program should include the following proposals:

First. Restoration of 90 percent support on basic commodities, but with a cut-off on any support loans on produc-

tion valued in excess of $25,000 from any one farm.

Second. Inclusion of perishables such as beef, hogs, milk, chickens, and eggs under the same level of support as basics, but providing discretionary authority for use of a broader range of methods of support such as production payments, direct purchases geared to reflect price protection to farmers instead of letting the benefits go to processors, and loans or purchase agreements, either individually or in combination with each other.

Third. Extension of mandatory price support protection to other feed grains at a feed value equivalent ratio to the support level for corn.

Fourth. A conservation acreage reserve program on a voluntary sign-up basis, providing for a soil, water, and timber bank to encourage retiring land from crop production and building its future fertility by expanding grasslands, preserving more wetlands, and stimulating planting of brush and timber cover, with adequate protection against expanding commercial production of livestock and dairy products.

Fifth. A comprehensive Federal yardstick family-farm credit program providing direct and guaranteed Federal loans to meet all needs of family farmers unable to obtain such credit at reasonable rates from cooperative and other private sources.

Sixth. Extending authority for and expanding the Agricultural Trade and Development Act for overseas disposition of agricultural surpluses.

Seventh. A food-stamp plan to stimulate domestic consumption among low-income families.

Eighth. Specifically provide for administration of farm programs by farmer-elected committees at the community, county, and State levels.

Ninth. Extend and expand special school lunch milk program, to include provisions for milk distribution among child-care centers, settlement houses, and other nonprofit children's institutions and camps; extend authorization for brucellosis eradication indemnities; and fix, by law, formula for milk equivalent parity ratio for manufactured dairy products.

Tenth. Forest marketing guidance through authorizing price reporting on forest products and further research into forest products marketing problems.

Eleventh. Loan authorization to finance improved terminal marketing facilities for handling fresh produce, aimed at eliminating inefficiency costs now passed along to consumers.

Twelfth. Revitalizing crop-insurance program by turning administration back to farmer committees and expanding to more counties and more crops.

Mr. President, I ask unanimous consent that the statement to which I have referred may be printed in the body of the RECORD at this point in my remarks.

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

STATEMENT OF ORVILLE L. FREEMAN, GOVERNOR OF MINNESOTA, BEFORE THE COMMITTEE ON AGRICULTURE, UNITED STATES SENATE, JANUARY 23, 1956

I want to thank you for this opportunity to present my views with regard to the agricultural problems we face today. I have not come to attempt to advise you in any detail as to what specific provisions you should enact into law. But I do want to present briefly: (1) A few facts which indicate Minnesota's concern for an adequate national farm program; (2) some important aspects of the current agricultural situation in the United States which I believe should be basic in any consideration of an agricultural program; (3) the principles and goals which I believe ought to be the basis of our agricultural policy; and (4) certain basic agricultural programs which I think should be incorporated in the bill which you will enact.

I

As Governor of Minnesota, I feel a deep responsibility for the interests of all the people in our State and an obligation to urge you to enact without delay a comprehensive program that will remedy the serious farm situation which now threatens the livelihood of so many Minnesota people.

Agriculture is a major factor in Minnesota economic life. Twenty percent of our people earn their living on farms, as compared with a little over 13 percent for the United States as a whole. Much of Minnesota's business and industry involves the handling and processing of agricultural products. Minnesota merchants depend on farm purchasing for a great proportion of their business. In fact, the economic well-being of all the people in Minnesota is affected to a substantial extent by the degree of prosperity of our agriculture. I believe this to be a general principle which applies as well to the people throughout all of the United States.

Minnesota's agricultural production is highly diversified. In 1954, 70 percent of the cash receipts from farming came from livestock, dairy, and poultry products, and 30 percent from all crops. Corn accounted for 10.2 percent, soybeans for 6.8 percent, oats for 2.1 percent, and wheat for 2 percent. Dairy products alone accounted for 18.6 percent, cattle and calves for 17.3 percent, and hogs for 20.5 percent. These figures clearly show that a program which affects principally wheat and corn cannot begin to meet the needs of Minnesota farmers. They indicate how serious the drop in prices in dairy products and hogs have been for Minnesota.

The State-Federal Crop and Livestock Reporting Service reported in September 1955, that Minnesota cash receipts from farming and Government payments were $24,365,000 lower in 1954 than in 1953. This is a 2 percent decrease in just one year. The 1955 totals have not yet been reported, but the Agricultural Marketing Service reported on January 3, 1956, that average prices received by Minnesota farmers in mid-December were 9 percent below the December 1954 level. This trend must not continue.

I present these facts, not in an attempt to supply you with statistics, of which, I am sure, you already have volumes; but to indicate briefly significant aspects of the farm problem as they relate particularly to Minnesota.

II

There are certain important aspects of the current agricultural situation which must be kept constantly in mind in seeking to arrive at a sound solution. Most outstanding of these is the now accepted fact that today everything is booming except agriculture. The fact that all other prices are stable or rising slightly, while prices received by the farmer are going down at a serious rate, and the fact that per capita farm income for 1954 was only one-half of the national average, reflect a serious imbalance in our economic life.

Farm prosperity is important

It is a serious mistake to proceed on the assumption that because the numbers of people engaged in agriculture are constantly declining, farm prosperity is no longer a goal of paramount importance. The 13 percent of our population who earn their living on farms are an important element in our society, whose well-being cannot be neglected. They are engaged in an occupation of basic importance to our Nation's strength and security.

But it is not only the economic well-being of 22 million people that is at stake. Agriculture is a $13 billion customer of industry and labor. Ten million people are employed in the marketing and processing of farm products; 6 million more are employed in plants producing specific farm needs. The well-being of these millions and their families is intimately related to that of agriculture.

One need hardly recall that the late, great depression of the early thirties was preceded by a serious farm depression in the 1920's, which existed in spite of the boom in other aspects of our economy. In the greatly augmented interdependence of our world today, we know that our economy as a whole cannot long continue sound and prosperous if we permit one important part of that economy to be deprived of its proportional share.

Agricultural efficiency has not been rewarded

American agriculture on the whole is the most productive and efficient agricultural enterprise in the world. This is, in part, due to the natural advantages of soil, water, and climate with which our Nation is blessed. But it is also due largely to the ability, initiative, and hard work of our farmers; to the kind of farm economy under which they operate; to the progress made by our scientists and investors; and to our leadership in mechanization.

Moreover, our agricultural efficiency has increased 40 percent between 1947 and 1954. In the past few years it has been increasing at the rate of nearly 5 percent a year. This phenomenal increase in productivity has resulted in our ability to supply food and fiber for increasing numbers of people in our own and other countries; and to pile up what has been, under present policies, embarrassing surpluses—with fewer people engaged in farming.

Such a substantial increase in productivity per man-hour would normally be expected to result in greater rewards to those engaged in such production. Yet farmers have not benefited from their increase in productivity. In this critical modern age, when all the world reaches out for the higher standards which can be attained only by increased productivity, it is an appalling contradiction to have a situation which results in decreasing rewards for increased efficiency in production.

Importance of family farm economy

The family-size farm is the bulwark of American agriculture. Its owner is typically the investor, the manager, and the worker—and most of the farmwork is done by the owner and his family. During the past 20 years, these farmers have substantially increased their standard of living, their purchasing power, and their participation in cooperative, public, civic, and community activities. Maintenance of this type of farm economy is important to businesses in towns, to standards of family and community life, to a healthy agricultural economy, and to our free democratic society.

These family farms face certain competitive handicaps when compared with huge corporation farms, of which there are about 100,000 in the United States. (Yet these 100,000 account for almost one-fourth of our total agricultural production.) These corporation farms make profits for their stockholders. They hire mass labor, often Mexican, Jamaican, or Puerto Rican migrants—or migrants from some parts of the United States. They pay low wages—in some cases in 1955 less than 40 cents an hour—and hire many workers only during the peak season, assuming no responsibility for them during the rest of the year. They

are not customers for the local merchants since they buy fertilizer, feed and seed in wholesale lots, and often have a distributorship or buy machinery direct from the manufacturer. They have sufficient capital to make changes and shifts in production when it is economically advantageous to do so.

The family farms find it more difficult to meet the cost of rapid shifts in production which may be required by market fluctuations, by new products and techniques. Yet, because of its importance to our social, as well as our economic life—and because in general the family farm is a most efficient producing unit—this type of farm economy should be encouraged positively by our agricultural economy.

General agreement

Thus far I have commented upon aspects of the farm problem about which, I believe, there is general agreement on the part of most of those concerned with agriculture. They might be summarized by saying that we have an extremely, and increasingly, productive farm economy which is not at present receiving the benefits from increased production to which it is entitled. This economy is based upon the typical American family-size farm, which ought to be preserved and encouraged in the interest of the entire Nation. It is important, not only to farmers, but to all Americans, to make sure that the 13 percent of our population that lives on farms has a chance for economic well-being; and it is therefore a threatening cloud over our current economic picture that agriculture is suffering a serious decline at a time when other segments of our economy are booming.

Surpluses and prices

Surpluses are generally taken as a symptom of the malady which afflicts American agriculture, and it would seem that the current agricultural program is directed solely at the elimination of that symptom. Yet few ailments can be cured by attacking symptoms alone, without considering the real cause.

Agriculture deals with basic human needs, and our agricultural enterprise should produce: (1) Enough for a high standard for our own people, including those in lower income levels who do not now have adequate nutrition; (2) a large enough reserve to serve as a stockpile to meet any natural or man-made emergency; (3) a supply of food which can be used, by means of a wise international policy, as an instrument for peace and democracy in those underdeveloped countries whose people are hungry.

And we must not forget that our rapidly increasing population will bring about rapidly increasing demands for food. We must therefore conserve and enhance the productivity of our soil—as well as our capacity to make use of that productivity—to make sure that we can meet our needs in the not so distant future.

Policies which we follow with regard to surpluses are most significant. We need to remember that reserves and surpluses are not the same; that in a commodity as vital as food we always need some carryover in case unforeseen circumstances create a need. Such a carryover should be regarded as desirable rather than something to be eliminated—unless we want to operate under an economy of scarcity. To regard all supplies not currently needed as surplus is therefore not only erroneous, but harmful to our society.

But even small surpluses will depress prices, particularly if administrative officials permit them to have that effect. And obviously millions of independent farmers, acting individually, cannot make adjustments necessary to meet changing demand.

"Free market" principle cannot work

This leads to one of the fallacies in the present farm program—which lies in the assumption that if surpluses could be eliminated the operation of the so-called law of supply and demand would function in a free market to resolve the problems of agriculture. This is not the case.

Experience has shown that lower prices do not cut down production, but rather increase it. In Minnesota, our dairy farmers have been hit hard by the drop in dairy prices—the sale of dairy products in our State brought in $20 million less in 1954 than in 1953. Yet in August 1955, milk production on Minnesota farms was 612 million pounds—or 6 percent—higher than our milk production in August, 1954.

Farmers try to produce more in order to maintain their income and meet their overhead. They will continue to do this as long as they can. It is probably true that if prices should continue to go down far enough, for a long enough time, a substantial number of farmers will become marginal and quit. They will no longer have the money or credit or incentive to operate. This eventuality seems to be the basis of the claim, inherent in the present flexible lower price policy, that in the long run lower prices will eliminate surpluses by eliminating farmers.

If the run were long enough, it might come about that millions of farmers would give up in poverty and desperation. I have been told by many young farmers, veterans who began farming after the war and borrowed money to get started, that they are about to give up unless some change occurs soon. But this is not, and never has been, the American way. Our worship of some so-called law of survival of the fittest has never extended to the length of allowing people to suffer increased loss and bankruptcy in order to get rid of them and thus get rid of the problems they present. Moreover, should many of these farmers give up, the land would still remain, and could easily be incorporated in the development of the corporation farms to which I referred. The land would probably continue to produce surpluses.

Nor do we apply these free market ideas to other areas of our economic life. We give depreciation allowances and tariff protection to industry. We have fair trade laws which permit private interests to fix minimum prices. We subsidize transportation and publications because we regard it in the national interest to do so. A healthy agricultural economy is certainly as important to the national interest.

Furthermore, agriculture is of all industries the one to which the law of supply and demand could apply least effectively. Demand may be somewhat predictable, but no human agency can foretell what weather and other natural hazards may do to the supply. Nor have we devised any way, except through government, by which millions of farmers can get together to determine what share each of them should contribute to any needed supply.

Farmer should not bear sole cost of adjustment

Agriculture, like industry, expanded greatly to meet wartime needs. Our Government encouraged this expansion, as essential to national security. In order to induce farmers to expand their productive facilities they were guaranteed prices at a high fixed percentage of parity. Now that the need for increased production seems no longer present, the problem is how to make the necessary adjustment. The measures taken to cushion this adjustment for industry are well known. Certainly, when changing conditions call for economic changes, farmers should not be the lone group called upon to make the sacrifices and to suffer the losses attendant upon such readjustment.

III

What ought to be the goals of an agricultural program to solve the farm problems—and what are the principles that should be followed in our efforts to achieve those goals?

GOALS

Parity in income as well as in price

Farmers are entitled to parity in income, and Government programs should insure a situation in which farmers could achieve such parity. Parity in income means that farmers operating efficiently could achieve an income which—in terms of ability, effort, and investment involved—would be on a par with those averaged by nonfarm families or the population as a whole.

Family-size farm

The family-size farm economy should be sustained and encouraged as the most desirable form of agricultural production from the point of view of both social and economic efficiency. While on occasion the huge corporation-type farm may produce more profits, the other social and economic consequences are so alien to our American standards that our farm policies should definitely be directed toward the preservation of the family farm.

Long-term needs

We should not lose sight of the long-term needs, for food and fiber, of our own people and those outside our borders. The productive potential of our soil and water resources must be conserved and enhanced.

PRINCIPLES

Federal action

It is obvious that only a program that is national in its scope can meet the needs of American agriculture. I have already stated that no way has been devised whereby millions of independent producers can coordinate a program except through Government. This is very clearly an area in which a great need exists and there is no other agency which can meet that need except Government. No preconceived attitude of opposition to Government action per se should be permitted to overshadow that fact. It is a basic principle of our democracy, held by our Founding Fathers, announced eloquently by Abraham Lincoln, and followed consistenly by our people, that when a need exists which cannot be met by individual action or by any other private means, it is the obligation of Government to act.

Local participation

A national program should not be arbitrary or overcentralized. Overall planning must be national in scope in order to be effective. But decentralized administration by farmers themselves through democratic processes adapted to each locality, making use of farmer committeemen elected by the farmers themselves, and charged with real responsibility, should be a major feature of the program.

This local direction by farmer-elected committees is of utmost importance, particularly in a program which involves control of production, for in such a program success depends upon the understanding and participation of farmers. In Minnesota we have had convincing experience of the importance of this factor. During the 4 months between November 1, 1939, and March 1, 1940, the committee program reached 211,868 farmers at 4,199 meetings, held in every county in the State. The Extension Service, PMA, FHA, SCS, and everyone concerned cooperated. The Minnesota figure for farmer participation and compliance reached 94 percent. But in recent years this picture has changed. Local committees no longer function as actively as they did, and county office managers perform most of their functions. The attitude has changed. Farmer participation has dropped considerably, to an average of 50 percent or lower.

Any agricultural program, and especially one in which production control must be an important part, means the economic livelihood of our farmers. They have a right

to local participation. This is the only means by which such a program can be planned locally on a sound basis and effectively carried out. It alone can produce the understanding necessary for the success of the program.

Careful study and analysis

The formulation of specific programs should be based upon a constant consideration of the goals to be achieved. It should involve a careful study of successes and failures of measures that have been tried, the soundest possible statistical analysis, and a careful consideration of the trends of technology and population in a changing world. You have access to such information, research, and analysis. The time for decision has arrived. An adequate and effective farm program must come out of this session of Congress.

IV

I should like to present a few important features that I believe should be incorporated in the comprehensive program which should be enacted.

Price supports

Price supports at fixed levels of at least 90 percent of parity should be restored immediately—and they should apply to all products which are in fact basic to our agriculture, and not merely to 5 or 6 products. The facts which I have presented about Minnesota make it clear that to most of our farmers livestock and dairy products and other perishables are of major importance. Any program which is to be both equitable and effective should include these products for parity support.

But price supports alone are not enough. Programs should be developed and directed not only toward parity prices but toward parity in income. Production payments along principles now followed for sugar and wool should be used. We should use loans, purchase agreements, production payments, and any variation or combination of these and other techniques, when they can contribute to the overall goal.

As a part of such an income support program, intelligent, equitable, and effective use of production controls is essential. I would repeat that this must include local farmer participation, broad acceptance, and general understanding.

Family-size farms

The support program should provide special encouragement to family-size farms. A program which would pay higher supports in cases where the total gross income of a farm was within the range usually received by such a family farm would provide substantial encouragement. Such variations in support levels, based on gross income, would help to improve the competitive position of the family-size farm in relation to large corporation farm.

More and easier credit

Easier credit for farmers should be provided. This, too, would be of special assistance to family farms. Young farmers who began after the war have been particularly hard hit by the cost-price squeeze, because the capital investment they had to make was so great, and they have had constantly decreasing returns. In Minnesota most farmers are paying 8 percent on short-term chattel loans—and 8 percent interest today will put almost any family-size farmer out of business if he must operate on very much borrowed capital.

Our situation in Minnesota clearly indicates this need for credit. The real-estate debt on Minnesota farms increased from $324 million in 1953 to $337 million in 1954; the nonreal-estate debt increased from $160 million in 1953 to $181 million in 1954 (according to U. S. Department of Agriculture report of January 1, 1955). Federal land-bank reports, which take us into 1955, show that PCA loans on chattel mortgages in Minnesota totaled $14.6 million at the end of 1953, $16.6 million at the end of 1954, and $18 million at the end of 1955; and that Federal land-bank mortgages totaled $65.1 million at the end of 1953, $70 million at the end of 1954, and $78.5 million at the end of 1955. The increase in per capita farm debt was even greater, since the population living on our farms has decreased as follows: 645,819 in 1951; 636,490 in 1952; 629,698 in 1953; 625,453 in 1954; and 624,071 in 1955. This increase in debt is most significant because it comes while incomes are declining.

Many Minnesota farmers have reported that they cannot get credit that they sorely need. They cannot get the credit to build farm homes that people in cities and towns can get. Therefore, I believe that it is important to provide more and easier credit.

I should like to propose a program of guaranteed loans to farmers, to provide them with capital, to build homes, to get needed machinery, and to make necessary transitional changes. A program patterned after the insured mortgages under the Federal Housing Administration whereby the Federal Government would insure sound loans to farmers made by private lending agencies could do a great deal toward solving the credit problem. I believe that a program could be worked out whereby sound loans now existing could be brought under such a guaranty. Such a program could provide credit at lower interest rates and for longer terms than are now available. If this credit program were a part of a sound overall farm program, and if it were carried out on a really adequate and financially sound basis, it would do a great deal to restore to American farmers their confidence in the future. It would make it easier for them to carry out the changes in their operations that may be necessary. It would assist those businesses now hard hit by depressed farm purchasing power and the financial institutions that would participate in the program. I urge you to give serious consideration to this proposal.

Assistance to lower income farmers

Assistance must be given to the lower economic level of farm groups—either to provide them with the help they need to become better farmers, or to ease the transition to some other occupation. Encouragement of decentralized location of industry, in areas where labor from the farm can be used, has proved beneficial to all concerned in Minnesota, and we are continuing to push this development. Training programs and guidance in rural high schools could ease transition from farms where this is necessary. Financial aid, either for improving agricultural operations or for transferring to another field would help.

Increased consumption

Measures should be taken to achieve the optimum consumption of agricultural products. This should include an expanded school lunch program. In Minnesota our school lunch program is working so effectively that the present allotment will be exhausted by the end of February 1956, and an additional allotment is needed if the program is to continue. I believe we are all agreed that supplying more milk for our children is one of the most constructive parts of our program.

We should also increase consumption by a food stamp plan to provide better nutrition for the millions of American families whose incomes are not now sufficient to provide them with adequate nutrition. Twelve million families with incomes of less than $2,000 a year cannot purchase enough good food to meet American standards. In Minnesota alone, our 52,000 people on old-age assistance, the 20,800 receiving aid to dependent children, plus thousands of others who receive various kinds of local assistance and relief, could benefit from such a plan, while at the same time helping to eliminate our surpluses. The food stamp plan provided should have the flexibility which would permit its use to promote the consumption of products which at any time might be in long supply, particularly as applied to perishables. It is interesting and important that perishable foods—dairy products and fresh fruits and vegetables—are among those most needed by those whose diets are nutritionally deficient because of insufficient income.

A program for increased consumption should also include leadership in formulating and carrying out international programs for the use of food as an instrument for peace and good will abroad.

Conservation of soil and fertility

Programs for the preservation and restoration of our soil and water resource potential should be undertaken, and those that exist should be expanded. We should strengthen the Soil Conservation Service and our programs for forestry management and flood control. A sound and effective program for taking acreage out of production should be adopted. Any soil bank program, however, should be carefully designed to consider the nature of the soil which ought to be banked, to operate equitably in all areas and among all farmers, and to be really effective in accomplishing desired ends. A program, for example, such as the one now proposed with regard to land used to produce basic commodities, would affect in Minnesota only the acreage now devoted to corn and wheat, and would be of value to only a very small proportion of the farmers in Minnesota.

Farm cooperatives

Constructive encouragement of farm cooperatives, a policy which has been written into Federal law since 1929, should be continued and expanded. Farmers have already done much to improve their own financial position through cooperative organization, and can do much more.

Research and experimentation

Scientific and technological research, to develop new and better products and particularly new uses for agricultural products, should be constantly emphasized.

Importance of administration

No government program can be carried out effectively to achieve the purposes for which it was enacted unless it is administered by personnel who believe in those purposes and are determined to carry out the intent of the law. This is particularly true with regard to an agricultural program designed to meet the needs of a vast area under changing conditions, because such a program cannot be spelled out in rigid detail, but must rather provide for variations to meet diverse and unpredictable situations.

I believe that the programs in effect today could have been of greater benefit to our farmers had they been administered more thoroughly in line with the intent of the law. I have already referred to the decreased effectiveness of the local farmer-committee program. Administrative officials have not always used the authority they have to the greatest benefit of the farmers. In the current pork purchase program, for example, perhaps the processors and packers have benefited by the expenditure of $85 million, but it has not helped the price that farmers receive for their hogs. Had such expenditures been made to farmers, for example, as premium payments for marketing lean hogs of less weight, there would have been less pork on the market and the benefit would have been to the farmers themselves. When administrative officials in charge of a program express their disapproval of the purposes of the program itself, there is little reason to hope that the program will succeed.

I would therefore urge you to write into the law you will enact, as specifically as you

can, a statement of the intent and purposes to be achieved, and require that it be administered in a manner that carries out those intents and purposes.

Farm problem can and must be solved

We cannot afford a defeatist or a laissez-faire attitude toward our farm problem. We in America are blessed with a democratic government. We ought not to be afraid to use it. We must not be caught in blind prejudices that prevent action by means of representative government, when only by such means can solutions be found and implemented.

We can solve the serious agricultural problem which faces us today if we adopt a program based on a philosophy of plenty, which recognizes the needs of the future, which has the imagination and the courage to meet the challenge of bringing to our own people—and to the world—the possibilities of plenty that scientific and technological progress make possible.

I believe that you can evolve a constructive, far-sighted program to the benefit of America and the world. It has been a great privilege for me to try to make some contribution to your efforts to that end.

Mr. HUMPHREY. Mr. President, from day to day Members of Congress bring to the attention of their colleagues letters which they have received. I have in my possession a letter which was written to me by a friend of my family, a gentleman who lives in South Dakota where my mother resides and which was my native State. The letter reads, in part, as follows:

DEAR HUBERT: Have been going to write for a long time but never got around to it, because you have always tried to do for the American farmer what is right. You know what the farmer needs, because you have been brought up among us.

This new administration farm bill seems to stress only the soil-bank plan. I don't intend to follow it unless it has a 90-percent clause in it for top-quality crops.

The Eisenhower-Benson plan is to have the family farmer build up the soil, then lose it, so the corporation farmers can reap the benefits. And we will lose our farms if this administration stays in office. If you will read the 23d chapter of St. Matthew it will give you an idea what the farmer thinks of the 1952 promises of the present administration. I didn't owe any money to anybody January 1, 1953. Now $2,000 is what I owe and I have to borrow more to put in another crop.

* * * * *

When the Eisenhower farm message was read in Congress egg prices dropped 7 cents a dozen. The egg buyers lost $2.10 a case on what they had on hand. Yesterday his budget message was read and eggs dropped 3 cents more and oyster shells went up 3 cents a 50-pound paper sack, and a 50-pound block of salt went up 2 cents.

Mr. Benson's hog-buying program with subsidy direct to packer done just what I thought it would. It kept live hogs market lower and kept the price at meat counter up.

By buying up the best cuts of pork, hams, loins, the luncheon meat and some lard, left a surplus of less desirable cuts and scarcity of the pork chops and hams at the counter.

CATTLE AND HOGS

Mr. President, this leads me to the consideration of a matter which has been discussed day after day in newspapers, magazines, and in the Congress.

Mr. President, I note by the press that many of our Republican colleagues of this body and the House are beating a path to the White House insisting that Secretary Benson do something about hog and cattle prices.

They are apparently beginning to realize the keen disappointment of America's livestock producers in the President's supposedly bold new farm program.

The sad truth is that nothing in the program offers any real help to the two groups of producers now hit the hardest—cattlemen, and hog growers.

Perhaps if enough Republican House Members join this pig revolt—with their eye on coming elections—Secretary Benson will take another look at some of the good Democratic suggestions offered him some time ago to meet this situation.

Secretary Benson has both funds and authority to act. The hesitant action he is taking now on hogs is a failure, serving to boost profits to packers and processors but doing little good for producers.

As the pressure on Secretary Benson mounts from his own party, I suggest he dig into his files and take another look at the as yet-unanswered letters 16 Democratic Senators sent him as a New Year's message, suggesting he start off the New Year by expanding his livestock purchases and doing it in a way to get the assistance to farmers.

Mr. President, every single day the newspapers of the United States carry feature stories to the effect that members of midwestern delegations are calling at the White House or at the Agriculture Department literally demanding that something be done. It is the major news feature in every midwestern newspaper. It has even become so significant that it has made the eastern newspapers, although in the East the hog prices are not of such critical importance to the producer as they are to the midwestern farmer.

There is nothing to stop the Secretary of Agriculture from requiring that the packers certify that they are paying fair prices to the producers before accepting their bids. There is nothing to stop him from requiring packers to submit offers only on pork from lightweight hogs, thus stimulating the market for lighter hogs, and thereby cutting down the potential total pork supply.

Or, if the Secretary wants an even simpler method, the best way to get assistance directly to the producers is to give it to them directly, in the form of compensatory payments.

Secretary Benson knows that Congress would give him almost any authority he asked for which would assure getting assistance to the farmers, instead of to the packers. But he has not asked for any assistance. He has not asked for any more funds.

All of us hope he will change his mind and act at once. But if he does not, we in Congress must make certain that hogs and cattle are not overlooked in the new farm bill.

I digress to point out that the loss to the cattle and hog producers in the Midwest has run into hundreds of millions of dollars, which can never be reclaimed because of the inexcusable delay. This is the kind of economic liquidation that goes far beyond what one might call watching the market operate, hoping that it will readjust itself. The farmers of the Middle West, in the great hog producing States of Illinois, Indiana, Iowa, Nebraska, Wisconsin, and Michigan, and, indeed, other States of the Middle West, have been going through the wringer. They are suffering from very dire economic circumstances.

Whether Secretary Benson wants it or not, I want to see authority included in the new farm bill for the Secretary to use up to $300 million of Commodity Credit Corporation funds to aid hog and cattle producers, but with enough strings attached to keep it all from going to the packers. I think our committee is more aware of the needs of these producers than Secretary Benson seems to be, and I believe they would go along with such a request. All I shall insist upon is that we provide safeguards to keep the packers from getting more and more as producers of hogs and beef get less and less.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point a report which I have received from the Department of Agriculture, in response to my request during our committee hearings, on the actual purchases of pork and prices paid, together with prices received by farmers for hogs at comparable dates. Anyone who examines the table will see the inequities of the present program.

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

Average cost of barrows and gilts in packer and shipper purchases at 8 markets, since the week ended Nov. 12, 1955

[Dollars per 100 pounds]

Week ended—	Chicago	St. Louis National Stock Yards	Kansas City	Omaha	Sioux City	South St. Joseph	South St. Paul	Indianapolis	8 markets combined
Nov. 12	13.15	13.36	13.01	12.82	12.49	12.89	12.67	13.48	12.93
Nov. 19	12.01	12.28	12.04	11.84	11.45	11.94	11.62	12.48	11.91
Nov. 26	11.26	11.89	11.53	11.23	11.02	11.48	11.24	11.82	11.38
Dec. 3	10.98	11.50	10.99	10.78	10.45	10.96	10.52	11.38	10.90
Dec. 10	10.72	11.34	10.66	10.35	10.22	10.78	10.40	11.18	10.67
Dec. 17	10.57	11.17	10.71	10.47	10.29	10.69	10.21	11.26	10.60
Dec. 24	10.73	11.22	10.58	10.39	10.29	10.58	10.13	11.36	10.60
Dec. 31	11.06	11.39	11.01	10.78	10.71	10.86	10.33	11.50	10.90
Jan. 7	10.85	11.36	11.05	10.83	10.68	11.17	10.37	11.34	10.88
Jan. 14	10.92	11.35	10.99	10.70	10.48	11.04	10.70	11.34	10.90
Jan. 21	11.03	11.62	11.47	11.09	10.99	11.42	11.11	11.50	11.24

Source: Compiled from weekly livestock market news reports issued by the Livestock Division, AMS.

NOTE.—Hog prices at the principal markets on Monday, Jan. 23, were reported mostly 25 to 75 cents per 100 pounds higher than the close on Friday, Jan. 20.

Mr. HUMPHREY. Mr. President, I pointed out on the Senate floor a week ago that as the Government purchases of pork products were being made, the prices which the Government paid for those products were going up on every purchase; that the price which the farmer received for live hogs on the market was going down; and that the dates of the purchases of hogs and the drops in hog prices were almost identical. I gather that some persons had doubts as to the veracity or the validity of that observation. Therefore, I ask unanimous consent that the entire chart be printed at this point in the RECORD.

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

U. S. Department of Agriculture pork and lard purchase program—Summary of offers and acceptances by weeks through Jan. 20, 1956

Purchase date	Offers			Acceptances				
	Number of bidders	Quantity	Range of prices	Number of contracts	Quantity	Range of prices	Average f. o. b. price per pound	Total f. o. b. plant cost
Lard:								
Nov. 9, 1955 [1]	21	25,576,200	$12.10–$18.70	4	1,915,200	$12.10–$15.94	$15.16	$290,421.96
Nov. 22, 1955 [1]	16	30,620,400	12.62– 18.32	5	4,956,000	12.62– 15.87	15.12	749,584.68
Nov. 30, 1955 [1]	18	37,128,000	11.99– 16.97	4	7,704,000	11.99– 15.09	14.24	1,097,153.60
Dec. 15, 1955	12	73,224,000	13.89– 18.29	7	16,380,000	13.89– 15.00	14.37	2,354,270.40
Total				20	30,955,200		14.51	4,491,430.64
Luncheon meat:								
Nov. 17, 1955	8	1,663,200	39.19– 47.35	3	415,800	39.19– 41.90	40.28	167,502.06
Nov. 23, 1955	8	2,019,600	39.75– 44.95	6	1,009,800	39.75– 41.90	41.51	419,197.68
Dec. 1, 1955	8	1,960,000	40.89– 44.60	7	1,425,600	40.89– 41.90	41.81	596,084.94
Dec. 8, 1955	8	2,079,000	41.37– 44.60	7	1,782,000	41.37– 41.90	41.87	746,188.74
Dec. 15, 1955	8	1,603,800	41.85– 44.51	6	950,400	41.85– 41.90	41.89	398,110.68
Dec. 22, 1955	8	1,960,200	41.80– 42.47	8	1,722,600	41.80– 41.90	41.89	721,591.20
Dec. 29, 1955	8	1,841,400	41.85– 43.98	7	1,009,800	41.85– 41.90	41.89	423,046.80
Jan. 5, 1956	8	2,257,200	41.90– 44.95	6	1,900,800	41.90– 41.90	41.90	796,435.20
Jan. 11, 1956	9	2,435,400	41.90– 42.90	9	2,435,400	41.90– 42.90	42.07	1,024,459.92
Jan. 19, 1956	9	3,088,000	42.50– 43.90	9	2,197,800	42.50– 42.90	42.82	941,460.30
Total				68	14,850,000		41.98	6,234,077.52
Pork and gravy:								
Nov. 17, 1955	15	5,314,700	62.50– 84.78	2	226,200	62.50– 64.50	63.28	143,145.01
Nov. 23, 1955	14	4,976,400	63.42– 79.71	7	1,300,650	63.42– 64.50	63.94	831,579.06
Dec. 1, 1955	13	3,788,850	63.49– 77.50	6	1,017,900	63.49– 64.50	64.38	655,281.61
Dec. 8, 1955	15	3,845,400	63.42– 75.70	13	2,827,500	63.42– 64.50	64.37	1,820,006.33
Dec. 15, 1955	16	4,524,000	64.40– 71.50	14	3,166,800	64.40– 64.50	64.48	2,042,018.80
Dec. 22, 1955	19	6,786,600	64.15– 66.44	17	6,050,850	64.15– 64.50	64.48	3,901,752.64
Dec. 29, 1955	18	4,071,600	64.45– 71.63	13	2,940,600	64.45– 64.50	64.48	1,896,115.84
Jan. 5, 1956	12	2,657,850	64.48– 68.21	7	1,639,950	64.48– 64.50	64.50	1,057,711.20
Jan. 11, 1956	19	6,786,000	64.48– 66.50	13	5,824,650	64.48– 64.50	64.50	3,756,814.42
Jan. 19, 1956	17	7,521,150	64.18– 67.00	12	5,824,650	64.18– 64.50	64.50	3,756,610.84
Total				104	30,819,750		64.44	19,861,035.75
Ham:								
Nov. 23, 1955	7	1,440,000	56.23– 72.90	1	288,000	56.23– 57.12	56.65	163,144.80
Dec. 1, 1955	5	1,620,000	57.76– 65.83	3	1,152,000	57.76– 59.95	58.58	674,856.00
Dec. 8, 1955	7	2,808,000	58.70– 62.66	6	2,088,000	58.70– 59.95	59.76	1,247,806.80
Dec. 15, 1955	8	2,484,000	59.87– 62.95	4	1,152,000	59.87– 59.95	59.93	690,393.60
Dec. 22, 1955	6	2,664,000	59.87– 60.27	5	1,728,000	59.87– 59.95	59.94	1,035,705.60
Dec. 29, 1955	5	2,304,000	59.95– 64.32	3	396,000	59.95– 59.95	59.95	237,402.00
Jan. 5, 1956	5	1,944,000	59.95– 63.58	2	900,000	59.95– 59.95	59.95	539,550.00
Jan. 12, 1956	7	2,160,000	59.00– 63.08	6	1,800,000	59.00– 61.50	60.40	1,087,290.00
Jan. 19, 1956	8	2,232,000	60.80– 64.29	7	1,188,000	60.80– 61.50	61.42	729,684.00
Total				37	10,692,000		59.91	6,405,832.80
Total pork and lard				229	87,316,950			36,992,376.71

[1] Includes lard in both 3-pound and 50-pound tins.

Because the prices quoted for processed pork products were not considered to be in their proper relation to hog prices currently being received by farmers, no offers were accepted week of Nov. 10, and no offers on canned ham week of Nov. 17.

Mr. HUMPHREY. Mr. President, Senators will find as they look over the chart, which I have before me, that when the hog-purchase program started on November 12, 1955, hogs on the 8 combined markets in the Midwest—in the 8 combined stockyard markets in the Midwest—were selling for $12.93 a hundredweight. On January 1, they were selling for $10.90. On December 24, they were selling for $10.60.

The highest figure they have reached since was on January 21, 1956, $11.24.

Meantime, the purchases which the Government has made have been as follows:

On luncheon meat the price has gone up from 39 cents a pound, on November 17, 1955, to 42 cents a pound on January 19, 1956. On January 11, the price was 41.9 cents. On January 5, it was 41.9 cents. On December 8, it was 41.37 cents.

The price which the Government pays continues to go up; the price which the farmers receive continues to go down.

As to the pork and gravy—and I digress to say that the price of gravy is indeed extensive in this operation—on November 17 the pork and gravy which the Government purchased cost 62.5 cents. On January 19, it cost 64.18 cents. On December 22, it cost 64.15 cents.

What kind of purchase program is this? The packers are not in trouble. They have never had it better. They really have peace and prosperity. The farmers are a little short on prosperity.

The farmers' prices have gone down, down, and down. The packers' prices have gone up, up, and up, and their profits have skyrocketed.

Prices are at unprecedented levels. Some of us have been pointing out this fact for many weeks. We have been trying to the best of our ability to get something done before it is too late. We went through this condition a little more than a year and a half ago in the cattle market. We are about to go through it again.

Members of the Senate who own cattle are finding out through personal observation as they sell cattle that they are losing money. They cannot afford to feed cattle today, despite the low prices of feed grains. Feed grains are today selling at a price so low that they are being sold at a loss to the producer of such grains.

Mr. President, I should also like to read a telegram from a group of Iowa producers, showing the sentiment which exists in the Midwest today. The telegram is signed by O. C. Swackhammer, president of the Midwest Livestock Feeders' Association, of Shenandoah, Iowa. It was addressed to me under date of January 24, and reads as follows:

SHENANDOAH, IOWA, *January 24, 1956.*

HON. HUBERT HUMPHREY,

Senate Building, Washington, D. C.:

One thousand hog producers in emergency meeting called by Midwest Livestock Feeders' Association adopted unanimously these resolutions today. Urge immediate action. Evidence 8 to 10 percent of all farmers going

broke or leaving farm. Eighty to eighty-five percent returning Korean veterans already broke:

1. We request that the Secretary of Agriculture use all money available for immediate action, retroactive to September 1, 1955, as emergency payments to farmers as a direct subsidy payment, to bridge the gap between what farmers are actually receiving and 100 percent of parity.

2. We understand that the Secretary of Agriculture has at present $120 million to support hog prices, and $120 million to support cattle prices. We strongly recommend that these sums of money be used at once to bolster the farmer's income. And we further recommend that payments be made directly to the producers rather than through the packers of livestock products.

3. We favor a thorough investigation of price spreads between prices received by producers of livestock and those paid by consumers of livestock products. It was also recommended that farmers of 160-acre farms be placed on this investigating committee.

4. We favor further liberalization of restrictions on loans so farmers may adequately be financed during this emergency period.

O. C. SWACKHAMMER,
President, Midwest Livestock Feeders' Association.

Mr. President, Mr. Swackhammer has said that approximately $240 million of funds is available, and there are that many dollars available. They are section 32 funds; they are not funds taken from the Federal Treasury as taxpayers' funds. They are funds collected as excise imposts, excise taxes, imposts, and duties upon imports into the United States. That amount of money is not being used.

A little more than half or about half of the $85 million which the President and the Secretary said they were going to use in the pork-buying program has been used to date.

I have also a report on the distribution of surplus lard and pork products to section 32 outlets, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows.

DISTRIBUTION OF SURPLUS LARD AND PORK PRODUCTS TO SECTION 32 OUTLETS

I. LARD

Lard is now being made availabe to all State distributing agencies for donations to nonprofit school lunch programs, charitable institutions, and to State, county, and local welfare agencies for the relief of those needy persons and families who have been certified as eligible to receive surplus commodities.

This situation reflects the fact that by December 15 maximum quantities of lard for which domestic section 32 outlets were available had been procured. On November 9, the first week purchases were made under the pork products purchase program, the Department purchased approximately 2 million pounds of lard. However, during subsequent weeks purchases increased significantly. Total purchases amount to almost 31 million pounds. Purchases by weeks are shown in the table above.

The Department is endeavoring to develop outlets for lard under the programs of the International Cooperative Administration and sales for local currency through the use of Public Law 480. In this connection, a Public Law 480 agreement for 88 million pounds of lard to Yugoslavia has just been announced. Consideration is being given to possible means under which donations for foreign relief purposes could be accomplished.

II. PORK PRODUCTS

The volume of purchases of canned pork to date has been sufficient to meet only the current needs of school lunch programs which are accorded first priority on available donations. However, in view of the current step-up in the volume of purchases and the broadening of the program to include frozen pork items and small size cans of luncheon meat, it is anticipated that acquisitions will be sufficient to provide distribution to institutional and needy family outlets by some time late in March or April.

Early purchases of canned pork were relatively small because many of the early offers were judged to be too high in relation to market prices of hog and pork products. (See table above.) However, in the past 2 weeks the volume of acceptable offers has been larger. For example, during the week ending January 20 the Department purchased slightly more than 9 million pounds of canned pork meat products, bringing the total canned pork meat purchases to more than 56 million pounds. Purchases and offers by weeks are shown in the table above.

To further stimulate an increased volume of offers, the Department has made two changes in the program. It has expanded the program to include purchases in frozen form (pork loins, skinned shankless shoulders, and skinned smoked hams) which are especially suited for use in institutions. In addition, it has offered to purchase canned luncheon meat in 12-ounce cans—a size suited to the needy family distribution by welfare agencies.

Mr. HUMPHREY. Mr. President, I have recommended in my statement that there be an increase in these funds by some $300 million through the authorization of Commodity Credit funds. I have made this recommendation because the expenditure of that amount of money will definitely lift the prices of pork or live hogs and of beef cattle, and will more than put that much back into the farmers' income, many times over. The farmer will thus become a better purchaser, he will become a taxpayer, and will be able to meet his obligations and his debts.

I was particularly impressed by the Livestock Feeders Association suggestion that "It was also recommended that farmers of 160-acre farms be placed on this investigating committee."

What a refreshing idea it would be for farmers to investigate the price spread between prices received by producers and processors of these products. I hope this particular suggestion will be carried out.

Mr. President, all of us concerned with the collapse of hog prices should read with a great deal of interest the January 7 issue of Wallaces' Farmer and Iowa Homestead, showing that 76 percent of Iowa farmers polled favored direct payments to support income of hog producers.

I ask unanimous consent to have the Iowa magazine article on this poll inserted at this point in the body of the RECORD, together with an article by Art Thompson, editor of Wallaces' Farmer, entitled "A Way To Boost Our 1956 Income."

I commend both of these articles to my colleagues for thoughtful reading.

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

SUPPORT HOGS, FARMERS SAY—HOW?—BIG MAJORITY FAVOR PRODUCTION PAYMENTS

Farm operators, interviewed by the Wallace-Homestead poll, showed a marked shift toward production payments as a way of supporting hog prices. They were asked:

"If you think the Government should support hog prices at $17, which of the following should the Government do?

"1. If the market price drops to $14, pay the farmer the $3 difference between the market price and the $17 support price on the hogs he sells."

Vote was 76 percent in favor of No. 1.

"2. Buy and store pork to keep the market price up to $17."

Vote was 9 percent in favor of No. 2. And 16 percent were undecided.

Iowa farmers have been asking for some kind of Government help for hogs for quite a while. But they've been divided about the kind of help.

Now a good many have made up their minds. They want production payments.

This means a Government check for the difference between the support price and the average price on the day the farmer sells.

If the support is $17 and the market price averages $13, then the farmer gets a check for $4 per hundred on the weight of hogs sold.

STILL PAY FOR QUALITY

Suppose he has top hogs and gets $14.50 instead of $13. That's all right. He still gets his $4 check. Quality and bargaining ability continue to pay dividends.

Look at the table above for the way in which the question was asked and the way farm operators answered it. And look below to the way in which the vote of farm men changed on this point from August to December of 1955.

	August (percent)	*December (percent)*
1. Production payments	52	76
2. Buy and store	35	9
3. Undecided	13	15

Why the change in 4 months? For one thing, hog prices dropped. Farmers were more eager for action.

For another, Benson's pork-buying program had fizzled. By early December, he had spent only $15 million out of the $85 million promised and hog prices had continued to fall.

Do all Iowa farm operators want Government action on hog prices? No.

The Wallace-Homestead poll asked about supporting prices at $17 per hundred at Chicago. About 60 percent of the farm operators approved. Four percent wanted to use other methods—production quotas, higher supports, etc. And 25 percent said: "Leave the hog market alone."

FARM BUREAU VIEWS

How do farm bureau members stand on production payments now? How do Republicans and Democrats stand?

Among bureau members, 69 percent were for production payments and 9 percent against. This also is a big change since August.

Republican and Democratic farmers voted about the same way.

	Republicans (percent)	*Democrats (percent)*
1. Production payments	77	76
2. Buy and store	9	12
3. Undecided	14	12

Farmers of different ages seemed to agree pretty well. But young farmers were press-

ing a little harder than older ones for production payments.

Younger farmers—those from 20 through 34 years—were 79 percent for production payments. Older farmers were 64 percent in favor.

The survey also showed that a number of farm operators were thinking about the possible need of quotas for sows.

A farmer in Poweshiek County, Iowa, said: "If we have price supports, everyone will jump in and raise more hogs. Some kind of production control would be necessary."

His neighbor added: "The Government should control production of hogs. The cotton men in the South control cotton production. We'll have to do the same thing with hogs."

A WAY TO BOOST OUR 1956 INCOME—NEED EARLY VIGOROUS ACTION TO HEAD OFF DANGEROUS SLUMP

1. Cut corn acres in 1956.
2. Pay more for soil conservation.
3. Restore corn loans to 90 percent of parity.
4. Make supplemental hog payments direct to producers.

I once knew a deputy sheriff who, if there was time, took a short drink before making an arrest, especially of a friend. It was important, he said, to get yourself in a proper frame of mind before tackling a tough job.

Suggesting a farm program for 1956—the thing I am going to attempt in this article—is certainly a tough job. So, like the deputy sheriff, I have been reinforcing my own frame of mind, but not with the bottle. Instead, I have just looked at the latest report of the President's Council of Economic Advisers and the trend of auto production.

What did I find? In the third quarter of 1955 total national income was up 9 percent from a year earlier. Farm income was down 9 percent. Corporate profits, after taxes, were up 31 percent. Total national production for the year—goods, services, etc.—reached an all-time mark of close to $400 billion.

The farmer helped set this record. But he got only a part of his income share from it. Who got the rest? Somebody got it. It was produced; the record shows that.

I looked at the auto figures because it has sometimes appeared that manufacturing might go right on until every American had a new car. Now I discover that by mid-December the big companies had largely cut out Saturday operations. One was shortening the work week by 5 hours. Another had laid off 1,400 employees.

Back of these moves was the fact that car sales had slowed up, at least temporarily. Unlike farmers, the manufacturers were not responding to this situation by continuing high output and taking ruinous prices.

In view of these findings, therefore, I find it a little easier to suggest some expensive medicine for our farm problem. Farm income has fallen so far, and our outlook is so threatening that half-way measures are no longer enough.

Here in the Corn Belt, our problem is clearly one of too much feed production, both actual and potential. Unfortunately, it is not evenly distributed, but in total it is there.

We must really come to grips with the excess this time. The American public will have little patience with us if we do not, even though a straight unconditional handout, labeled "prosperity" dividend, could be justified.

Yet, at the same time, city people must understand that farmers will have to have Government guidance in making this adjustment. Sharp criticism will go along with this concession, do doubt, but it will just have to be endured.

What kind of a program will do the job? Or speaking more accurately, what is most likely to be possible?

1. It must be kept in mind that Secretary Benson has again placed no restrictions on the use of land diverted from wheat and cotton. As in 1955, we can only assume that much of it will go into feed crops, even corn.

2. It is very questionable whether a new farm law can be passed by Congress and put into action in time for 1956 feed crops.

Advocates of the land rental or soil-bank plan are aware of this possible delay but believe, nevertheless, some acreage can be signed up later in the year to get a head start for 1957.

3. We now know that we head into 1956 with the prospect of a continuing weak hog market. And even with widespread program sign-up, the feed supply adjustment isn't going to affect this hog trend much until late 1956, if then.

So, taking things as they are, about the best we can do is "beef up" the existing corn acreage allotment plan.

Set the acre cut high enough, and increase the rate of payment for shifting to more soil-conserving crops. How much cut? Perhaps as much as double that of last year. This is making realistic allowance for fertilizer usage and some tendency to reduce on the poorest land.

Some people think we should shift from acre to bushel allotments for corn, thus to make things fairer for the man who is short of money for fertilizer and so on. However, since most corn never passes through the market, checking bushel compliance would be a real headache.

There also should be rules against putting corn acres into other feed crops. But since the wheat and cotton growers have already been excused from this obligation, it is hardly fair to ask the Corn Belt to observe it.

At this point, the farmer already maintaining a substantial soil conserving base is inclined to say that he will be penalized if corn allotments are again based largely on cropping history. Of course, county committees have some leeway in adjusting for these cases. A further solution, suggested by H. C. M. Case, University of Illinois economist, is to vary both the payment per acre shifted and the loan level for the farm. Farms with an above-average percentage of land in soil-conserving use would be eligible for above-average rates.

Along with the soil-conserving payment, any participating farmer should continue to be eligible for crop loans. Should it also be the rule henceforth that only participants can be eligible for Government price support of oats, sorghums , or any other grain, whether under allotment or not?

As for level of support, a return of the corn loan rate from the present 87 percent of parity back to 90 percent or even 100 percent (about $1.82, national average) could be justified if we really held down production. Under present circumstances, I am inclined to think it should be not less than 90 percent of parity anyway.

If this should threaten to result in an undue further pileup of corn in storage, the Government might suspend or reduce the loan rate and shift to making direct payments on open market sales.

Finally, to obtain a high level of participation (which we must surely have) and to help farm income at an early date, it is suggested that those who sign up—and only those who sign up—should also be eligible to receive supplemental payments on hog marketings.

As now, the hogs would continue to sell for what they will bring in the open market, but the producer would also receive a supplemental payment to bring his total return up to some more acceptable level. Benson is understood to believe that he does not have clear-cut authority under the law to do this. Congress needs to clear this up.

If hog payments are authorized, from what date should they be in effect? Some producers want them applied retroactively back to all hogs sold since October 1, 1955. Others, realizing that it probably will be impossible to obtain enough money for such a backdated scheme, would settle for a start sometime before midyear 1956.

Would it be possible to begin distribution of supplemental hog payments before compliance with acreage allotments can be checked? Theoretically, it should be possible to advance at once a part of the payment due on sales already made, with the baiance to come later, after cropping compliance is verified.

What would be a reasonable support goal for hogs? Eighty percent of parity (equivalent about to $17 per hundredweight at Chicago) might not be too far off. A large volume of hogs is still in prospect, and feed supplies will remain somewhat plentiful down to the end of the current year. Some hog men who are worried about the competitve position of pork say the payments should be graduated to favor meat-type animals.

Even if there should be a short crop of corn in 1956, due to a coincidence of smaller acreage and serious dry weather, we could always fall back on the Nation's big wheat stocks of more than 1 billion bushels. This is a point to make to the American consumer. He is not going to starve under a proper adjustment program.

Some farmers feel there should be hog allotments as well as corn acreage limits, say an allowance of one sow for each 20 acres of land farmed.

These proposals are partly aimed at men who made very large increases in farrowing over the past several years and who thus are regarded as particularly responsible for the current excess.

Hog allotments, however, would be very difficult to establish and administer. Ask anyone who counted pigs under the first AAA program in 1934. It is better to bring down the feed supply, thus to discourage excessive feeding.

Summing up the corn-allotment, hog-payment program as herein outlined could put as much as $750 million in the hands of farmers in the commercial corn area. This will be a shocking figure to people who think taxes first and farmers' welfare afterward, if at all. But on serious reflection they might have difficulty figuring out where the money could be better spent.

In addition to the foregoing, perhaps supplemental payments should also eventually replace the present purchase and storage operation for dairy products. Milk output has recently been rising at a time when it was expected to decline and the Government is having to step back into the market.

The dairy industry has put up a manful struggle with self-promotion since Benson cut its price support sharply 3 years ago. But demand still refuses to overtake supply and thus yield higher prices.

What about support action for beef cattle? Traditionally, cattle producers have declared against Government assistance. Until a different view becomes general, a support proposal for cattle would seem to be out of order.

On the consumption side, the school-lunch program certainly should be pushed with all possible vigor. Nearly one-half of our schools haven't yet been reached. The food-stamp plan should be revived, at least on a pilot basis. And direct distribution to welfare outlets can be expanded.

In time, these outlets could absorb a very substantial quantity of livestock products, produced from our grain surpluses, including wheat. This would ease our adjustment

problem. We know it takes about 6 acres to yield in livestock products the food value from 1 acre in cereal crops.

Abroad, the outlook for further trade is not bright. Benson has been pushing exports hard, but he is alienating some of our good friends in other countries.

So it's a problem that will have to be solved at home. If we really put our minds to it, we can lick it. In the community committee system, we already have the machinery for effective action. We just need someone to call the right signals.—ART THOMPSON.

Mr. HUMPHREY. My colleagues will be interested to know that when Iowa farmers were asked whether or not the Government should buy and store pork to keep the market price up to $17, as compared with a direct payment program, a very small number of those farmers favored the former method as an alternative to production payments. If our object is to enact legislation which will have the support of farmers, then we need to follow the support program.

Relief agencies are not getting the pork products it was said would be available to them. There has been loose talk about the purchase program. It is primarily talk, and there has not been much action.

AMENDMENT OF THE NATIONAL GAS ACT, AS AMENDED

The Senate resumed the consideration of the bill (S. 1853) to amend the Natural Gas Act, as amended.

The PRESIDING OFFICER. Under the unanimous-consent agreement the Senator from Minnesota is entitled to the floor.

Mr. HUMPHREY. Mr. President, it is my privilege today to discuss the bill pending before the Senate, the Fulbright-Harris bill, which pertains to the natural-gas industry, and which has provoked very strong criticism throughout the consuming American public.

There are before the Senate bills which would exempt from regulation by the Federal Power Commission the producers' sales price of natural gas for resale in interstate commerce.

This proposed legislation comes before us with the regularity and dependability of Halley's comet. I must say it comes more often, but it is just about as regular and dependable.

I have no doubt that if we succeed in defeating the bill this time, it will be back for another go around in 3 or 5 years.

Perhaps the big oil companies view what is happening as a war of attrition against those of us who seek to protect the interests of the natural-gas consumers throughout the Nation. If so, I can assure them that we have not yet begun to tire, and I am pleased to see that my good friend, the distinguished senior Senator from Illinois [Mr. DOUGLAS] is all but indefatigable in this cause. The presentation by the Senator from Illinois was one of the finest arguments ever made in the Senate. It demonstrated his unique ability in the field of economics, and his broad understanding of this very complex and difficult field.

It is not surprising that the big oil companies want to push this legislation through. There is much at stake. They stand to increase their profits by something like $600 million or more a year as a minimum. They could ultimately be nearly $30 billion richer by the increase in value of their natural-gas reserves. The only wonder is that, with so much at stake, they have not spent more than the $1,500,000 which it is reported they have put into a public relations campaign around the country to sell this legislation to the unsuspecting public. I must say the public is becoming less unsuspecting, and that the telegrams and messages which are being received indicate there is growing concern about what is happening here in the Congress of the United States.

Mr. President, from time to time I have placed in the RECORD a number of telegrams. I now ask unanimous consent to have printed in the body of the RECORD a number of resolutions and messages from organizations and village and city councils in Minnesota, stating their opposition to the Harris-Fulbright bill to amend the Natural Gas Act. They are from the following groups: St. Paul Federation of Men Teachers, Local 43; Local 6–75 OCAW AFL-CIO; St. Paul Chapter of American Veterans Committee, Hennepin County Central Committee of Democratic-Farmer-Labor Party; Local No. 160, United Packinghouse Workers of America, AFL-CIO; Local 65, National Federation of Post Office Clerks; Bartenders Union, Local 287; Local 1011 of the Minnesota Maintenance, Administrative and Professional Employees; and the City and Village Councils of Albert Lea, Springfield, Fridley, Red Wing, Inver Grove, Lauderdale, Mankato, and West St. Paul.

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

ST. PAUL, MINN., *January 25, 1956.*
Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D. C.:

Resolutions by councils Inver Grove, Lauderdale, Mankato, West St. Paul against Fulbright bill received here.

MARSHALL F. HURLEY,
Corporation Council.

ST. PAUL, MINN., *January 25, 1956.*
Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

St. Paul Federation of Men Teachers, Local 43, unanimously opposed to passage of Harris-Fulbright gas bill. We appreciate your stand in opposition.

KARL F. GRITTNER,
Secretary.

ST. PAUL, MINN., *January 25, 1956.*
Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D. C.:

Members of Local 6–75 urgently request you as Senator from Minnesota to exercise your utmost effort to defeat the Fulbright bill which is now in the Senate. This legislation is not in the public interest.

Yours truly,

CHET JEBLONSKI,
President, Local 6–75, OCAW, AFL–CIO.

ST. PAUL, MINN., *January 26, 1956.*
HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

The Harris-Fulbright bill must be defeated. We heartily commend you for placing consumer interest first.

ST. PAUL CHAPTER, AMERICAN VETERANS' COMMITTEE.

MINNEAPOLIS, MINN., *January 20, 1956.*
Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

Members of Hennepin County Central Committee of Democratic Farmer Labor Party had meeting January 19. Requested you be notified of their opposition to Harris-Fulbright natural gas bill and that you support firmly our stand both on floor debate and when this important measure comes up for a vote.

HELEN ADAMS,
Secretary, Hennepin County Central Committee.

RESOLUTION OF LOCAL NO. 160, UPWA, AFL-CIO, SOUTH ST. PAUL, MINN.

Whereas the Fulbright bill (S. 1853) now on the calendar of the Senate would increase prices to consumers of gas by many millions of dollars and unreasonably swell the profits of the producers; and

Whereas the purpose of this bill is to reverse the United States Supreme Court's decision, which held that producers who sell natural gas to interstate pipelines for resale in interstate commerce are subject to regulation by the Federal Power Commission; and

Whereas passage of the Fulbright bill would serve no useful purpose other than to assist the special interest groups in gouging the gas-consuming public: Therefore be it

Resolved, That the members of Local No. 160, United Packinghouse Workers of America, AFL-CIO, meeting this 13th day of January 1956, go on record of vigorously opposing the Fulbright bill or any legislation designed to exempt the primary production of gas from regulation by the Federal Power Commission; be it further

Resolved, That we urge our representatives in Washington to work for the defeat of the Fulbright bill.

EDWARD W. SCHMIDT,
President, Local No. 160, United Packinghouse Workers of America, AFL-CIO.

NATIONAL FEDERATION OF POST OFFICE CLERKS,
St. Paul, Minn., January 17, 1956.
Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: At the regular meeting of local 65 held Sunday, January 15, 1956, the Fulbright bill, S. 1853, and the Harris bill, H. R. 4560, now pending before this session of Congress was discussed. A motion carried that the Secretary inform our Congressmen and Senators that we are vigorously opposed to any legislation that would exempt the primary production of gas from regulation by the Federal Power Commission. If such action is taken it can only result in a higher rate for the consumers of this natural resource.

These producers of natural gas are entitled to a fair and reasonable rate of return and can secure such return under the proper Federal regulatory authority.

We urge you to oppose the passage of the Harris bill, as amended, and the Fulbright bill. We further request that the Senate of the United States return the Fulbright bill, as amended, to the Senate Committee on Interstate and Foreign Commerce for further hearings on the bill and its amend-

ments, which have been added to it since the last public hearing. This action would at least give the public of the United States an opportunity to present its side of the case.

We respectfully request that you exercise your utmost efforts to defeat this legislation which is definitely not in the public interest.

Sincerely,

JOHN A. MORGEN,
Secretary, Local 65, N. F. P. O. C.

AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES,
St. Paul, Minn., January 17, 1956.

Hon. HUBERT H. HUMPHREY, Jr.
Senate Building, Washington, D. C.

DEAR SIR: The members of Local 1011, Minnesota Maintenance, Administrative and Professional Employees, of the American Federation of State, County, and Municipal Employees, at their regular monthly meeting January 16, 1956, voted their unanimous opposition to passage of the Fulbright bill (S. 1853), and the Harris bill (H. R. 4560), as being detrimental to the best interest of the present and potential Minnesota consumers of natural gas. They earnestly solicit your active opposition to the final adoption of either or both of these measures.

Very truly yours,

A. F. WICKLUND,
President, Minnesota Maintenance, Administrative and Professional Employees, No. 1011.

ALBERT LEA, MINN., *January 16, 1956.*

Hon. HUBERT H. HUMPHREY,
Senator from the State of Minnesota, United States Senate, Washington, D. C.

DEAR SENATOR HUMPHREY: Pursuant to direction of our city council of the city of Albert Lea, Minn., I enclose herewith a certified copy of a resolution passed by our city council on January 9, 1956.

Very truly yours,

WILLIAM AANERUD,
Secretary of the Council.

RESOLUTION OF THE COUNCIL OF THE CITY OF ALBERT LEA, MINN.

Whereas the Congress of the United States now has under consideration two bills, one being known as the Fulbright bill (S. 1853) and the other as the Harris bill (H. R. 4560), the same being similar in nature and relating to the use of natural gas; and

Whereas the Council of the City of Albert Lea believes that the passage of either of said bills may well result in higher rates for the consumers of natural gas; and

Whereas it further appears that the public has not had adequate opportunity to inform itself of the provisions and effect of said bills and voice its opinion to Members of Congress; Now, therefore, be it

Resolved by the City Council of the City of Albert Lea, That it urge the honorable Senators and Congressmen from the State of Minnesota to oppose passage of the legislation; and be it further

Resolved, That a copy of this resolution be transmitted to each Member of Congress from the State of Minnesota and to the United States Senate Committee on Interstate and Foreign Commerce and to the clerk of said committee and the clerk of the Senate of the United States.

Passed January 9, 1956.

KENNETH C. JORDAHL,
Mayor.

RESOLUTION OF THE CITY OF SPRINGFIELD, BROWN COUNTY, MINN.

Whereas on April 15, 1955, the city of Springfield, through its city council, expressed its opposition to the passage of H. R. 4560, the so-called Harris bill, by the House of Representatives of the United States of America, which bill purports to exclude from the jurisdiction of the Federal Power Commission the power to regulate natural gas prices, and its conclusion that such resolution would be contrary to the welfare of the citizens of this community who are users of natural gas, and to this city which is also a user of natural gas, and would result in higher rates for the consumers of those natural resources; and

Whereas this city council is of the opinion that fair and reasonable rates can be secured by the producers of natural gas under proper Federal regulatory authority; and

Whereas the Fulbright bill (S. 1853) now on the calendar of the United States Senate contains provisions which are similar in effect to the Harris bill: Now, therefore be it

Resolved by the City Council of the City of Springfield, Minn., That it reiterates its conclusion and opinion heretofore expressed that the Harris bill and the Fulbright bill are contrary to the best interests of the general users of natural gas in this community and to this city as an extensive user of gas, and that this city council again restates its firm opposition to these proposed bills and to this proposed legislation; it is further

Resolved That this city council urgently requests the Senators and Congressmen from the State of Minnesota to use their best efforts to prevent the passage of this proposed legislation as not in the public interest; it is further

Resolved, That a copy of this resolution be immediately sent to the Honorable Senators and Congressmen from the State of Minnesota.

Passed and adopted this 9th day of January 1956.

B. J. ESSYELN,
Mayor.

Attest:

P. H. SOLYNTJIS,
City Clerk.

JANUARY 18, 1956.

DEAR SIR: At a regular meeting of the village council of Fridley, Minn., Councilman Frederick introduced the following resolution and moved its adoption:

"Whereas the Harris bill passed by the House of Representatives and the Fulbright bill now before the United States Senate will result in an increased cost of natural gas to the consumer; and

"Whereas a fair and reasonable margin of profit to the gas producing industry can be realized under proper Federal regulations; and

"Whereas passage of the Fulbright bill would result in considerably high consumer prices of natural gas: Now, therefore, be it

"*Resolved,* That the village council of the village of Fridley, Minn., protest the passage of the Harris bill and urge defeat of the Fulbright bill; and be it further

"*Resolved,* That the council urgently request the Senators and Congressmen from the State of Minnesota to use every effort to defeat this legislation which is contrary to the best public interest; and be it further

"*Resolved,* That copies of this resolution be transmitted to the Honorable Senators and Congressmen from the State of Minnesota, to the clerk of said committee and to the clerk of the United States Senate."

The motion was duly seconded by Councilman Marcucci and upon vote being taken, all members voted in favor of the resolution.

I hereby certify that the foregoing is a true copy of the resolution adopted by the Fridley Village Council.

ERNEST MADSEN,
Clerk.

RESOLUTION ADOPTED BY THE BARTENDERS UNION, NO. 287, ST. PAUL, MINN., JANUARY 15, 1956

Whereas we, the members of the bartenders union and our families, are users of natural gas, and because we are certain that the Fulbright and Harris bills, if passed in the Senate and House will in time prove to be contrary to our best interests and the whole gas-consuming public in our city; and

Whereas the passing of these bills would take away from the Federal Power Commission the regulation of those engaged in the primary production of gas and this in effect could lead to only one end, increases in the rate to be paid by the ultimate consumer of natural gas: Now, therefore, be it

Resolved by the members of the Bartenders Union Local, No. 287, of St. Paul, Minn., That the Harris and Fulbright bills, as amended, are contrary to our best interests and those of the whole gas-consuming public in our city, and we respectfully request that the Senate of the United States return said Fulbright bill, as amended, to the Senate Committee on Interstate and Foreign Commerce for further hearings on said bill and the amendments which have been added to it since the last public hearing thereon. This will at least give the public of the United States an opportunity to present its side of the case before the honorable Senate committee: Further

Resolved, That the members of the Bartenders Union Local, No. 287, of St. Paul, do urgently request that the Senators and Congressmen from the State of Minnesota exercise their utmost efforts to defeat this legislation.

Approved January 15, 1956.

ROBERT L. MORGAN,
Secretary, Bartenders Union, Local No. 287.

RED WING, MINN., *January 18, 1956.*

Hon. HUBERT H. HUMPHREY,
United States Senator, Washington, D. C.

DEAR SENATOR HUMPHREY: At a special meeting of the City Council of the city of Red Wing, Minn., held on January 16, 1956, a detailed discussion was entered into with respect to the provisions contained in the Fulbright bill (S. 1853) now before the United States Senate for consideration.

It was felt by the members of our city council that if the Fulbright bill should pass, all independent producers who sell gas in the producing field for transmission by pipe line will be freed from the Federal regulations in effect at the present time, that it would definitely not be for the best interests of the citizens of communities using natural gas and that the ultimate result will be for the consumer to pay a higher rate for natural gas.

After due and fair consideration of this proposed measure, action was taken by the city council that they go on record opposing the passage of the Fulbright bill now before the United States Senate and instructed the city clerk to inform our United States Senators of their action and respectfully request their support in opposing passage of this measure.

I trust this request will merit your favorable consideration.

Very truly yours,

H. E. NORDHOLM,
City Clerk.

Mr. HUMPHREY. Mr. President, what does surprise me is the short memory the backers of the proposed legislation display. With so much at stake, one would think they could recall their previous efforts to cash in on this bonanza. Yet I have seen pamphlets, distributed throughout the country by the

natural gas and oil interests, which claim that the producers' sales price of natural gas was never subject to regulation before June 1954, when the Supreme Court so held in the Phillips decision. The pamphlets, newspaper advertisements, and all the other propaganda that has flooded the country for the past year, charge that the Supreme Court "reinterpreted" the law in a way that no one ever quite imagined was possible before.

If this were true, then I can only wonder what all the shouting was about back in March 1950, when the Kerr bill was pending in the Senate. The Kerr bill would have exempted independent producers of natural gas from regulation under the Natural Gas Act of 1938. And the natural gas and oil interests should have recalled the big push they made back in 1947 with the Moore-Rizley bill, and the other bills in the 80th and 82d Congress which would have removed this authority from the Federal Power Commission.

I cite this as only one of the many mistaken notions about the proposed legislation that have been disseminated throughout the country by the natural gas and oil propaganda machine. We could argue the legislative history of the Natural Gas Act for months on end, but I am sure that the proponents and opponents of the Harris and Fulbright bills would not reach agreement on what was intended regarding the regulation of producers' sales price of natural gas.

Let me digress from my prepared statement to point out that there has never been any doubt in the minds of the producers of natural gas that the act of 1938 did provide regulation of producers' sales of natural gas in interstate commerce. If there was no doubt, then why the Moore-Rizley bill? Why the Kerr bill? The effort to pass these bills was not merely that there might be clarification; it was that there might be an affirmative declaration on the part of Congress to exclude producers' sales of natural gas from regulation by the Federal Power Commission.

But we do not have to argue that point further. It has been done for us before the highest Court in the land. We know that the Supreme Court, in arriving at a decision in a case such as the Phillips case, reviews the committee reports and congressional debate to decide what was the legislative intent at the time the Natural Gas Act was made law. We know that they also take into consideration the whole history of the act since its enactment and the judicial decisions bearing upon its interpretation. The Supreme Court has gone through this careful and judicious process and handed down a decision declaring that producers' sales of natural gas for resale in interstate commerce are subject to the regulation of the Federal Power Commission.

I do not think there is any longer any argument about what the Natural Gas Act does provide. Those issuing the natural gas and oil propaganda are only interested in trying to convey the false impression that this Federal regulation was never the original intention of the Natural Gas Act.

I repeat that when the highest Court of the land speaks, as it did in the Phillips case, the intension of the act is clarified. That was the purpose of the Court, and that was the purpose of State of Wisconsin, which brought suit in the Phillips case, namely, to clarify, once and for all, the purpose of the Natural Gas Act of 1938. That purpose was regulation from the producer's sale of gas, for purposes of resale in interstate commerce, right up to the consumer.

We now have before us the question of whether we shall repeal the Natural Gas Act. Mr. President, that statement may seem to be rather broad and inclusive. However, in fact the Harris-Fulbright bills would repeal the Natural Gas Act, or at least would make the act inoperative and ineffective.

I know that the bills do not say this in so many words. They aim only at freeing the producers' sales price from regulation. But there cannot be effective regulation at the State level and there cannot be effective regulation by the FPC of the pipelines' sales price to local distributors, if the original sales price of the gas is not regulated as it enters the transmission lines, for sale in interstate commerce.

The system is an integrated one. The industry is of a peculiar kind. In order to have effective regulation, the regulation must begin at the point where the gas enters the pipelines, and must extend to the point where the distribution systems bring the gas into the homes of consumers or into the industrial factories.

So, in effect, we are being asked to end effective regulation of rates of natural gas. I am sure my good friends, the proponents of this measure, will dispute that point. In fact, they have disputed it day after day. But the burden of proof rests upon them.

This question needs to be asked: How can there be effective regulation of the price of natural gas, as it is sold to the consumer, unless the regulation of the price begins at the point of origin of the gas, the point where the gas enters the pipelines, for interstate transmission and resale? If the proponents of the bill wish to remove Federal control over the price of natural gas at the point where it enters interstate commerce, they are going to have to show me and show the Senate how any effective regulation is possible in the later stages of transmission and distribution.

All of us are familiar with the numerous varieties of escalation clauses the producers have in their contracts with the pipelines. I shall speak of them later. At this time let me point out that the Senator from Rhode Island [Mr. PASTORE], the Senator from Illinois [Mr. DOUGLAS], the Senator from Michigan [Mr. POTTER], and other Members of the Senate have emphasized in considerable detail the point of the existence of escalation clauses in the contracts. So there is no great need for me to make an additional record on that point or to repeat the statements or observations they already have entered into the RECORD.

If the proposed legislation before this body passes and is signed by the President, there will be no way for the Federal Power Commission and State authorities to exercise effective regulation over the rates of natural gas as they effect the ultimate cost to the natural-gas consumer.

This is the very problem the Natural Gas Act was aimed at eliminating, when it was passed in 1938. Mr. President, if we study the congressional proceedings during that period, we see why the Natural Gas Act was enacted. It was enacted for the sole purpose of providing effective regulation of the price, for the benefit of the consumer and for the legitimate profit protection of the producer. Both considerations were uppermost in the minds of the Congress in 1938. Prior to 1938, the State regulatory commissions were not able to regulate the sales of natural gas which were made for resale in interstate commerce. To close this gap, the Congress passed the Natural Gas Act of 1938. Congress knew what it was doing; it recognized the problem.

But now we are being asked, by means of the Harris-Fulbright bills, to reopen that gap, and thereby to make literally impossible effective regulation over price by the Federal Power Commission.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield for a question?

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

Mr. HUMPHREY. Yes; I am happy to yield to the star of this debate and the man who has done a tremendous job.

Mr. DOUGLAS. Oh, no.

I should like to ask the Senator from Minnesota whether it is true that the legislative history of that act as set forth in the debate on it, clearly shows that it was the intent of Congress to regulate the sales of natural gas in interstate commerce for resale?

Mr. HUMPHREY. That certainly is the obvious interpretation of the legislative intent. I am confident that is what the Court had in mind when it rendered its decision in the Phillips case.

Mr. DOUGLAS. Is it not true that the then Senator from Montana, Burton K. Wheeler, then chairman of the Senate Committee on Interstate Commerce, made the specific statement that it was intended to regulate the price which the producers of gas would receive when they sold the gas to the pipelines?

Mr. HUMPHREY. That is my understanding—as the Senator from Illinois has documented in his own presentation, and as I have read what other Senators have had to say.

Mr. DOUGLAS. Is it not true that one of the Members of the Senate at that time was the then Senator Sherman Minton, of Indiana, who is now an Associate Justice of the Supreme Court?

Mr. HUMPHREY. Yes; he was a Member of the Senate at that time.

Mr. DOUGLAS. And since then, Senator Minton has become an Associate Justice of the Supreme Court. He wrote the opinion of the Court in the Phillips case, did he not?

Mr. HUMPHREY. Yes; my recollection is that Justice Minton wrote that opinion. I think it is fair to say that

in doing so, he recalled vividly the arguments which were made both in committee and in the Senate Chamber itself at the time when the Natural Gas Act was passed.

Mr. DOUGLAS. Is it not also true that prior to the decision of the Supreme Court in the Phillips case, the Supreme Court in the Interstate Natural Gas Co. case handed down a unanimous opinion to the same effect?

Mr. HUMPHREY. That is true.

Mr. DOUGLAS. Namely, that the sale of gas in interstate commerce, for resale, was subject to the jurisdiction of the Federal Power Commission?

Mr. HUMPHREY. The Senator from Illinois is eminently correct. I was just referring to some of the documentation I have on that particular matter. It was in the Interstate Natural Gas Co. case.

Mr. DOUGLAS. It was decided in 1947. It was that decision of the Supreme Court in 1947 which caused the oil and gas interests, who very largely are the same, to sponsor the Moore-Rizley bill, in the 80th Congress, which passed one House, but failed of passage in the Senate; is that not correct?

Mr. HUMPHREY. Again the Senator from Illinois is accurate in his observations regarding the history of that legislation and the legislative intent.

Mr. DOUGLAS. Is it not also true that the circuit court on three occasions, in 1942 and, I believe, in 1946, prefatory to the decision in the Interstate Natural Gas Co. case, and in 1953, in its hearing on the Phillips case—also declared that that act clearly gave to the Federal Power Commission not only the power or authority, but the duty——

Mr. HUMPHREY. The mandate.

Mr. DOUGLAS. Yes, the mandate to regulate the price at which gas was sold from the producer or gatherer to the long-distance transmission pipelines?

Mr. HUMPHREY. The Senator from Illinois is absolutely correct. Those court decisions are a matter of public record, and I think their application and meaning are unmistakable.

Mr. DOUGLAS. Does the Senator feel that the pending bill is justified on the ground that it is merely an effort to reaffirm the original intent of Congress?

Mr. HUMPHREY. I may say to the Senator, as I said a moment ago, that one of the purposes of the High Court, when a suit is brought before it, is to interpret and to state, from its own observation, what the intent of the Congress was in the enactment of the particular statute, and to apply the statute in accordance with the ruling and interpretation of the Court.

I am confident in my own mind that the court decisions to which the Senator has referred indicate unmistakably that the courts, both at the circuit court level and the Supreme Court level, looked back upon the act of 1938 as embracing the effective regulation of price, all the way from the point where the gas enters the pipeline to the point where the distributing company serves the consumer.

As I have said, the issue is, Is the sale of natural gas by the producer for resale in interstate commerce affected with a public interest and necessary in the public interest? If it is, then I contend that the Federal regulation provided in the Natural Gas Act should be retained, and the Harris-Fulbright proposed amendment to the Natural Gas Act should be defeated.

There is a subsidiary issue, as to whether regulation might be administered more effectively by the Federal Power Commission if only the sales of producers producing more than 2 billion cubic feet of natural gas a year were regulated.

Then there is a host of related and diversionary issues which must be dealt with in considering the proposed legislation which is before the Senate. I mentioned the cutoff relative to the size of companies. That is the effect of the substitute amendment which has been presented by the Senator from Illinois [Mr. DOUGLAS].

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

Mr. HUMPHREY. I am happy to yield to the Senator from Rhode Island.

Mr. PASTORE. I realize that sometimes repetition is monotonous, but I think at times it serves to emphasize a point. My only reason for bringing up this subject now is for purposes of emphasis.

Is the distinguished Senator from Minnesota aware of the fact that when in committee the amendment to exempt the small independent producer who produces less than 2 billion cubic feet a year was suggested, it was resisted by the very proponents of this bill?

Mr. HUMPHREY. No; I regret to say I did not know that.

Mr. PASTORE. That amendment in the nature of a substitute was suggested in committee, and its sponsors were rebuffed by the proponents of the bill, who have been shedding crocodile tears all over the floor of the Senate about the 8,000 small independent producers. When we suggested that such producers be exempted, they refused to accept the amendment. I think I have an idea why they did. They have been hiding behind the glamour of the small independent producer. That issue has given impetus to the bill, and to all the propaganda which has been spread over the country.

Mr. HUMPHREY. The Senator from Rhode Island has been in charge of the bill, as chairman of the subcommittee, in terms of holding hearings. He did a wonderful job. Both the proponents and the opponents of the bill have highly commended the Senator from Rhode Island for his fairness and objectivity.

I say to the Senator from Rhode Island that the American people need to know that one of the amendments proposed on the floor, namely, the Douglas amendment, would exempt nearly 90 percent of all the independent producers from any kind of Federal regulation. That is a fact, as I understand from the debate which I heard the other day, and from the statistical evidence which has been presented in committee and on the floor of the Senate.

The Douglas amendment proposes the regulation of larger producers, who produce the great volume of gas tied into the pipelines as a definite part of an interstate operation.

Apparently we have a big selling job to do in behalf of the public interest. The oil lobby has been doing very well throughout the country. In my city of Minneapolis, the industry took a full-page advertisement in the Minneapolis Star-Tribune, in an effort to sell its point of view on this bill to the consumer.

I am not protesting that. I believe in freedom in exchange of ideas. I think everyone has a right to present his own point of view. However, in order to get the story over to the people, those of us who are sincere in our conviction that the law of 1938, as interpreted by the Court, should stand as it is, in behalf of the consumers' interest, will have to do a little repetition.

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

Mr. HUMPHREY. I yield.

Mr. PASTORE. I suppose the Senator is aware of the fact that in the progaganda he mentions, those of us who are honestly and sincerely fighting for the consumers' interest in connection with this bill have been characterized as political demagogs.

Mr. HUMPHREY. Yes; I have heard that. I will not accuse the proponents of the bill of acting in anything but good faith. I will not permit myself to be unduly disturbed by charges of political demagoguery. Usually when one stands up to fight for the people's interest he is accused of being even worse than a demagog.

Mr. PASTORE. I am not laying this charge at the door of the proponents of the bill. I am speaking about the propaganda.

Mr. HUMPHREY. I hold the proponents of the bill in highest esteem. They have presented their arguments in good faith. Everyone has a right to state his point of view. The debate thus far has been conducted in the spirit of good manners and honest discussion. However, the propaganda which is being used in an attempt to influence public opinion outside the Senate has surely laid its whip across the backs of those who are opposed to the bill.

Mr. PASTORE. Is the distinguished Senator from Minnesota aware of the fact that some of us who are opposed to the bill as it is now drawn tried to make certain specific concessions in committee, so that we might have a bill which would do equity and justice to the producers as well as the consumers, and that we were enveloped in an atmosphere of "Take it or leave it, without amendments"?

Mr. HUMPHREY. That is my understanding. The hearings are replete and complete. Anyone who examines this volume of testimony, consisting of almost 1,900 pages, will surely understand that from the standpoint of the sheer weight of the testimony, every point of view was presented. If one scans the testimony, he will find that several proposals were made to modify the bill. The proposals which the Senator mentioned a moment ago, for the exemption of smaller independent producers, and for regulation of the larger producers, was made in the committee. It seems

to me that every effort was made to present a bill which would meet the basic requirements of equity and justice to the producer.

Mr. PASTORE. Is the Senator also aware of the fact that at least two witnesses who appeared before our committee stated very emphatically and explicitly that when the Natural Gas Act was under consideration in 1938 they had taken the position that they were opposed to the producers and gatherers being under Federal supervision, but that because of the abuses which have taken place in this industry since the Natural Gas Act was enacted in 1938, they have changed their position? They recently came before our committee and took the position that now, because of the experiences they have had, they feel that the producers and gatherers should be supervised by the Federal Power Commission.

Mr. HUMPHREY. I had heard that. I thank the Senator for his reiteration of that particular point in the testimony, because I think it indicates that there is a growing awareness of what has happened in the industry, and a growing awareness of the urgent necessity for the Congress to redeclare itself for regulation on an integrated basis, from the point where the sale is made by the producer of gas going into the pipeline, straight through to the distribution.

Mr. PASTORE. Does the Senator realize that some of the propaganda which envelops this bill goes to the extent that if the bill is amended in the Senate, it will be done only for the purpose of insuring its defeat in the House? If we improve the bill, will not those who originally voted for it in the House of necessity vote for it again?

Mr. HUMPHREY. I thank the Senator for his observation.

There has been brought to my attention a news item which appeared in today's Washington Post, under the headline "Squeeze Alleged in Oil Industry." The article is dated Minneapolis, Minn., January 25. That is what caught my eye. It reads as follows:

MINNEAPOLIS, MINN., January 25.—A lawyer for independent oil distributors charged today that a monopoly composed of integrated oil companies controls petroleum production in Texas and other States so it can regulate nationwide prices and "fleece" the public.

General Counsel Paul E. Hadlick, of the National Oil Marketers Association told the Northwestern Petroleum Association that unless the situation is corrected, independent jobbers and refiners will be squeezed out of business.

He recommended that either Congress or the States enact laws divorcing transportation and marketing from production of oil. This failing, he said, the Department of Justice should file antitrust suits against the so-called integrated companies.

An integrated company is one which produces, refines, and sells its own products. Many of the big oil companies which market gasoline fall into this category.

"The integrated oil industry is more powerful than the United States Government and all the people in it," Hadlick said. "It has fairly well squeezed the oil jobber out of the retail gasoline business in the big cities and the trend is to smaller operations in areas unprofitable to the integrated companies."

While that does not apply directly to gas, as such, nevertheless gas is a part of the overall gas and oil industry.

Then there are a whole host of related and diversionary issues that must be dealt with in considering the legislation before us.

One of the issues—which I class as "diversionary"—concerns the percentage of cost of natural gas to the consumer that goes to the local utility, the pipeline, and the producer. My erudite friend, the senior Senator from Illinois [Mr. DOUGLAS] is fond of quoting a part of the Gilbert and Sullivan song:

The flowers that bloom in the spring
Tra la,
Have nothing to do with the case.

Well, the argument about the percentage of consumers' cost going to the local gas company has nothing to do with the case. It is so irrelevant to this legislation in fact that I can only marvel at the ingenuity of whoever thought to bring it into the discussion in the first place.

This legislation aims at freeing the producers' sales from Federal regulation. The local gas companies' rates are already regulated as a public utility. I am not ready to concede that, in each and every case, local utility rates are excessive. Wherever they are excessive, then more effective enforcement of public utility regulation is called for.

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

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

But removing Federal regulation from the original sales price of natural gas in the field is certainly not going to improve upon any local utility situation. Further, local utilities are not a matter over which the Senate has any jurisdiction.

Mr. President, I was rather surprised that the argument about high prices charged by local distributing companies should be made during the course of this debate. I was surprised because those who make that argument are generally proponents of local and State regulation. The local distributing companies are locally regulated. Am I to understand that the proponents of the Harris-Fulbright bill are opposed to local regulation of distributing companies? Do they now feel that all such regulation should be federalized? Is that what they are asking for?

Furthermore, Mr. President, the pending bill deals essentially with one subject. It deals with exempting producers from price regulation whenever their gas is sold in interstate commerce. It has nothing to do with the diversionary arguments about what the local utility is doing. If the local utility is gouging the public, there is a way to take care of that situation through local and State regulatory agencies.

We are talking about an area that is Federal in responsibility, namely, the regulation of pipelines, for example, and the regulation of the price at which the producer sells the gas for resale in interstate commerce. Now I yield to my good friend the able Senator from Louisiana.

Mr. LONG. The Senator knows, does he not, that the type of price regulation for which he is contending has not yet gone into effect?

Mr. HUMPHREY. That is correct.

Mr. LONG. Theoretically, it should go into effect; but he does know that it has not yet gone into effect, does he not?

Mr. HUMPHREY. The Senator is correct.

Mr. LONG. The producers of gas are not yet having their prices fixed on the basis of cost plus 8 percent or plus any percentage return, but are still doing business based on their contract prices. Is the Senator aware of that fact?

Mr. HUMPHREY. I recognize that to be the fact. I also recognize the fact that the oil and gas companies know that under the Phillips decision by the Supreme Court the Federal Power Commission can step in at any time it wishes to do so. The fact that it has the authority is very important. The fact that it does not use the authority is not so important as the fact that it does have that authority, in terms of being able to bring some order into the price market.

Mr. LONG. Assuming that the Federal Power Commission has the power, does it follow that it also has the duty to exercise that power?

Mr. HUMPHREY. It depends on whether the Federal Power Commission feels that the price being charged by the producer is excessive to the point that it requires regulation.

Mr. LONG. Then the question resolves itself into this: As I understand, the Senator is arguing that the Federal Power Commission should merely have the power. Is that correct? Or is he arguing that since the Commission has the power it should exercise the power?

Mr. HUMPHREY. The Federal Power Commission, first of all, should have the power. It does have the power. There is no argument about that. It does have the power. Having the power, it should keep it. There ought to be no diminution of power. I am arguing that the Federal Power Commission ought to exercise that power once it has the authority, particularly if it finds an excessive rate structure. I am sure if it did find that to be the case it would deal with it.

Mr. LONG. Very few persons have indicated how, in their opinion, the rate structure should be arrived at. The Senator from Illinois made his position clear. He feels that it should be arrived at by finding the cost of a particular gas producer at a particular well, and allowing him an 8 percent return on that cost. Is that the basis on which the Senator from Minnesota feels the rate structure should be arrived at?

Mr. HUMPHREY. I am not an expert in what is called cost accounting. That is what it amounts to. I have the feeling that the Federal Power Commission has the talent—and if it does not have it, it can make it available to itself—to ascertain the cost. Therefore, I do not believe it is an unsurmountable problem. I do feel that the producers are entitled to a fair profit. The rate of profit which the Senator from Illinois [Mr. DOUGLAS] described seems to me to be equitable and fair. Furthermore, the Federal

Power Commission has not wrought any injustice upon any producer of any fuel. I do not believe the Senator from Louisiana can cite an instance where the Federal Power Commission has in any way acted in an arbitrary manner in terms of denying a fair profit upon the cost of operation.

Mr. LONG. Does the Senator know of any fuel on which the Federal Power Commission undertakes to regulate the prices, other than with respect to natural gas?

Mr. HUMPHREY. Not unless the Senator considers electricity to be a fuel.

Mr. LONG. Electricity is a power which is generated from fuel.

Mr. HUMPHREY. It is a fuel, too.

Mr. LONG. It is not actually a commodity, though.

Mr. HUMPHREY. I suggest that such a definition would be a rather restrictive one, if electricity could not be called a commodity. It is certainly a commodity. It is an item. It is a source of energy. It is a fuel which is used in industry and commerce and in homes.

Mr. LONG. The Senator knows also, I believe, that the cost of producing natural gas varies tremendously, and that the large deposits, generally speaking, are the low-cost ones. In other words, a producer may drill a hole 5,000 feet into the ground. He may reach a tremendous deposit of oil or of gas. On the other hand, he might find a dry hole.

Mr. HUMPHREY. That is correct.

Mr. LONG. On the other hand, he may find salt water, which would be of no more value to him than a dry hole. Then again he may find a very small deposit of gas. That small deposit of gas would be high-cost gas, as compared with a huge deposit. The Senator recognizes that fact, does he not?

Mr. HUMPHREY. I suppose one could make an argument on that basis. Most of the natural gas, however, is a byproduct of oil development.

Mr. LONG. I believe the Senator will find that he is in error in that regard.

Mr. HUMPHREY. I said most of it.

Mr. LONG. I believe the Senator will find that he is in error in that regard. A person, for example, in the area of the country which I have the honor in part to represent, might find geophysical indication on a seismograph picture indicating that there might be oil or gas present in the structure. The person might drill into the ground, hoping to find either one. If he finds oil, well and good. If he finds gas in commercial quantities, he is likewise delighted, provided it is of sufficient quantity to be sold.

The question I am getting at is this: The large quantities of gas which justify the laying of interstate pipelines or which justify the laying of any other kind of pipeline is low-cost gas, as compared with the smaller quantities, which many times do not pay the expense of drilling a well, if it is to be sold in competition with low-cost gas. The Senator recognizes that such competitive factors apply to the situation, I am sure.

Mr. HUMPHREY. Of course there are always some competitive factors to be considered. However, let me go back to a point I mentioned, namely, as to where gas usually comes from. It is usually incidental to oil production. I should like to refer to the testimony of Gen. Ernest O. Thompson, the chairman of the Texas Railroad Commission. He tetified on page 55 of the hearings, as follows:

> Nearly all the gas discoveries in my experience have been found incident to the search for oil.

He says in the middle of the same page:

> Nearly all the gas discoveries in my experience have been found incident to the search for oil. Encourage oil exploration if you want to find gas.

I shall have a few words to say about that, because some fear has been expressed that if we do not remove natural gas from regulation at the point where it enters the pipeline, we will discourage the exploration for natural gas. I shall talk about some of the features of the oil industry which I do not think are too discouraging. It so happens that when one is drilling for oil, as the Senator from Louisiana knows—and I admire his great knowledge of the subject as I admire his sense of fairness; he is a very honorable, fair, and reasonable man in this field as well as in all others—I have found out, at least to my satisfaction, that exploration for gas is not going to be pinched off at all because we may regulate the price of natural gas, because, as Mr. Thompson has said, most of the discoveries of gas are incident to exploration for oil. I do not say all of them are.

Mr. LONG. Most persons making explorations would be pleased to find either oil or gas. But there is a point which I should like to discuss at this stage. A person with gas available for sale within or without a State would normally wish to sell it at the best price available. If he has to be regulated as a public utility, limited to 3 cents, 5 cents, or 10 cents on his natural gas, does the Senator think he will let the gas go outside the State when he can sell it for a better price within the State?

Mr. HUMPHREY. There is nothing in the proposed legislation relating to intrastate transactions. The gas producers can sell gas in their own States right now, and they will still do so after we have considered this bill, regardless of the ultimate decision. I do not believe for a single moment that all the gas or even a reasonable portion of it can be sold within the State of its origin. I know the Senator will reply, "They will simply not let it out of the well; they will only take out so much for their intrastate needs and will not produce it for interstate needs."

I think the answer is that if gas production is profitable they are going to produce it for interstate sale. If it is not profitable they will not produce it for either intrastate or interstate sale; they will merely let it flare off.

The Senator has no evidence that the Federal Power Commission has ever regulated an industry to a point where it did not make a profit. As a matter of fact, it is almost cost-plus. The Federal Power Commission's regulation is a bonanza, so to speak, because it sees to it that the producers make a profit.

Mr. LONG. What the Senator from Minnesota is advocating is that when a man takes a chance of 9 to 1 that he will find a dry hole——

Mr. HUMPHREY. If he does not find gas he can charge off his expense.

Mr. LONG. How can he charge it against a subsequently successful well? A man does not know to whom he can sell the gas. He knows he can sell it if he finds it, or he can sell the oil. But if he loses up to a quarter of a million dollars on the well, how can he make someone in Minnesota pay him a quarter of a million dollars?

Mr. HUMPHREY. Under the tax structure——

Mr. LONG. Under the tax structure, he loses a quarter of a million dollars.

Mr. HUMPHREY. He can charge it off as a business expense.

Mr. LONG. Is the Senator under the impression that the United States Treasury is going to reimburse a man a quarter of a million dollars which he lost on a dry well?

Mr. HUMPHREY. Not any more than it will reimburse some business losses which are taken. A man can take advantage of certain business losses when he comes to pay his taxes at a time when he makes a profit.

Mr. LONG. Suppose he went broke: How would he get his money back?

Mr. HUMPHREY. If that happens, it just happens; but if he hits the jackpot he gets a 27½-percent depletion allowance.

I shall come to exploration and depletion allowances in a little while.

Mr. LONG. I have a second point——

Mr. HUMPHREY. By the way: No other producers get a 27½-percent depletion allowance.

Mr. LONG. Assuming a man does have sufficient money, after he loses a quarter of a million dollars on his first well, to drill a second well and finds a sizable deposit of gas, by what logic can he be entitled to get back his quarter of a million dollars?

Mr. HUMPHREY. I am not saying that. If he hits a dry hole he is entitled, under the tax laws, to charge off his loss as a deductible item.

Mr. PASTORE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. PASTORE. The sale of his gas at a reasonable market price will take care of the loss he incurred on the 99 dry holes.

Mr. LONG. Mr. President, will the Senator from Minnesota yield further?

Mr. HUMPHREY. I yield.

Mr. LONG. The point I am getting to is that if a man lost a quarter of a million dollars on his first well and he drills a second well costing him $100,000, and finds a sizable deposit of gas, then, according to the Senator's proposal, he will get his $100,000 back plus——

Mr. HUMPHREY. Oh, no. The Senator knows the tax laws better than that. If he is successful with the second well it is not subject to deduction. The man the Senator is really talking about is the small independent producer, who, under the Douglas amendment, will be exempt. We are not talking about Phillips and the Standard Oil Co.

Mr. LONG. I asked the Senator what we should do about a man who lost a quarter of a million dollars on one well and drilled another well costing him $100,000. If the second well is successful, is he entitled to earn back his $100,000 plus a fair return?

Mr. HUMPHREY. The Senator knows much better than I do, because I am speaking in terms of academic knowledge from having read the tax laws. I have not had an opportunity to be close to an area where oil wells are drilled or to be in the oil business. But the Senator knows what happens if a driller does not "hit the jackpot." If he fails, he charges the failure off as an exploration or development cost, because under present tax laws, when he drills a well, he cannot charge it off then. When he strikes oil, he gets a 27½ percent depletion allowance, which the Senator from Illinois [Mr. DOUGLAS] has discussed at great length, and which I have discussed on other occasions. I have felt that figure was rather excessive. We have suggested 15 percent. But that is not in the pending bill.

One of the reasons for granting a depletion allowance was to encourage exploration and development; it was to provide incentive to individuals, as well as corporations, to drill for gas and oil. How much more incentive do they need? Their securities today are gilt-edged. They have one of the finest records on the stock market. Some of the very best investment capital is involved in the gas industry. Those people did not go into the gas industry for exercise; they went into it for profit. Their exploration and development costs are deductible. They have an oil depletion allowance of 27½ percent. No one else has more. In some industries there is a 15-percent depletion allowance, but no one else has 27½ percent.

There are other significant provisions in the tax laws, with which the Senator from Louisiana is familiar. Let me call attention to the oil royalties under section 214 of the Revenue Act. It refers to what are called short-term oil payments, and gives favorable capital gains treatment to all the income derived from a short term in oil payments.

There are more gimmicks in the tax laws to provide incentives for the oil and gas business than there are for any other business in America. Apparently the oil and gas industry needs hormones and vitamins pumped into it all the time.

Mr. LONG. The average man who would lose a quarter of a million dollars on a single well would not need those provisions, because he would be in a lost position, anyway.

Mr. HUMPHREY. I think the Senator is absolutely correct. That is one of the possibilities which is likely to occur. But we are discussing what we call the use of risk capital.

The junior Senator from Louisiana has defended the little fellow, the independent producer, all his life. He is defending him now with all sincerity and honest conviction.

The Senator from Illinois [Mr. DOUGLAS] has proposed an amendment in the nature of a substitute which provides that any oil producer who produces less than 2 billion cubic feet of gas shall be exempt.

Mr. LONG. He would be required, if the Senator's amendment prevailed, to sell his gas in competition with other producers, who, in turn, would have their prices fixed on a cost plus 8 percent basis.

Mr. HUMPHREY. But the competition is not quite what the Senator assumes it to be, because we are talking about mobile units. It is not like picking up a car at one garage and taking it to another. The gas wells are inside mother earth. When a pipeline is run into a particular gas field, and there are a number of independent producers, every nonexempt pipeline that enters that territory receives the same kind of treatment.

Mr. PASTORE. Is it not fair to say that the 27½ percent depletion allowance under the internal-revenue law is the producer's apple pie; and that if the pending bill shall be enacted, the pie will become pie a la mode?

Mr. HUMPHREY. And they will have whipped cream on top of that, at 75 percent of parity.

Mr. President, I understand there are some honored and distinguished guests in the Chamber. I desire to yield to my colleague, the Senator from Alabama [Mr. SPARKMAN], who wishes to present them to the Senate. We shall be able to return to the fray in a moment.

I ask unanimous consent that, without losing my right to the floor, I may yield to the Senator from Alabama.

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). Without objection, it is so ordered.

VISIT TO THE SENATE BY MEMBERS OF THE BUNDESTAG OF THE WEST GERMAN FEDERAL REPUBLIC

Mr. SPARKMAN. Mr. President, I appreciate the courtesy on the part of the distinguished junior Senator from Minnesota in yielding, so as to afford an opportunity to introduce to the Senate four distinguished visitors, whom I should like to present at this time. They are all members of the German Bundestag.

I present, first, Mr. Wilhelm Mellies; next, Dr. Wolfgang Pohle; then Mr. Helmut Schmidt; and last, Mr. Hermann Gluesing.

The PRESIDING OFFICER. On behalf of the United States Senate, the Chair welcomes these distinguished guests, and expresses the hope that they will have a very pleasant visit while they are in the United States. We are honored by their presence in the Senate today.

Mr. WILEY. Mr. President, it was my distinct pleasure yesterday to have luncheon with these distinguished gentlemen from Germany, who are members of the Bundestag. I met several of them some years ago. I remember one of them from a meeting we had in, I think, Geneva, Switzerland. I became very well acquainted with them when we were in Bonn, and I recall with gratitude the good care they took of the visiting United States Senators and Representatives.

I join with all the other Members of the Senate in welcoming these distinguished gentlemen to this country. I understand that tomorrow they will leave for the Middle West. We hope they will return, filled with the desire that the German people and the German State will come closer and closer to ourselves, so that we can all cooperate for peace on earth.

Again, I say, gentlemen, welcome. We are glad you are here.

Mr. HUMPHREY. Mr. President, I wish to join in this expression of welcome to our distinguished friends, fellow legislators, from the Federal Republic of West Germany. It was my privilege to visit their Parliament on one occasion, and I was deeply impressed.

As the Senator from Wisconsin [Mr. WILEY] and the Senator from Alabama [Mr. SPARKMAN] have both said, we have admiration for the West German Government, for the Bundestag, and for the German people and their very charming nation, as well as for Chancellor Adenauer. We hope, as has been stated by other Senators, that the bonds of friendship may grow stronger and stronger, and the understanding between our peoples become universal.

We welcome you today, and I know I speak in behalf of my colleagues when I join in welcoming and greeting you.

Mr. LONG. Mr. President, I, too, wish to join in an expression of greeting to our distinguished visitors who are members of the German Bundestag.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that a brief biographical sketch of each of the members of the German Bundestag who is our guest today may be printed at this point in the RECORD.

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

Mr. Wilhelm Mellies, Bundestag, Deputy from the State of North Rhine-Westphalia; deputy chairman of the Social Democratic Party (SDP).

Home address: Waldheide 319, Heidenoldendorf, Germany.

Born on September 5, 1899, in Pivitsheide (Lippe).

Studied at teachers' training seminar in Detmold.

Former president of the Landtag in the State of Lippe; county commissioner of Detmold County; president of the German Communal Association; member of Economic Council of the Joint Economic Area, 1948–49.

Member of German Federation of Trade Unions (DGB).

Mr. Mellies has traveled in Holland, Switzerland, Italy, Yugoslavia, and Finland.

Dr. Wolfgang Pohle, Bundestag Deputy from the State of North Rhine-Westphalia; member of European Coal and Steel Community; member of the board of directors of Mannesmann Steel Corp.; member of the Christian Democratic Union (CDU).

Home address: Hindenburgstrasse 15, Dusseldorf-Meererbusch, Germany.

Born on November 28, 1903, in Erfurt, Germany.

Studied at Universities of Goettingen, Leipzig, and Heidelberg.

Present member of executive board of Association of Employers in Metal Industries. Former member of Directorate of the Association of Mines, 1929–39; director of Mannesmann Tube Works.

Dr. Pohle accompanied Bundestag President Gerstenmaier on an extensive study

trip throughout Africa during the past summer. He has also traveled in England, France, and Italy.

Mr. Helmut Schmidt, Bundestag Deputy from the State of Hamburg; member of Bundestag Committees on Transportation, Economics, and Defense; member of the Social Democratic Party (SDP).

Home address: Zickzackweg 6 b, Hamburg-Othmarschen, Germany.

Born on December 23, 1918, in Hamburg, Germany.

Present member of German Society for Transport. Former head of the Transport Department of the City of Hamburg.

Author of "Guide to the Science of Transport."

Mr. Schmidt was drafted into the German Army during World War II and served in a tank division in Russia.

He has traveled in England, the Netherlands, Belgium, France, Denmark, Sweden, Austria, Switzerland, Spain, Yugoslavia, Greece, and Turkey.

Mr. Hermann Gluesing, Bundestag Deputy from the State of Schleswig-Holstein; member of Bundestag Committees on Internal Administration, Protection of Constitution, Communal Policy, Civil Service Law; Christian Democratic Union (CDU) Party member.

Home address: Wrohm ueber Heide/Holstein.

Born on October 10, 1908, in Wrohm, Germany.

Mr. Gluesing is a farmer by profession. He has managed his own farm since 1937. From 1947 to 1949 he was head of the County Agricultural Association, and from 1948 to 1950 he was County Commissioner (Landrat).

Mr. Gluesing served in the German Armed Forces from 1940 to 1945.

Mr. Gluesing has traveled abroad in England, Switzerland, Holland, Belgium, France, Denmark, and Spain.

AMENDMENT OF THE NATURAL GAS ACT, AS AMENDED

The Senate resumed the consideration of the bill (S. 1853) to amend the Natural Gas Act, as amended.

Mr. HUMPHREY. Mr. President, I believe we should return to the fray. I should say to our friends from the Bundestag that the junior Senator from Minnesota is now engaged in debate with one of the most able of our Senators, the junior Senator from Louisiana [Mr. LONG]. We are discussing a subject on which the junior Senator from Louisiana is an expert, and on which I am simply trying to do my best. So you can observe the results.

Mr. WILEY. The Senator from Minnesota is too modest.

Mr. LONG. The junior Senator from Minnesota has frequently discussed this subject and is well informed on it. As I recall, he debated it as far back as 1950. He is extremely well informed, but is too modest, as was suggested by the Senator from Wisconsin [Mr. WILEY].

The Senator from Minnesota has said that the producer of gas who lost $2 million in an unsuccessful effort to find oil or gas, and then invested $100,000 in a successful well, should be entitled to make an 8 percent return on the successful well.

Assuming that the successful well at $100,000 was extremely successful, an 8 percent return might permit the producer to make a profit of 1 cent a thousand cubic feet on that particular well, if it was a very good well. How does the Senator from Minnesota expect to persuade that man to sell his gas for 1 cent a thousand cubic feet, when there is an industrial producer in his State who is willing to pay as much as 10 or 15 cents a thousand cubic feet for the gas from that particular well?

Mr. HUMPHREY. I do not. I expect him to sell his gas to the industrial purchaser. I say to the Senator from Louisiana in all kindness that he has selected a hypothetical example in which someone has lost $2 million on a dry well, and then has come in with a successful $100,000 well. He is about to tell me that that person will never be able to liquidate the loss from the $100,000 well if he adds in the $2 million failure.

No one compelled the man to lose $2 million. That was his own wish. If he were a member of a large corporation in the business of exploring, he would simply charge it off as a part of the loss. If he were an independent operator, first of all he would try to reduce that $2 million loss. If he were an independent operator, he would not be regulated under the Douglas amendment, except by the fact of competition. If he were an independent operator, he might sell most of his gas in intrastate commerce, not in interstate commerce. Perhaps he might sell it to the industrial users in his State.

We want to be fair to our friends who are engaged in the business of producing gas and oil. But there really comes a point of no return. They have the benefit of tax adjustments and tax concessions. They have a pretty good assured market. They have the benefit of pipelines and distributing companies which will handle their product over a long period of time.

I may say, in all frankness, that most producers are not applying for relief.

Mr. LONG. I know the Senator from Minnesota wants to be completely fair.

Mr. HUMPHREY. Yes; I do.

Mr. LONG. He always is. Therefore, I am curious to know why he thinks anyone would want to sell his gas in interstate commerce if he could get a better price by selling it within the State in which it was produced.

Mr. HUMPHREY. I do not think he would. What is more, I would recommend that he should not. I do not believe business is operated on a charity basis. We have the Community Chest to dispense charity. I believe business is entitled to a profit. I think if a small producer finds he can sell his gas in interstate commerce at a profit, and in intrastate commerce at a very good profit, of course he will sell the gas in intrastate commerce. That is what he should do. I am saying the test of the pudding is in the eating.

I am of the opinion that Standard Oil of New Jersey, Panhandle, Gulf Oil, Phillips, Shell Oil, Socony Mobil Oil, Cities Service, Texas, and Shamrock are going to find it profitable to sell gas in interstate commerce. Most of the gas which is sold in interstate commerce is sold by less than 200 firms, the top ones.

Mr. LONG. I assume the Senator has referred to the table put into the RECORD by the Senator from Illinois.

Mr. HUMPHREY. Yes.

Mr. LONG. I point out that the figures in that table refer to both gas and oil.

Mr. HUMPHREY. I am sorry. I did not identify the table correctly for the Senator. It is the list of 35 nontransporting producers who sold natural gas to interstate pipeline companies in 1954.

Mr. LONG. I had a different set of figures in mind.

Mr. HUMPHREY. Those figures show that the top 15 companies had 48.78 percent of the total sales of all gas. Those figures are taken from a Federal Power Commission study.

Mr. President, first of all, let me say I have thoroughly enjoyed this opportunity to discuss the pending measure. I think on this issue, which is highly controversial, we have in the Senate a fairly good standard of responsibility and, I hope, of informative debate.

A while ago I was speaking on the matter of Federal Power Commission regulation and its effect on profits. Let us see how groundless is the fear of the oil company gas producers that they will be poorly treated by the Federal Power Commission, which apparently must be their fear, or held down to a niggardly profit, or forced into bankruptcy.

How have the pipelines fared under Federal Power Commission supervision, after the dire prophecies made in 1938 like those we are now hearing?

If my colleagues will look at the debates when the natural-gas bill of 1938 was under consideration they will see that the pipeline companies were fearful that if the bill were enacted it would threaten the whole system of natural-gas distribution—which, of course, did not happen.

To ask the question is to answer it. The record of the pipelines is, as everyone knows, spectacular. From small beginnings, this industry has mushroomed into one of the Nation's giants.

Interstate natural-gas shipments have gone up nearly 10 times. Sixty-four thousand miles of pipeline have been laid, and nearly $5 billion invested. There is no sign of punitive regulation here. After all, the interstate pipelines opposed the Natural Gas Act. Now they have 64,000 miles of pipeline laid and nearly $5 billion invested, all of which occurred under Federal regulation. They are not stopping their investments, and the pipeline companies are not applying for food stamps or calling at the local welfare office. They are doing well.

Even though 6 percent is the standard return permitted by the Federal Power Commission, the pipeline gas companies, as a group, are earning more than 6½ percent on their rate base, which, because of the great proportion of bonded debt, means considerably more than 10 percent on the stockholders' equity, and probably actually 12 or 13 percent. There are no signs here of an early trip to the poorhouse.

And what about individual companies? Let us take the past 5 years, although in some cases this leaves out some of the more spectacular growth. Here is how the stocks fared, between 1950 and 1955:

Tennessee Gas Transmission went from 14 to 28.

United Gas Corp. went from 17 to 33.

Texas Eastern Transmission Corp. went from 17 to 27.

Panhandle Eastern Pipe Line went from 42 to 79.

Northern Natural Gas Co. went from 34 to 43.

Mississippi River Fuel went from 15 to 28.

Transcontinental Gas Pipeline went from 17 in 1951 to 33 in 1955.

Texas Gas Transmission went from 16 to 22.

It seems to me to be clear that the producers have nothing to fear from Federal Power Commission regulation.

I am not giving a theoretical argument. These are actual statistical facts. As I think all of my colleagues opposing the Fulbright bill have pointed out, these stocks are gilt-edged. I have heard the distinguished senior Senator from Wisconsin [Mr. WILEY] say on other occasions on this floor that there is not any better stock than the gilt-edged stocks of the gas and oil companies. They did not get that way because they were overregulated. They did not get that way because they were denied an opportunity for investment capital or incentives.

(At this point Mr. HUMPHREY yielded to Mr. CAPEHART, who requested that certain material be printed in the RECORD, and debate ensued, all of which, on request, and by unanimous consent, was ordered to be printed in today's RECORD at the conclusion of Mr. HUMPHREY'S speech.)

Mr. HUMPHREY. Mr. President, I am glad to accommodate my colleagues during the time we are engaged in this rather extended debate. Let me say again that it has been a very pleasant experience, and I know that the debate will be kept on a most friendly, cordial, but firm basis. I intend to proceed in that spirit myself. We shall have peace and calm and quiet.

Mr. President, we must in all candor describe this diversionary effort of trying to bring in the local public utility as the scapegoat as some kind of herring. I am not sure what the color of the herring is. One can easily get into trouble when he starts designating herring by colors. I, for one, do not wish to have it drawn across my path as I discuss the real issue as to whether the producer's sale price of natural gas in interstate commerce should be regulated by the Federal Power Commission. That is the central, paramount issue in this debate and in the bill.

First, I think it is most significant that no producer appeared before the subcommittee holding hearings on the bill to testify that he was not making enough profit. No one testified that there was a lack of incentive for producing natural gas, yet this is one of the great arguments of the proponents of the pending legislation. They argue that Federal regulation would destroy the incentive and initiative of the industry; that the natural gas producers would not continue taking the great risks involved in hunting for and drilling for new reserves of natural gas.

Let us examine that contention. We have been considering it in connection with the debate, but I shall continue to discuss it. We had it on no less authority than Gen. Ernest O. Thompson, chairman of the Texas Railroad Commission, that natural gas is practically always discovered incidental to the search for oil. I brought that point into the argument a few moments ago, and gave citations from the hearings before the committee.

General Thompson has been described by his good friend, the distinguished majority leader, Mr. JOHNSON, of Texas, as the father of petroleum conservation in America. In his testimony before the Senate Interstate and Foreign Commerce Committee on the Fulbright bill, General Thompson said:

> Nearly all the gas discoveries in my experience have been found incident to the search for oil.

He continued:

> Encourage oil exploration if you want to find gas.

I am sure that the proponents of the Harris-Fulbright bills agree with General Thompson that the finding of natural gas is incidental to the search for oil. For many years casing-head gas was flared or burned off. Gas produced incidental to the production of oil could not be transported easily to distant markets, as it now is through long-distance pipelines. So this potential gold mine—if I may use an inappropriate metaphor—was wasted.

Now we come to the contention of those who would free natural gas sales from the producer to the pipelines from Federal control. It has already been pointed out that the Harris-Fulbright bill goes even beyond what the Kerr bill was intended to do. The Kerr bill would merely have exempted the producers of natural gas from Federal control.

The pending proposed legislation would even remove Federal regulations from the producers' sales price of those pipeline companies which maintain their own production operations.

Those who write the literature of the Natural Gas and Oil Resources Committee like to speak of natural gas production as a risky, highly competitive business. It is risky in the sense that a good many holes drilled in the search for oil turn out dry. But is there adequate consideration given to the oil companies to compensate them for the risk they encounter in their search for oil?

I am grateful for the statistics which my colleague, the Senator from Illinois [Mr. DOUGLAS] has recently placed in the RECORD in the course of his remarks on this subject.

The discussion of the learned senior Senator from Illinois was so brilliant and thorough that any of us who follow him can only reiterate in a small way what he has said. We are indebted to him for the definite work on the subject. Anyone who is to understand the subject at issue here in all its complexity should study the remarkable presentation made to this body by the Senator from Illinois during the past week.

Some of the statistics which the Senator from Illinois placed in the RECORD bear upon the percentage of income tax which oil companies pay after they have deducted the generous depletion allowance of 27½ percent.

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

Mr. HUMPHREY. I will yield in a moment.

During certain years some of the companies paid no income tax at all, and during other years their tax was remarkably low. No other industry has been favored to the extent the oil industry is favored.

At this point I should like to have printed in the RECORD as a part of my remarks my comments on percentage depletion, to be found on page 12 of a booklet published by the Public Affairs Institute. The booklet, which was written by myself, is entitled "Tax Loopholes." On page 12 there is an item on percentage depletion. It continues through pages 13 and 14, to the top of page 15. I think when anyone reads the RECORD, along with what the Senator from Illinois has placed in the RECORD, he will find that no single industry in the United States receives the favorable tax treatment which the oil industry receives. No other industry receives treatment even approaching it.

There is a reason. The alleged reason is to encourage exploration and development, so as to insure an ever-increasing abundance of oil and gas. On that basis Members of the Senate have voted for the very favorable tax treatment relating to the oil and gas industry. There have been bitter arguments on the floor of the Senate over the equity of the special tax concessions, but the majority has spoken, time after time, since 1925.

The main argument used by the proponents of these special tax concessions is that the tax concessions get results; they result in the production of gas and oil, so that today we are self-sufficient with respect to those particular commodities. That is a plausible argument. Now, not only do they want favorable tax concessions, but they want to have the right to take all the market will bear in relation to their gas production.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

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

A. PERCENTAGE DEPLETION

The first and most important tax loophole which should be corrected is percentage depletion.

Depletion comes from the word "deplete." When an operator of an oil well sells oil from his well, or the owner of a mine sells coal from his mine, he is depleting or exhausting his capital. Similarly, when a factory owner uses up his equipment in manufacturing his product or a cab driver runs his cab down while driving customers, capital is being used up. In the case of the factory owner or cab driver, the tax laws permit the individual to deduct from his profit an amount which is equivalent to the capital used up during the year in computing his net profit which is

subject to income tax. This deduction is called depreciation. The corresponding deduction allowed to the owner of an oil well or a coal mine is called depletion.

If depletion were computed in the same manner as depreciation, there would be nothing wrong. Income tax is a tax on income, not on capital. Consequently, a deduction for capital used up is appropriate. The trouble is that in the case of oil and coal and most other minerals, the deduction is far in excess of the capital used up. As a matter of fact, the deduction has nothing to do with the capital used.

For the factory owner or cab driver, depreciation is computed by dividing the total investment by the number of years the investment is used. If a factory building costs $100,000 and is expected to last 50 years the factory owner is allowed to deduct $2,000 each year for depreciation; after 50 years he has deducted the entire $100,000 investment from his profits.

Not so with the owners of oil wells or of coal mines. For them, the law permits a deduction which is called "percentage depletion." This deduction is a stated percentage of gross income, not of the amount invested in the property. For oil, the deduction is 27½ percent; for sulfur, 23 percent; for coal, 10 percent; and for other minerals 15 percent or 5 percent.

Why does this method of computing depletion result in excessive deductions? Take the case of an oil well in which $1 million was invested. Suppose the well produces $5 million of oil for each of 10 years. The owner can deduct 27½ percent each year, or $1,375,000. In the 10 years, he deducts a total of $13,750,000 or almost 14 times the amount he actually invested.

In his 1950 tax message, President Truman said of depletion allowances:

"I know of no loophole in the tax laws so inequitable as the excessive depletion exemptions now enjoyed by oil and mining interests." The President further commented:

"I am well aware that these tax privileges are sometimes defended on the ground that they encourage the production of strategic minerals. It is true that we wish to encourage such production. But the tax bounties distributed under the present law bear only a haphazard relationship to our real need for proper incentives to encourage the exploration, development and conservation of our mineral resources. A forwardlooking resources program does not require that we give hundreds of millions of dollars annually in tax exemptions to a favored few at the expense of the many."

The Treasury has made an exhaustive study of percentage depletion and has produced these startling figures. (1) In 1947, oil companies were able to deduct 13 times more through percentage depletion than they would have been allowed to deduct if they had been required to use ordinary depreciation methods. (2) Twelve millionaires owning oil wells paid an average income tax of only 22½ percent on their incomes in the period 1943–47, just one-half of 1 percent less than the wartime rate on the first $2,000 of taxable income. (3) One oil operator was able to develop properties yielding $5 million in a single year and he didn't pay a cent of income tax in that year.

In total, oil and mining interests benefit to the tune of about three-quarters of a billion dollars from percentage depletion. Eighty-five percent of this huge subsidy goes to the oil companies. No wonder President Truman called this the most glaring loophole in our tax laws. If percentage depletion had been eliminated, the entire tax increase on people earning less than $4,000 a year could have been dropped from the last tax bill.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks my description of the particular section of the Revenue Act relating to oil royalties, a provision which I bitterly fought but to no avail.

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

F. OIL ROYALTIES

Section 214 of the bill, which was added by the committee, would give favorable capital-gains treatment to ordinary income derived from so-called "short-term in-oil payments."

I believe the members of this body should have a full understanding of the effect of this obscure amendment. And if I make a misstatement either of fact or law, I shall appreciate being corrected. As I understand the present law, if a person has an interest in an oil-producing property, as the lessee and operator, or as the landowner and lessor participating in the fruits of the operation, he is taxed on his income from the oil property at ordinary income tax rates and not at capital gain rates.

Thus, a common type of arrangement would be for the operator to obtain a lease from the owner of the land for oil exploration. The owner of the land in return for the lease would retain, say, a one-eighth royalty interest which entitles him to one-eighth of the return from the oil produced. The lessee or operator of the oil-producing property would retain the remaining interest which would be a seven-eighths working interest. The return to each of those persons is clearly income taxable at ordinary rates, the same as rental income to a lessor or royalty income to the owner of a patent or invention.

The owner of the oil royalty or working interest under existing law can sell a part of his interest for the whole life of the interest and obtain capital gains treatment. That is because he is selling the capital asset that he owns, or a part of it, and not just the income from that asset for a short period which is taxable to him at ordinary income tax rates.

So much for the typical situation as it exists today. But a new device or wrinkle has lately emerged in increasing importance, the effect of which is that the owner of the interest assigns the income coming to him for a short period and thus seeks to escape the application of ordinary income-tax rates and to get the favorable capital-gains treatment at a top rate of 25 percent. The owner of the interest makes an assignment of a so-called "short-term in-oil payment." The owner assigns to a third person the income from his royalty interest for a short period, expressed in terms of an assignment of the income up to a fixed amount, say $100,000. Or to the same effect, but more deviously, the owner purports to assign the income from a certain number of barrels of oil to be produced from the property. Thus, if the owner of the royalty interest anticipates that his returns for the next year from the oil property taxable to him at ordinary income-tax rates will amount to $100,000 he assigns his interest up to the extent of $100,000 of yield on the royalty interest. He now claims that on that transaction he is entitled to receive capital-gains treatment instead of the application of the higher income-tax rates.

I know that it will be said that this provision is not intended to include a bald assignment of a specified amount of income, say $100,000, expected to be returned on the oil interest within the near future, say 6 months, a year, or 18 months. It will be said that under the terms of the amendment such bald escape from taxations will be prohibited and capital-gains treatment will be permitted only if he makes an assignment of a definite amount of oil in place. But the difference is a formal one only and has no substance.

It is common knowledge that with modern exploration and discovery processes and all the recent techniques of science, the yield from an oil-producing property over a given period of time can be predicted with remarkable accuracy. A certain well is a known producer and it is as certain as anything can be in the course of human events that oil will continue to be produced at least over the short period of time covered by the type of assignment that we are here dealing with. So the owner of the interest, to obscure the fact that it is an assignment in all reality of a certain specified amount of income over the very near future, would now under this provision make an assignment of a certain number of barrels of oil to reach the identical result. The going price per barrel of oil is determinable, and there is a going discount for future income over the short period of the assignment. So the assignment, instead of being expressed in terms of a short term assignment until the yield reaches $100,000, will now be expressed in terms of a certain number of barrels of oil which at the going market price less discount for advance payment will yield substantially the same sum. That is the effect of this provision. With its adoption the owner of the working interest or the royalty interest has readily at hand a legalized device for transmuting ordinary income which might be taxable to him at rates in high brackets, to capital gains treatment. Thus by successive short-term assignments, an oil promoter could remove his oil income from the progressive rates effective against ordinary income and be subject only to the maximum effective capital gains rate of 25 percent.

Under this section these types of dealings in oil would be carved out to be given extraordinary favorable tax treatment not accorded in other areas of business. The owner of leased real estate may and often does assign his rental income for 1 or more years to another person. Nevertheless that type of assignment has always been treated as merely an assignment of future income, and the rental incomes continues to be taxed to the owner of the property at ordinary income tax rates.

Owners of copyrights or patents also may make short-term assignments but they receive no such tax advantages which would be accorded by this amendment. A corporation executive might find it advantageous for tax purposes, if it were permitted to him to assign to another person his entire salary for the coming year, and thus claim capital gains treatment on his salary, but you and I know that is not permitted and could not be permitted.

Neither could the retired worker living on his investment income assign his interest coupons and similarly get this tax advantage which is now proposed to oil interests. He could sell his bond and get capital gains treatment and so can these owners of oil interests assign all or part of their interest for the entire life of the interest and get capital gains treatment. The present treatment is fair and in accordance with fundamental principles of taxation.

It is said in defense of this special treatment of oil interests that oil is an exhausting asset and hence deserves such special recognition. But I call your attention to the fact that under existing law the owner of the royalty interest or the working interest is already entitled to take as a deduction from income his equitable share of the special depletion allowance accorded oil, at the rate of 27½ percent of gross income from the property. That allowance is more than ample recognition of the fact that the interest is a depletable one.

Our tax laws have been under criticism for many years because of the opportunities they afford ingenious tax avoiders to take advantage of the difference between the tax

rates on regular income and the lower preferential rates on capital gains. The President and the Secretary of the Treasury have earnestly appealed to the Congress that loopholes of this type be eliminated. Now at a time when most of our people are asked to pay virtually wartime tax rates, we are presented in this bill with a provision, section 214, which would extend this avenue of tax avoidance even further and without a semblance of sound reasoning.

It is time that we recognize how such unobtrusive provisions as this one erode the tax system. Here we have a bill—designed for emergency revenue purposes—which, if section 214 were approved, would be used as a vehicle for fostering specially favorable tax treatment to a limited group. And this is the same group which now receives the excessive percentage depletion allowance, which has been described by the President as the worst loophole in the tax law. At the very least this body should not approve provisions which clearly extend tax loopholes.

Mr. HUMPHREY. Mr. President, I merely point out that this is a new gimmick in the tax laws, which permits one to take ordinary earned income and, by the use of a royalty system, to convert it into capital gains, which represents very favorable treatment. As I have said many times, it reminds me of the Middle Ages, when the lord of the manor, the feudal baron, or the king, would hire some magician or would-be scientist and put him in a room at the top of the castle. Such men were called alchemists. The alchemist was told, "Take gross metal and convert it into gold." The poor old fellow would stay in the room year after year, with burners, tubes, and pipes, trying to convert gross metal into gold. He never was able to do it. However, the modern tax lawyer is able to take earned income, which is taxable at a high rate, and convert it into capital gains. That makes the poor alchemist and the magician of old look as though he did not even have an insight into life itself.

Now I am happy to yield to my good friend from Arkansas.

Mr. FULBRIGHT. The Senator from Minnesota is very gracious. His flight of fancy reminded me that what he is trying to do, in conjunction with the Supreme Court, is to take the production of a commodity, which bears no resemblance at all to a monopolistic utility, and make it a utility, which it is not. He is trying to bring about a similar change of nature with respect to a particular activity. That is one reason why we differ on the subject. He is seeking to apply a formula dealing with monopolies to a circumstance and an activity which bear no resemblance at all to monopoly. My question——

Mr. HUMPHREY. Before the Senator asks his question, I should like to reply to his statement, because he has a much better memory than I have, and I should like to reply to his statement before I forget it. The definition of what is a utility, and the question of the relationship of the production of gas to its sale when it goes into interstate commerce, are questions over which there may be honest disagreement. I must say the Senator will have great difficulty in trying to show how he can regulate the price of gas effectively if he cannot regulate it where it enters the pipeline.

Mr. FULBRIGHT. We expect it to be done reasonably through the passage of the bill. The bill prescribes the formula in detail.

Mr. HUMPHREY. The bill does it in the sense that under it there simply will not be any regulation. Of course some persons feel that one way to solve the farm problem is to eliminate the farmers. I happen to be opposed to that way of handling the farm problem. There are some persons who say the way to handle the problem of regulation is to eliminate regulation. My good friend does not go quite that far, overtly or directly, but he flanks it a bit and he moves in on it.

Mr. FULBRIGHT. I am sorry the Senator from Minnesota is lending his powerful voice to spreading the confusion that the pending bill is a decontrol bill. It is not a decontrol bill. It would control the price of gas through the Federal Power Commission, the only difference being that the Commission would fix the price on the basis of a reasonable market price formula, instead of on a cost-plus formula. However, that is not the question I wanted to ask the Senator.

Mr. HUMPHREY. Perhaps it is not a decontrol bill. It is certainly a decoy bill.

Mr. FULBRIGHT. It is a control bill in the interest of the consumer, instead of in the interest of the distributing utility.

Mr. HUMPHREY. I know the Senator believes that to be so. He is the kind of man who is interested in the consumer. I know that.

Mr. FULBRIGHT. That is not the question I wanted to ask the Senator.

Mr. HUMPHREY. I think it is wonderful that he believes the bill is a consumer-interest bill.

Mr. FULBRIGHT. I am sure it is. I should like to ask the Senator a question now.

Mr. HUMPHREY. What the Senator from Illinois [Mr. DOUGLAS], the Senator from Rhode Island [Mr. PASTORE], and other Senators are trying to do is to help the Senator from Arkansas get away from the misunderstanding he has about what the bill would do. We do not disagree with the Senator's objective. We disagree with what is happening to the objective. By our friendly cooperation, we are trying to be helpful to him.

Mr. FULBRIGHT. I appreciate the Senator's kind sentiment. I should like to ask him a question.

Does not the Senator realize—and if he does not, he ought to make further study—that if we take the cost-plus formula, the so-called utility formula, and permit a 6-percent return—I use 6 percent, although it is true that the Minneapolis Gas Co. is permitted a higher return——

Mr. HUMPHREY. Let us not go off fishing in uncharted waters.

Mr. FULBRIGHT. However, normally speaking, the utility formula allows a 6-percent return on invested capital after all expenses are paid. Does not the Senator from Minnesota realize that if we accept the formula, we thereby eliminate any benefit to the producer arising from depletion allowance?

Mr. HUMPHREY. No; the Senator from Minnesota does not realize that at all.

Mr. FULBRIGHT. It is an indirect way of repealing the depletion allowance insofar as it applies in the gas business. Is that not correct?

Mr. HUMPHREY. No. The Senator knows better than that, I am sure.

Mr. FULBRIGHT. Thereby we will have made a very serious inroad into the incentive toward exploration. The Senator realizes that, I am sure.

Mr. HUMPHREY. No; the Senator from Minnesota cannot realize that. First of all, the depletion allowance is based upon gross income. The bill does not affect depletion allowance at all. The depletion allowance is figured on the total gross income from the gas and oil business. The rate or price on the unit of gas which is sold will not be affected by the depletion allowance, except that the depletion allowance will make the companies a little richer.

I may say to the Senator, who has the consumer's interest at heart, I am sure, but who has permitted himself to raise the ghost that the depletion allowance—that sacred cow of the oil industry—is going to be milked or slaughtered, that we are not even going to pat it—not at this time.

Mr. FULBRIGHT. Mr. President, I am amazed that my friend from Minnesota, aside from his judgment of the bill, should reveal that his understanding of the tax structure is so superficial. I am sure he has studied the tax laws. If we permit a 6 percent return on invested capital after all expenses, I cannot understand how in the world any benefit could come to the producer, inasmuch as the whole benefit from the depletion allowance would be passed on to the consumer, because it is 6 percent on invested capital.

Mr. HUMPHREY. I know the Senator feels that his argument is logical and cogent. However, I am unable to understand it. Let me make it quite clear to the Senator that the depletion allowance is based on gross income and that depletion allowance will be taken by the oil company and by the gas company. The depletion allowance will not be lost.

What the Senator is saying is that in figuring out what the rate structure is to be we must take into consideration some depletion that is arrived at by the depletion allowance. If he wants to take off a leaf from the tree by that kind of argument, he is right. However, the Senator should not send up a big trial balloon about the loss of the depletion allowance. The depletion allowance would not be lost. It would still be in effect.

Mr. FULBRIGHT. If the producer lost it, the consumer would get the benefit of it.

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

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Do we not have a precedent by reason of the fact that since 1938 the Federal Power Commission has regulated the price of gas on

the basis of the cost that can be expensed?

Mr. HUMPHREY. The Senator is correct. He went into that in his remarks.

Mr. DOUGLAS. We have the statement from authorities who have studied the matter that the Federal Power Commission has allowed rates to pipeline companies based upon their cost of production, including all exploration costs, dry hole costs, depletion allowance, depreciation, taxes, and a fair return. In other words, the depletion allowances have been taken into account as an expense prior to all these items. Is that correct?

Mr. HUMPHREY. Prior to the fixing of the rates.

Mr. DOUGLAS. That is right.

Mr. HUMPHREY. The Senator is correct. I may say to my good friend from Arkansas, that, for the sake of the argument, even if the depletion allowance beneficially affecting the producer is slightly modified by rate fixing, there is no evidence that the rate fixing by the Federal Power Commission has resulted in confiscation, or in failure to make a profit, or in deterring further investment capital from seeking new opportunities in expansion.

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

Mr. HUMPHREY. I yield.

Mr. FULBRIGHT. There has been no utility type regulation except since the 1954 decision.

Mr. HUMPHREY. There has been pipeline regulation, however.

Mr. FULBRIGHT. That is not in issue here.

Mr. HUMPHREY. It is in issue, however, in this sense, that one argument, which has been advanced as a smokescreen, to divert us from what is happening in connection with the gas bill, is that if we regulate the sale price of gas at the well, there will be a failure to develop production, and there will be no incentive for new production.

Mr. FULBRIGHT. That is correct.

Mr. HUMPHREY. The theory is that regulation of the producer's sales price will result in a lack of incentive, which in turn will result in a lack of production.

Mr. FULBRIGHT. That is correct.

Mr. HUMPHREY. The argument refers to utility regulation, or cost-plus regulation.

Mr. FULBRIGHT. Utility regulation.

Mr. HUMPHREY. Utility regulation, not merely regulation.

Most Americans would be very happy with cost-plus contracts.

Mr. FULBRIGHT. I have not seen the General Motors Corp. or other corporations of that nature applying for them.

Mr. HUMPHREY. We have been trying to get a little cost regulation for farmers—only "cost," not "plus."

Mr. FULBRIGHT. That reminds me of what the Senator said the other day about the percentage which the farmer gets for his products. The Senator was complaining bitterly, and I join with him, that the farmer receives only a very small proportion of the consumer's dollar and that the gas producer gets 10 cents. Why is the Senator from Minnesota so hard-hearted about the producer in my State and so generous with the milk producers of Minnesota?

Mr. HUMPHREY. The Senator from Illinois [Mr. DOUGLAS] is a sponsor of a substitute amendment designed to exempt the small producers from regulation. It is even more generous than is the Senator from Arkansas, who has in mind some broad type of regulation which I have not been able to identify. He is going to regulate a little bit, but the Senator from Illinois is so much in favor of the independent producer that he would exempt those who produce less than 2 billion cubic feet a year from any regulation whatsoever. So, Mr. President, we are not proposing to press the small independent producers. What we are talking about is this: 15 companies controlled 50 percent of the sales of gas in 1954—and I placed the figures in the RECORD a few moments ago—and there are less than 200 companies which controlled 90 percent of the sales of gas; so by the very nature of the pipelines and the nature of the equipment which is involved we find ourselves in a utility situation right back to the producer when the gas goes into the pipeline, because pipelines are not lying around like the loose ends of garden hose. Gas is collected in a gathering plant. The Senator from Arkansas is an expert in this field. We are only trying to regulate in the interest of the consumer and in the public interest and to assure the large producers that they will have literally gold-paved streets. They have today, and they will have in the days to come, a guaranteed profit on their gas wells. As has been pointed out by the proponents of the bill, gas is only incidental to oil, but it is akin to gold, black gold, known as oil, upon which the profit in the market is rather substantial. I do not really believe we will have to pass any emergency relief acts or have a special session for the benefit of the natural gas producers.

Mr. FULBRIGHT. Mr. President, will the Senator from Minnesota yield further?

Mr. HUMPHREY. I yield.

Mr. FULBRIGHT. Following out the Senator's line of thought, is he willing to guarantee a return to the little wildcatter who drills a well, even though he does not find any gas at all? He is the one who is going to have a tough time.

Mr. HUMPHREY. No one is compelling him to drill any wells. If a man who drills an oil well or a gas well fails, he can charge it off as a business loss. If he succeeds, he has a rather favorable tax treatment. I am not going into a long argument over tax treatment. That is provided for in the tax laws. But the Senator has no evidence to indicate that Federal regulation means the diminution or the drying up of the industry.

Mr. FULBRIGHT. The Senator from Minnesota has stated time and time again that the amount of gas regulated in interstate commerce has decreased about two-thirds——

Mr. HUMPHREY. Much of it is used in intrastate commerce. There are large gas plants which are members of a great industry. There was a period of time when the gas produced in the fields of Oklahoma, Texas, and the Southwest was going to Northern States industry-wise. I am glad that industry has moved closer to the source of power and fuel. The Senator's State has been a beneficiary.

Mr. FULBRIGHT. Then the Senator thinks it is all right for the gas not to move in interstate commerce. How does that affect consumers in Minnesota?

Mr. HUMPHREY. We want both. It depends upon the kind of contracts that are written, giving favorable treatment to both the pipeline company and the consumer. The contracts have built-in escalator clauses which, apparently, are recognized by all as being abuses.

Mr. FULBRIGHT. They are not recognized as being abuses.

Mr. HUMPHREY. The contracts contain most-favored-nation clauses. That is a little unusual.

Mr. FULBRIGHT. There are not necessarily abuses. They are called for by the character of the contract. The Senator knows that to be true. I dare say that no real-estate company will make a 20-year lease without some comparable provision for adjustment in the lease.

Mr. HUMPHREY. That is not a proper comparison. If a landlord raises the rent on a house on a certain corner, the rent on all the other houses does not go up automatically.

I would not generalize all escalator clauses as being abuses. It depends on the particular contract.

Mr. FULBRIGHT. The Senator has said they are objectionable.

Mr. HUMPHREY. That is correct.

Mr. President, as I said, in addition to the depletion allowance on their income tax, the oil companies have numerous other little assistances that should provide them with enough incentive to go on with the search for new reserves of oil.

The interstate conservation commissions keep down the production of oil and consequently of natural gas—ostensibly to conserve our natural resources. But one has to be quite naive not to perceive that restricting production also serves to keep the price of oil and natural gas up.

Minimum wellhead prices have been fixed by the interstate commissions. Until recently they put a floor under the price of natural gas even for sales to interstate pipelines. A Supreme Court ruling has upset this practice. But we may expect it to be back with us if the Harris-Fulbright bill becomes law.

In the Reciprocal Trade Agreements Act we passed last year, the so-called national security amendment—agreed to as a compromise for the Neely amendment—permits the imposition of import quotas when any commodity is being imported in such quantities as to threaten the national security. The Director of the Office of Defense Mobilization has been circumventing the procedure established under that provision. He has warned that import quotas would be imposed unless imports of oil are curtailed voluntarily. Thus domestic oil producers have gotten one more form of

Government protection that serves to keep their prices up.

Mr. MONRONEY. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MONRONEY. Does the Senator know of any case where that has happened? We hear much talk about it, but we have not seen any such result.

Mr. HUMPHREY. Perhaps the Senator misunderstood my statement. I said that the Director of the Office of Defense Mobilization has been circumventing the procedure established under that provision. He has warned that import quotas would be imposed unless imports of oil were curtailed voluntarily. Thus domestic oil producers have gotten one more form of Government protection that serves to keep up their prices.

Mr. MONRONEY. But the warning has not yet been heeded.

Mr. HUMPHREY. I accept the Senator's statement on that, because he is well informed on the subject.

There are other assists from the Government which the oil companies receive that should certainly insure that none of them will be at a loss for incentive. They are waging an all-out propaganda campaign against Government interference with what they call free enterprise, but they do not object to the Government underwriting them in every way that gives them an assured profit beyond anything that any other industry dreams of. Far from being free enterprise the oil and natural-gas industry is subsidized enterprise. Certainly the State agreements regulating rate of production and minimum price make the enterprise something less than free.

I do not think that there is a great deal of substance to the argument raised by the proponents of the pending bill that regulation will destroy the incentive of the natural-gas producers.

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

Mr. HUMPHREY. I yield.

Mr. MONRONEY. I know how earnestly the Senator from Minnesota searches for facts in connection with his duties on the Senate floor. It would seem to me that he should not ignore the fact that there is conservation value in prorated taking, not blowing the wells wild, but pinching them in, which is definitely in the interest of the consumers of the Senator's State.

Mr. HUMPHREY. I said that.

Mr. MONRONEY. I seemed to detect in the Senator's statement an intimation that proration is a sort of subsidy thrown to the gas producers. In fact, I think many would rater blow the gas into the air, as they did before the conservation laws became very strict.

Mr. HUMPHREY. If there was on my part any such intimation as the Senator has indicated he detected, I want the record to be corrected. What I was talking about was tax concessions. I am not talking about what I consider to be conservation practice. The conservation practices which have been engaged in have been all to the good. I think it is necessary to have such conservation practices.

Mr. MONRONEY. I do not think the bill changes the Supreme Court decision on minimum prices. I think that decision will be unchanged. But that is something which the lawyers, who are better qualified to interpret the decision, can discuss.

There is a conservation interest involved because our 22 years' supply of a superior fuel for household consumption should not be used in such a way, for instance as basic boiler fuel, so as to penalize the tens of thousands of coal miners. Coal would serve just as well and would provide employment for coal miners. There is in the country 10,000 years supply of coal. It is with that point in view that we are trying in many cases to protect gas producers, who were parties to contracts which make their prices tantamount to a price of 30 cents for wheat in the depression. The minimum price law was enacted so that there would not be a prodigal use of gas at 1 cent or 2 cents a thousand cubic feet, thus depleting the resource and leaving Oklahoma and Texas without a gas supply to sell in interstate commerce.

Mr. HUMPHREY. Conservation methods which will properly preserve and regulate the supply of natural resources are most certainly commendable. I am keenly interested in the observation which the Senator made about our large coal deposits. I think there are many uses which may be made of them which are not being made today. In the days to come that will undoubtedly be done.

As the Senator knows, many of us feel strongly, too, that natural gas is an outstanding fuel for home consumption. The more we can get and have for that particular use, the better off we shall be.

The arguments between the proponents and opponents of the bill are not related to all subject matters. I think our basic disagreement is upon the method of regulation. It is a disagreement which will soon be resolved, when the yeas and nays are called.

Mr. MONRONEY. I thank my distinguished friend for saying something which has been rather hard to detect. Some of our colleagues seem to think that the question is of complete regulation or no regulation at all. I am glad the Senator recognizes that there is a choice between two types of regulation, one under the utility cost formula, and the other a reasonable market price formula. It is the latter which we think would be far more effective in protecting the consumers and assuring them of a gas supply.

Mr. HUMPHREY. I said I did not think there was a great deal of substance to the argument raised by the proponents of the bill that regulation would destroy the incentive of the natural-gas producers. I might say that since the Fulbright-Harris bill does embody rate-increase regulation, even the proponents of the Fulbright-Harris bill apparently are not afraid that some form of regulation will destroy incentive. What natural-gas producers probably fear is that full enforcement of the regulatory power granted in the Natural Gas Act will require them to open up their books. Then it will be seen that far from being a highly risky business, the oil and natural-gas production business is one of the best in our Nation today.

As the Senator from Illinois [Mr. DOUGLAS] has already pointed out, the one place in our business world where a man may still make and keep a million dollars is in the oil industry. I think there are other fields, too. I believe that statement was rather restrictive.

I do not wish to be misunderstood. I hold no brief against the oil and natural gas producers making a million dollars. I would not even be disturbed at them making an additional $30 billion—provided it is not made at the expense of a captive consumer who is at the mercy of the producer.

I may add, it does give me some pain to see the facts of the natural gas producers plight presented in such a pitious way. I would like to start out with the record corrected before we start determining whether the production of natural gas is a highly risky venture that does not have its compensations.

Life is full and rich for the oil and natural gas producers. Of that I am convinced. Not, perhaps, for the small independent producers, but for those for whom the Douglas amendment in the nature of a substitute would provide regulation.

The other half of the phrase we read all the time in the oil and natural gas pamphlets is "competitive"—natural gas production is a "risky, highly competitive industry." Here we come to the crux of the argument. Whether there is, in fact, a great deal of competition in the sale of natural gas to pipelines that will serve to keep prices down through the free play of the market place. The proponents of the legislation say there is—those of us who insist that sale of natural gas from producer to pipeline is part of a unique situation, say there is not. Let us examine the natural gas industry, and the way the gas gets from the well to the consumer.

When the literature distributed by the natural gas and oil people speaks of "competition," the figure "8,000 independent producers" is customarily used. We get the picture of all these 8,000 little wild-catters sinking their individual wells and then vying with each other to see who can get to market first with his natural gas. Well, it simply does not work that way.

In 1954 there were 5,557, producers of natural gas for interstate sale. But we must not be deceived by this statistic. More than half the natural gas sold into interstate commerce during that year was produced by only 16 companies. Better than 70 percent of it was produced by 35 producers. And nearly 90 percent of the gas in interstate commerce came from 197 producers.

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

Mr. HUMPHREY. I yield.

Mr. MONRONEY. The figure of 5,000 reflects, I think, the interstate producers

Mr. HUMPHREY. Yes; that is correct.

Mr. MONRONEY. More than 8,000 have been listed by the various State regulatory bodies, under the conservation laws. I think the number, including the

Appalachian fields has gone up to about 10,000. Gas is gas; and the gas which is not now on the interstate lines might be most valuable to the Senator's constituents in the State of Minnesota. They might be able to get a most desirable fuel at their burner tips, which they are now denied simply because the producers fear they might become a public utility if the gas they provide is once connected with the long lines. That is why we feel the Fulbright-Harris bill will encourage a greater development. The producers will not then run the risk of becoming a public utility. A producer is not going to spend $10,000 a year to get a certificate of convenience and necessity to move his gas in interstate commerce, he is not going to seek capital to incur a great risk, only to sell a small amount of gas. Instead, he is going to find consumers in his home State, where he can operate under a free enterprise system and seek a price which the market will bring.

The error which many persons make—I do not think the Senator from Minnesota has made it, but it might be inferred by those who carelessly read his remarks or interpret them from a cursory reading—is that the last purchase price becomes the reasonable market price. This is not correct. The same body which would enforce the utility-type regulation will also interpret and enforce the reasonable market price.

As I pointed out yesterday in debate with the distinguished Senator from Illinois [Mr. DOUGLAS], the contracts which he fears the most, those which may go up to 17 cents or 20 cents a thousand cubic feet, provide only 4.4 percent of the gas which goes into the long lines. There are 20-year contracts at around 7 or 8 cents. After all, an average of 10½ cents must mean some 5-cent gas, some 8-cent gas, some 2-cent gas as well as 17-cent gas.

The consumer is afforded protection under a reasonable market price, because of past contractual relationships and because 90 percent of the gas is now moving under 20-year contracts. Even the spiral and favored-nations type of contract would be subject to review if gas companies should ask for an increase in rates. The Federal Power Commission would then determine whether the price would be beyond the reasonable market price, and the Commission could invalidate an existing contract. The new contracts must also be measured by the standard of a reasonable market price.

The only two exceptions would be where the State had increased its excise or severance tax, which I think the Senator would agree would be reason for a step-up in rate. The second exception would be if there were specified increases at fixed periods, which were arrived at so as to give the pipeline company some aid. The theory is that a 2- or 3-cent increase over the years would be one which pipeline companies could well absorb in their rate base.

I ask the Senator from Minnesota to excuse me for such an extended interruption, but he has been very kind, as most of the opponents of the bill have been. I think it is of help to have the distinguished Senators from Minnesota, Michigan, Illinois, Rhode Island, and Massachusetts discuss the facts and figures, and to yield at all times to cogent and germane interruptions as the bill is debated.

Mr. HUMPHREY. I wish to thank the Senator from Oklahoma. He makes a very strong argument, as I have told him before. There are honest differences of opinion as to the best means of regulation. Some of us believe that the language in the Harris-Fulbright bill which refers to regulation will not produce the kind of regulation which will be effective, and at the same time the kind of regulation which will permit a fair and reasonable profit.

Mr. President, I wish to note that since the Phillips decision in 1954, which upheld the regulatory power of the Federal Power Commission over the producers' sales price of gas at the pipeline, or gas coming into the pipeline, almost 1,000 new interstate producers of natural gas have entered the field. They have not been afraid of Federal regulation. After the Supreme Court had spoken and had clarified the law almost 1,000 new producers entered the business of the sale of gas for interstate purposes.

Furthermore, in the past 2 years, since the Phillips decision, the increase in the sale of natural gas in interstate transmission has been about one-half billion cubic feet. It does not appear, Mr. President, that the producers of natural gas have been withholding their product from interstate commerce; nor does it appear that the producers of natural gas have been fearful of the results or the eventualities which would follow Federal regulation.

Mr. President, I should like to have the RECORD crystal clear that such happenings occurred after the Phillips decision, which was unequivocal in stating that the Natural Gas Act of 1938 applied to the producers' sales price of natural gas in interstate commerce.

Mr. President, I know that the proponents of the legislation now shift their argument to point out that in the automobile industry there are only three producers dominating the market, with only three others of any consequence in the field. But the number involved in sales in interstate commerce is not the only consideration that makes natural gas production and sales unique in requiring regulation.

While nearly ninety percent of the market is dominated by 197 producers, there is an additional factor which makes this a utility situation. That is the nature of the natural gas industry and the way natural gas is distributed.

As everyone knows, natural gas is delivered from wellhead to consumer through a system of pipelines. These pipelines are not only expensive, they are fixed. Once they are laid into a field, they cannot be taken up and moved about in search of a new supply or a less expensive supply of natural gas.

As the chairman of the public service commission in my neighbor State of Wisconsin has written about the pipeline company:

> It could not move its pipeline like a garden hose from one producer to another in search of lower prices.

As the pipelines are expensive to build and as they are fixed in place once they are laid into a field, the pipeline company must be assured of an adequate supply before it can commit itself to a natural-gas field. This, in fact, is one of the assurances it must be able to give the Federal Power Commission—its ability to fulfill the long-term commitment to the distributors it is intending to serve.

Consequently the pipeline must sign a long-term contract with the natural-gas producer—sometimes for 20 years, often for the life of the field. Once contracted for, there is no further possibility for the free play of competition in the market place to work on holding prices down. Once the contract is made, the price is as firm as is the pipeline itself, which is laid in the ground, with the exception of the escalator clause, which can lift it up as if there were a swelling in the earth or a small earthquake.

Nor is there competition at work in the initial period of negotiating for the supply of natural gas from the producer in a given field. Before the great interstate pipelines were laid, there was this kind of competition. There was greater supply of natural gas than there was demand. A buyer could shop around and get a better price from one producer than from another. It was a buyer's market.

In the decade since World War II—since about 1947, in fact—the rapid growth of pipelines, extending to nearly all parts of the country, has altered the situation. The demand for this superior fuel has outstripped the supply. There is a seller's market. Now the pipelines bid each other up in competing for the supply of natural gas from the fields.

During the earlier period—before the growth of the pipelines—competition did operate to keep prices reasonable. The sales price of natural gas from producer to pipeline was maintained at about cost plus a reasonable profit. That is why there was no need to regulate the producers' sales price of natural gas at that time.

It has only been since the increased demand for natural gas as a fuel both for residential and industrial use that the sellers' market has produced the opportunity for increasing prices to whatever the traffic will bear. This does not only operate in the market when a pipeline is initially negotiating with a producer a contract for the sale of natural gas over a long period. Even after the contract has been signed, the producer's price can rise to whatever the producer can get for his gas. Pending, first, litigation and, now, a will on the part of the Federal Power Commission to fulfill its responsibilities under the Natural Gas Act, there has been no effective regulation in recent years.

The kinds of escalation clauses under which the producer can get a higher price for his gas are listed in the House committee report, which has been made a part of the Senate committee report. On page 35, we find a description of the various kinds of escalation clauses:

> The two-party favored-nation clause: Under this clause, the specified price in a long-term fixed contract is increased in the event

the buying pipeline company shall pay a higher price to another producer for gas in the same field or in any area specified in the contract.

The third-party favored-nation clause: Under this clause the price is increased in the event an unrelated third party shall pay a higher price to another producer for gas in the same field or in an area specified in the contract.

Escalation clauses known as the price redetermination clause, the price-renegotiation clause, or the better-market clause: Under each of these clauses, the price is increased in the event the average of the 2 or 3 highest prices which are paid by pipelines in a given area shall exceed the price specified in the contract.

The spiral escalator clause: Under this clause the price is increased in the event the resale rates of the pipeline company shall be increased.

The step-up clause: Under this clause the price under the contract will increase by specific amounts at definite dates in the future.

The tax-increase clause: Under this clause the pipeline company agrees to reimburse the producer who sells the gas for increase in taxes levied on the seller after a specified date.

The House committee report goes on to say—and this is the majority report, I hasten to point out—that:

Many witnesses appearing before the committee, particularly those representing distributing interests and consumer areas, maintained that escalation clauses in existing contracts, unless their operation is controlled in some effective manner, could result in very large increases in the cost of gas to consumers—particularly in view of the fact that a contract for natural gas usually runs for 20 years or more, and a large proportion of the contracts presently in effect were entered into in recent years.

This is just what has been happening in recent years. In the absence of effective Federal regulation prices have gone steadily upward, and they have been passed on to the consumer. The average field price of natural gas has more than doubled since 1946.

This is what will happen if the present proposed legislation is enacted and if there is no regulation over this utility situation. The increased prices will come at the producers' level, and will be passed through the pipelines, through the distribution companies, ultimately to the consumers; and the increased prices will be passed on to the consumers with a vengeance.

Let me review the factors that I have said make the sale of natural gas in interstate commerce a utility situation.

First, there are not really a large number of producers. More than half the natural gas entering into interstate commerce in 1954 was produced by 16 companies, and 197 companies produced nearly 90 percent of the gas. This in itself would not be a utility situation.

But the gas is transported in interstate commerce through a system of pipelines which are expensive and fixed. So the pipeline company must be assured of a long-term supply, and must, therefore, enter into long-term contracts with the producer.

Because there has been a tremendous increase in the demand for natural gas in less than the past decade, demand has outstripped supply. It has become a seller's market. There is no competition between producers seeking to sell gas to the pipelines. The producers can sell as much as they can produce. The competition is between the pipelines, not between the producers.

This sellers' market is accentuated by the regulatory practices of the State conservation commissions, which restrict the production of natural gas. The producers' sales price is bid up even higher, because of this artificially created shortage of supply and by other practices instituted by the conservation commissions.

Mr. President, I wish to say again that the conservation aspects are thoroughly worthy; but it should be noted that when we conserve on a tight market, when the very practice of conservation—namely, holding back the amount coming into the market—is engaged in, the result is to tighten the supply. I do not wish my comments to be regarded as indicating any opposition by me to sound conservation practices. I think it would be foolhardy not to have good, sound conservation of our oil and gas reserves and resources.

That is all the more reason, then, that, if we do have conservation, we should have regulation of the price when the producers sell the gas for transportation in interstate commerce, because then all the pressure works toward the end of increasing the price, and there is no pressure to reduce the price.

Quite naturally, the producers wish to get all they can for their sales. Because of that fact, and because the pipelines are at the mercy of the producers in negotiating for supplies of gas, the producers have placed escalation clauses in their contracts with the pipelines. These permit them both to require the pipelines to accept an increase in price whenever a higher price is agreed upon in the field or anywhere else by the pipeline, and to get an increase in price whenever the resale price of the pipeline is increased. The last clause is called the "spiral" escalation clause. I think "spiral" is probably a good word to apply to the entire process. There can be no doubt that, given the situation I have described, without regulation the producers' sales price goes up, up, up—just as it has been doing in recent years.

This is no free market. All the talk of free enterprise flys in the face of facts. Those issuing the propaganda put out by the Natural Gas and Oil Resources Committee are fond of saying: "If gas is regulated, won't other commodities soon follow? What about lumber—and automobiles—and oysters?"—or words to that effect. All of us have heard this argument.

But, Mr. President, I have never heard of lumber being transported in interstate commerce by pipeline, nor have I heard of automobiles being shipped through interstate pipelines—fixed pipelines, without any alternative pipelines, and with only one pipeline from one producer.

Furthermore, Mr. President, I never expect to live to see the day when oysters are transported in interstate pipelines. It would be interesting, but I doubt that it will happen.

No one has suggested that any other commodity is transported in interstate commerce in quite the same way that the natural-gas industry operates. The argument that if natural gas is regulated, there will soon be regulation of coal, lumber, potatoes, tomatoes, and oysters, is just a scare argument; and those who write the propaganda for the natural gas and oil interests know it.

Let me say why I called the consumer of natural gas a captive consumer, a short time ago. The consumer receives the natural gas from the pipeline and local distribution systems. While the Federal Power Commission regulates the interstate pipelines, and the State commissions regulate the rates charged the consumer by the local gas companies, increases in sales prices by producers have, nonetheless, been passed on to the consumer, in recent years. The escalation clauses require the pipelines to accept these increases, and the Federal Power Commission has allowed the rates charged by the pipeline to go up accordingly.

If the Harris-Fulbright bill is passed and signed by the President, we can expect the increases of producers' sales prices to be passed on to the consumer in the same way. I know that the proponents of the bill assure us that something called the reasonable market price has been added, and is supposed to protect the consumer.

This is the so-called regulatory language in the Fulbright-Harris bill. I take the word of the proponents that it is regulation. It is a new breed, which, as yet, has not been identified. But apparently it has arrived on the scene, and we shall have to accept it as at least a token of regulation. This is the standard which the FPC is to use in considering a pipeline company's application for an increase to determine what part of the price paid by the company to the producer for natural gas may be counted by the company as a market expense.

We get closer to the truth if we refer to the "reasonable market price" as the going rate, for that is what it is. It is the going rate for gas in the field. It is reasonable only if we start by subscribing to the proponents' contention that there is a free play of competition in the competitive market in sales of natural gas which serves to keep the price down. Unless we accept this myth, "reasonable market price" means the actual market price in the field, in which the competition is among pipelines in bidding prices up.

The "reasonable market price" standard, as applied to the escalation clauses, was added as an afterthought, a sort of sop to the consumer. I think it is important for the record to show that no one representing the consumers of the United States has ever had an opportunity to testify before either committee on "reasonable market price" and what it does or does not mean in relation to the escalation clauses. It was added to the bill only after the hearings in both the House and Senate had been concluded.

(At this point Mr. HUMPHREY yielded to Mr. BARRETT, who addressed the Senate on the pending bill. On request of

Mr. BARRETT, and my unanimous consent, his remarks appear following Mr. HUMPHREY's speech.)

Mr. HUMPHREY. Mr. President, "reasonable market price" will not provide protection for the consumer. When I say "reasonable market price," I use that terminology as it is used in the Harris-Fulbright bill. An increase in the producer's sale price will be passed on to the consumer if the Harris-Fulbright bill becomes law.

It is interesting that the proponents of the bill can claim that the "reasonable market price" provision will give adequate protection to the consumer against unjust rate increases and at the same time argue that the Harris-Fulbright bills are needed to free the producers' sale price from regulation if producers are to have the incentive to go on discovering new gas reserves and marketing the gas in interstate commerce.

Mr. President, I hope those who may glance at the RECORD or hear this debate will carefully note that the proponents or sponsors of the measure say, on the one hand, that they provide for regulation in the "reasonable market price" regulatory concept, but, at the same time, protest that those of us who argue for regulation under the Federal Power Commission according to the utility concept would be drying up the sources of gas supply, injuring the consumers because of failure to find new sources of supply; in other words, that it would reduce incentive.

It is difficult for me to understand how a "reasonable market price" is going to be protecting the consumer if the producer is going to be getting that added incentive he is seeking through this legislation.

The Senator from Illinois has a substitute proposal. I have spoken of it earlier. It would free from Federal regulation all those producers marketing less than 2 billion cubic feet of gas in interstate commerce each year. Senator DOUGLAS estimates that this would exempt about 5,360 producers from regulation. They would all be left quite free from control by the Federal Power Commission. But under the Douglas substitute amendment, 197 producers, producing more than 2 billion cubic feet of gas for sale into interstate commerce each year, would still be regulated. As these 197 producers sell nearly 90 percent of the gas transported in interstate commerce, the consumer would receive adequate protection under the substitute proposal of the able Senator from Illinois.

I hope that the Douglas amendment will be acceptable to the proponents of the Harris-Fulbright bill, but I do not think it is. It would actually be an improvement over the Natural Gas Act as it presently stands, for it would relieve the Federal Power Commission from the job of regulating all 5,557 producers. It would, while doing so, provide effective regulation of the sales price of natural gas in interstate commerce, for pipeline purchases are made almost wholly from the 197 producers who would be regulated.

I think that the proposed Douglas substitute will provide adequate protection to the consumer, while freeing 5,360 independent producers from regulation, and taking an administrative burden off the Federal Power Commission. It is a reasonable proposal. It is a proposal which is administratively sound, one which will give economic justice to the independent producers, the regulated producers, the pipelines, the distributing companies, and the consumers.

But if we do not adopt the Douglas substitute—if we adopt the Fulbright amendments instead—the "reasonable-market-price" provision will not protect the consumer. The consumer is a "captive consumer," and will not be able to escape from the increased rates that spiral up to him through the pipelines. He is a "captive consumer" because he is chained to the source of the natural-gas supply by the fixed system of pipelines. He is also held captive as he is committed to continuing to use natural gas by his own costly investment in one or more appliances in his home—a gas furnace, a gas range, a hot-water heater, or possibly a refrigerator.

It has been estimated that the natural-gas consumer has an average investment in these appliances of more than $500. I must say that that is a most modest estimate. Those who use natural gas for all four purposes may have as much as $1,100 invested. The champions of this legislation say that if the natural-gas consumer does not want to absorb the increases in gas rates, he can merely switch to some other fuel. This could be so costly for many consumers that it would be prohibitive. They would simply have to take a beating on the increased fuel costs, even though the price did not get above what other fuels were selling for.

I might point out that many of the homes built during the last decade were constructed to be heated with natural gas. Some do not even have chimneys. I am sure that users of natural gas who built their homes without chimneys—as well as those who have recently converted to gas at considerable expense—did not do so thinking that they might be threatened in a short time with a sharp rise in fuel costs. They have a right to expect some consideration and protection from the Congress. They should not suddenly be left to the mercy of the natural-gas producers, who have shown in their efforts to get the bill passed that they are out to raise their prices to all that the traffic will bear.

I must again state that not a single witness before the subcommittee, under the chairmanship of the junior Senator from Rhode Island [Mr. PASTORE], testified that his gas-producing business was losing money, or testified as to the inadequacy of his profits. It would have been very difficult for him to have testified to the latter, because the profit ratio for the gas and oil business is exceedingly good. It is abundant and plentiful.

The proponents of the bill warn that unless the producers get their way and are exempted from Federal regulation, the consumers will not get any more gas; that it will be diverted for intrastate use. This echoes the warning of the official of Phillips petroleum who warned Wisconsin officials that unless they dropped the case—which finally led to the Supreme Court decision—the people of Wisconsin could go without gas. I do not think this attitude reflects any great concern for the public interest. It is the sort of selfish unconcern for the consumer which gives rise to the need of Federal regulation. In fact, it indicates very well that the producer will take all the market can bear, a market which is under very severe handicaps due to fixed lines and investment in equipment. We cannot count on the public spiritedness and sense of fair play of the oil companies to insure that the consumers' interests are given fair consideration.

Only one type of consumer can easily convert to some other fuel if gas rates go prohibitively high. That is the industrial user of gas on an interruptible basis. I discussed this matter several days ago with the Senator from Illinois [Mr. DOUGLAS] in a colloquy during the debate on the floor.

Such industries take the excess supply of gas which residential users are not using in the summer. Since they burn other fuels in the winter, they already have facilities for other fuels installed and would quickly stop using gas when it became priced too high. Since the interruptible user of gas gets the gas at an inducement rate—or dump rate—the commercial and residential consumers are already sharing part of the cost of this use of natural gas. But if the interruptible user should stop using gas altogether, this would dump onto the consumer the entire extra cost of natural gas which the distributor is committed to take.

We could bandy back and forth all day the possible cost to the consumer of the increased cost of natural gas if the Harris-Fulbright bill becomes law. My friends who support the bill will not admit that there will be any great increase in producers' sales price if regulation is removed. The argument goes that the producer must be freed from Federal regulation if he is to be provided with the inducement to continue drilling wells and producing gas in this highly risky, highly competitive business. Yet, the price of natural gas will not rise appreciably, so they say. I do not quite see where the inducement lies if it does not come in an increase in the price they are receiving from their gas sales.

On the one hand, the proponents of the Harris-Fulbright bill try to indicate there will be very little or no real increase in the price to the consumer. On the other hand, they say if there is to be Federal regulation which denies an increase in price, or a substantial increase in price, there will not be any new research, discoveries, and new supplies brought into the pipelines.

What the increase in sales price of natural gas from the producer to the pipeline could mean to the consumers in my own State of Minnesota can be seen in the following figures. They are based on total sales during 1953, so they are a conservative estimate, as both sales price and volume have increased since that time. In 1953, total sales of natural gas in Minnesota amounted to 91,220,000 thousand cubic feet. If the sales price were to go up only 5 cents, this would mean an increased cost to the people in my State of $4,561,000. This would

be the smallest probable increase. Representatives of the oil and gas producers are saying that rates should go up, from about 10 cents, to 15, 20, or even 25 cents per thousand cubic feet.

If the rate went up 10 cents, the people of Minnesota would be paying an additional $9,122,000. If it went up 15 cents, the natural gas consumers of my State would have to foot an additional bill of $13,683,000. And that increase, by the way has not been considered an improbability.

It is not only the natural gas consumers of Minnesota who will bear the increased cost if the rates of natural gas rise unchecked by effective Federal regulation. Electrical energy is generated with natural gas as fuel in some cases. In 1954, 30,418,258 thousand cubic feet of gas were used for the generation of electricity in Minnesota. If the producers get an additional 15 cents for their sales in interstate commerce, the electric bill to Minnesotans could be increased by $4,062,739. So the electric user will feel the increased cost even if he is not a natural gas user.

I have already stated at the beginning of my remarks that the cost to the Nation's consumers might be approximately $600 million additional a year. An even higher estimate has been made of $900 million. These figures are large; they convey something to us of the effect the bill can have on consumers throughout the Nation. But I do not think they dramatize the consequences of the proposed legislation we have under consideration in the way that a letter I have received seems to dramatize it.

I wish to read a part of that letter to the Senate. It expresses what this measure means to consumers far more eloquently than can the figures $600 million or $900 million or even the almost $30 billion that the producers stand to gain ultimately.

The letter is from a minister in Faribault, Minn., and is dated December 21, 1955. It reads:

DEAR SENATOR HUMEHREY: My gas bill has just arrived for the month of November. Because of the action of the Federal Commission which regulates such matters and lifted the ceiling a couple of years ago, my bill is more than 57 percent higher than it would have been a year ago. This is all out of proportion with the fair profit warranted according to the Federal Commission study some time ago. A 40 percent increase last spring and now a 17 percent increase really hurts one's stability, especially in these northern winters where we use so much fuel.

Mr. MONRONEY. Mr. President, will the Senator detail those increases in cents, rather than in percentages? I am sure the Senator realizes that if the price were increased from 1 cent to 2 cents, for example, it would be a 100-percent increase. Sometimes the figures 17 percent or 20 percent are somewhat misleading. I am sure the statistical data which I request are available in the file of the Senator, because I know the thoroughness with which he pursues these matters, and I think it would be well if he placed that information in the RECORD.

Mr. HUMPHREY. I shall be glad to obtain those figures. I wish to say to the Senator from Oklahoma that I agree with him that when percentages are discussed, there is always a chance they may seem distorted and that one can get a distorted picture. I want to say further to the Senator that I am reading from a personal letter. I shall later get down to the actual cost in dollars. The increases referred to in the letter which I am reading were increases which came about as a result of rulings of the Commission on what we call areas or regions, and were also due to some of the escalator factors involved in contracts.

I continue to read from the letter:

I was in the rooms of a lady who receives county aid a few days ago and found that part of the day she is turning her gas low and sitting in blankets in order to reduce the cost of heating. My church must raise its budget this year by $450 to meet the increased fuel costs.

I cannot see that there is any excuse for this on the basis that other costs have gone up, and so the gas rate should also. So extensive an increase is taking advantage of a monopoly. We are told that when atomic power is fully developed its costs will be much under the prices of today. I cannot see, however, the advantage of cheap sources if those who have the opportunity of distributing power are allowed, because of their privileged position, to take advantage of the consumers. * * *

What are the consumers supposed to do? Shall we work up a petition and switch to Government owned utilities and sources of supply? Once it was necessary for the Government to get into business in order to give the farmers electricity and the advantages of the rest of the population. I hope it won't be necessary for us to get all tangled up in a new Government business in order to work out an equitable distribution of profits from natural resources. It would be far better to regulate the present monopolies, giving them a reasonable profit, than to do this.

That letter came to me from the Reverend Wayne Van Kirk, of the Congregational Church in Faribault, Minn.

I should like to have the RECORD note that I first inquired of the Reverend Van Kirk if it was agreeable to him that I read the letter into the RECORD.

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

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

Mr. HUMPHREY. I yield.

Mr. MONRONEY. The misunderstanding of the Reverend Van Kirk is a rather widespread one, and is due to what I consider to be an effort of many of the high-cost city distributing companies to place the blame on the producer. The misconception of the Reverend Van Kirk, and his feeling that perhaps a Government agency is needed to get the gas to him, might be dispelled by the knowledge that when gas or coal is transformed into electric energy, the cost of the gas or coal, or whatever other fuel may be used, is passed on to the consumer.

One of the points which has been made in the debate is that many of the fields which might be connected to increase the supply available for residential use are instead selling intrastate for boiler fuel. The Senator may know that last year a trillion feet went into such an operation in Oklahoma. When a fuel is used to generate electricity, any increase in its cost is automatically passed on to the electricity consumer, and no one ever questions it. That is done even under the best of utility regulation.

We are saying, and have been trying to say, that gas is a fuel, and not a utility. It would be pretty hard, for example, to have controls on the corner grocery store and not on a chain store, or vice versa.

It seems to me that what the public does not understand is that if the fuel were used under boilers or for intrastate use, the accepted utility pattern would be automatically to pass increased costs on to the consumer.

That happens in the REA's. Many distributing companies that buy field gas serve REA's. There has never been any question of their right to escalate their costs as the cost of the gas supply has increased.

Mr. HUMPHREY. I can say that I appreciate the feeling of the Senator from Oklahoma that there has been distortion and misunderstanding. In the debate we ought to be as fair as it is possible to be, in line with our convictions. There can be no question that some distributing companies or consumers try to say the producer is responsible for increased costs. It is the view of the Senator from Minnesota that effective regulation of the price of gas includes starting at the point where the producer sells to the interstate line. I do not want the RECORD, however, to indicate that I believe that many of the gas price increases which have been charged the consumers are totally the result of producers' increases, because that is not true.

The Senator has made this point on other occasions. Some of the points he made were very illuminating. I desire to say that while a distributing company under regulation may overcharge, and there may be evidence to support it, the pending bill does not relate to that, nor do the arguments of those of us who are opposing the bill.

What we are really talking about is whether or not, in order to have effective regulation of price, it is desirable to start price regulation at the point where the producer's gas for sale in interstate commerce goes into the interstate line.

Mr. MONRONEY. I am in complete agreement with that statement. The Harris-Fulbright bill starts where the gas enters the interstate line. We recognize that there are many, many gas wells with which a pipeline would not want to connect. If a pipeline were trying to get a supply, for example, to Milwaukee, it would not want to commit itself to build a long line without first assuring itself of an adequate supply.

For that reason, we are on all fours as to where regulation should start. We differ only when we consider the two imponderables of cost plus reasonable return on investment. I know the Senator will recognize the difficulty of establishing a cost basis for thousands of gas wells belonging to 8,000 producers.

Mr. HUMPHREY. We are going to exempt most of those.

Mr. MONRONEY. Of course, then a point is reached where gas is a service, not a commodity; and the farmer who sells to a large producer may suffer

from downward regulation of a price which already is low, whereas another farmer who sells to a small producer gets the benefit of an unregulated price. Such a situation is similar to the one referred to, I believe, by the distinguished Senator from Illinois [Mr. DOUGLAS], who admitted that "you just cannot get there from here." Under such regulation, it will be impossible to obtain all the gas that is needed.

It is said, "Because a producer is large, we shall impose regulation upon him."

Mr. HUMPHREY. Mr. President, the Senator from Oklahoma makes a very plausible argument; but let me turn the argument around, and say that the "reasonable market price" concept of the Harris-Fulbright bill is, in fact, the field price; it is not regulation.

Mr. MONRONEY. Well, Mr. President, that depends.

Mr. HUMPHREY. A theory of regulation thus is placed in the bill, so that when a consumer examines the bill, he will say, "Oh, well, it does provide for some regulation."

But, Mr. President, in view of the nature of the gas industry and the predominant nature of some of the gas-producing companies, "reasonable market price" will result in only one thing, namely, the field price.

Mr. MONRONEY. Mr. President, other Senators have expressed great fear because in some new contracts which have been made for 4 or 5 percent of the gas supply, the price is higher. However, let me point out that those contracts have been made under laws which have been in existence for 20 years; and those laws were made on the basis of the conditions which existed at that time, some 20 years ago. The result is that most of the gas supply is frozen at prices almost equivalent to the 30-cent price which used to be obtained for wheat. Certainly we do not wish to go back to such a situation.

The pending bill will hold some feet to the fire, in the case of those old contracts.

Mr. HUMPHREY. It will remove the chilblains, but it will not get the feet very warm.

Mr. MONRONEY. Perhaps it will not. But in the case of new supplies of gas, it will open the doors to the production of gas which will move in interstate commerce.

The operators of gas wells who do not wish their wells to be classified as public utilities, will not be willing to appear before the Federal Power Commission several times a year and file reports on the "p. d. q."—reports in so large a volume that they will literally resemble, I may say to the distinguished Senator from Montana, one of the biggest snowstorms ever to occur in his glorious State. Those reports have been coming before the Federal Power Commission in extremely large volumes, and will do so for years to come. Then, perhaps by means of Univac or some other super-electronic device, a way will be found to coordinate the statistics regarding the thousands of oil wells, and perhaps someone will find a way to coordinate the two variables. One of those variables is cost, the other is the return on the investment. The Senator from Illinois [Mr. DOUGLAS], who has done perhaps the greatest amount of specialization on this matter among the opponents, told our committee that he did not know whether that figure should be 5 percent, 6 percent, 7 percent, or 8 percent. But there are those two variables in this situation.

We say that a reasonable market price is not a single field price; neither is it necessarily a weighted-average price.

Mr. HUMPHREY. Then what is it?

Mr. MONRONEY. It is the same as the reasonable market price for a piece of land, in case the Federal Government condemned some land belonging to the Senator from Minnesota which the Government wanted for a military reservation. In that case the question would be, "What is the reasonable market price of the land?" The Senator would be compensated on that basis.

The reasonable market price would not be the perfect price but it certainly would come nearer to being a working basis than any price which ever would be obtained under the Rube Goldberg system which the Supreme Court, without thinking of any of the practicalities called for. In fact, the Court did not have before it any of the evidence that Congress had before it in 1938, when it exempted production and gathering from the act.

Mr. President, production is a tangible thing and it must be dealt with in a proper way so as to be of use to everyone. Production cannot be eaten. The Congress must have had in mind, in that connection, and in view of all the money spent to conserve gas, that the gas would be sold.

Mr. HUMPHREY. Mr. President, I am quite sure that the Supreme Court reviewed the legislative history, as shown in the congressional debate on the Natural Gas Act of 1938, and as illustrated by the applications of the Natural Gas Act; and I am sure the Court took into consideration the decisions of the circuit courts. I cannot believe that the Supreme Court simply blindly went into the situation, and made a ruling on the basis of the word "sell." It seems to me that the Court knew exactly what it was doing.

Furthermore, I have all the confidence in the world in the ability of the Federal Power Commission to employ the kind of cost accountants and competent experts in this field, who would be able to work out an equitable formula. An equitable formula was worked out for the pipelines, and an equitable formula was worked out for the electrical utilities. The Federal Power Commission has done fairly well along those lines, and has not been niggardly; in other words, its actions have been on the generous side, in connection with such formulas for rate structures.

Mr. MONRONEY. But all of them related to service; did they not? All of them related to pipes or wires or other facilities for which the cost figures at the time of purchase were easily ascertainable; and they did not represent something so intangible as the cost of discovery and the cost of drilling and the amount of such cost to be charged to gas produced in conjunction with oil.

With regard to the Supreme Court's decision, let me say that I would have looked upon it, perhaps, a little more favorably if the Court had rendered a more nearly unanimous decision, instead of a 5-to-3 decision.

Mr. HUMPHREY. Yes; it was a 5-to-3 decision.

Mr. MONRONEY. However, all the previous holdings by Mr. Justice Jackson, who was absent at that time, went even further than the holdings of Mr. Justice Douglas and the other Justices who dissented in that case.

Mr. HUMPHREY. But Mr. Justice Minton was the one, I believe, who wrote the majority opinion; and he had been a Member of the Senate at the time when the Natural Gas Act of 1938 was passed. So I gather that he had a fairly good working knowledge of the intent of the act.

Mr. MONRONEY. Would the Senator from Minnesota say that the 96 Members of the Senate who were Members of the Senate at the time when the Natural Gas Act was considered had a thorough working knowledge of all the points the Senator from Minnesota has studied in connection with this debate?

Mr. HUMPHREY. That is the assumption.

Mr. MONRONEY. Yes.

In referring to the Senate service of former Senator Minton, of Indiana, I would not attempt to specify the number of minutes he spent in the Senate Chamber during the consideration of the Natural Gas Act of 1938. Of course, I know that he was diligent and competent in the performance of his duties. However, I wonder whether he was present in the Senate Chamber during the entire debate on that act, or whether perhaps he was in his office for a part of the time, in connection with other important business. If so, he would not have heard all the debate in regard to the circumstances under which the act would not apply.

Mr. HUMPHREY. It seems to me that the Court pointed out that if there is to be regulation, it must apply from the beginning to the end—in short, that an artery cannot be severed somewhere in the middle.

Mr. President, I say that the consumers deserve the protection of the Natural Gas Act. The act should not be amended in such a way as to leave the consumers subject to even greater increases in the cost of the fuel with which they heat their homes or their commercial establishments. Instead of amending the Natural Gas Act, we should be demanding that the Federal Power Commission carry out its responsibilities under the act in the public interest.

This is one of the reasons, Mr. President, why from time to time I have felt that even though we in Congress write a law which carries with it a direction and a mandate, there is always a danger that regulatory bodies themselves may not enforce the law with the enthusiasm and the determination with which they should. However, all that we who serve in Congress can do is write the proper kind of law, or see that a law already written is not rewritten in an improper

way. That is exactly what we are attempting to do at this time.

Mr. President, let me read once more the passage from the Reverend Van Kirk's letter:

> I was in the rooms of a lady who receives county aid, a few days ago, and found that part of the day she is turning her gas low and sitting in blankets, in order to reduce the cost of heating. My church must raise its budget this year by $450, to meet the increased fuel costs.

When we speak of the consumer, let us not just talk in abstract terms, Mr. President; but let us be thinking of that lady with her blanket wrapped around her and the Reverend Van Kirk's church as it seeks to gather the money needed to meet the increased fuel costs.

And when we speak of those who seek to have Federal regulation removed, so their prices can seek their own level, let us remember that nearly half the gas produced was sold in interstate commerce in 1954 by Phillips Petroleum Co., Standard Oil Company of Indiana, Standard Oil Company of New Jersey, Shell Oil Co., Socony-Mobil Oil Co., the Chicago Corp., Gulf Oil Co., Cities Service Oil Co., the Atlantic Refining Co., the Texas Co., the Shamrock Oil & Gas Corp., Sun Oil Co., Skelly Oil Co., and the Pure Oil Co.

Mr. President, there are 14 names. Those companies sold nearly 50 percent of all the gas sold to all the industries, commercial establishments, and residences in the United States. They have great economic power. They have great resources. If those companies were to seek only the market price, without any regulation, in a market where demand is constantly pressing supply, in a market which must have conservation practices to protect our needs for the long run, such prices would skyrocket, were there not at least, first, authority for Federal regulation, and second, the application of Federal regulation.

I have nothing against these companies making a just and reasonable profit. Let us not forget that the Natural Gas Act provides that they shall be assured of a profit. They will not be assured of an unreasonable profit, which is what they seek, in my opinion, in the proposed legislation which is now before the Senate.

I, for one, believe, as the Natural Gas Act says, that "the business of transporting and selling natural gas for ultimate distribution to the public is affected with a public interest," and that "Federal regulation in matters relating to the transportation of natural gas and the sale thereof in interstate and foreign commerce is necessary in the public interest."

It goes without saying, after this rather extended discussion, that I do not intend to vote for the denial of the public interest. I shall vote against the Harris-Fulbright bill.

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

Mr. HUMPHREY. I am glad to yield.

Mr. MONRONEY. The Senator has been very kind in allowing me to interrupt him. It is helpful to the debate to hear a little from both sides as we go along, and no one could have been more courteous than the Senator from Minnesota has been.

The economic reports of the Chase Manhattan Bank are considered to be rather authoritative. Let me refer to its report on the petroleum industry for 1954, in connection with the 35 large companies of which the Senator spoke. I grant that supplying gas to large cities such as Washington, Minneapolis, or Detroit, is a large scale business. It would be difficult for a small independent operator to connect up, and have such cities depend on a single small operator. Such cities like to deal with the giants.

I invite attention to the percentage of the net income in relation to the total income of these 35 companies. With all the tax advantages of which the Senator has spoken, the net income for 1954 represented 10.2 percent of total sales. Many of these companies are importing companies, and half of their profits come from imported oil.

Gas and oil are inseparable, except as to the comparison of revenue derived from gas and oil. Let us apply the overall profit statistics. Gas is a little less profitable, but let us assume that the profits from oil and from gas are the same.

The total revenue of these 35 companies from sales of gas in 1954 was $456 million. If we take 10.2 percent of that figure, we arrive at an estimated profit of $45.6 million from the sales of all those companies, as compared with the staggering profits of $300 million to $400 million on the same gas when it is sold at the burner tip. I think we have overemphasized the producers' profits as well as his price.

Mr. HUMPHREY. I would not want to say that the Senator does not have a point there, as to the cost figure at the end of the line, at the burner tip. However, the truth is that the only thing we are discussing, and apparently the only power we have to exercise, is at the producer level. The distribution company is locally regulated; and if such local regulation is not good enough, the local people will have to do something about it.

Mr. MONRONEY. Perhaps we can wake up some of the sleepy utilities commissioners, or even some of the newspapers in the District of Columbia to the fact that it costs 98 cents to deliver gas from the city gate to the burner tip. Perhaps we can get some space in the newspapers if we can buy an advertisement with the $20 which the Senator from New York [Mr. LEHMAN], the Senator from Illinois [Mr. DOUGLAS], the Senator from Rhode Island [Mr. PASTORE], and I put up the other day.

The PRESIDING OFFICER (Mr. PASTORE in the chair). The Chair informs the Senator from Oklahoma that the junior Senator from Rhode Island did not put up anything.

Mr. MONRONEY. I am very sorry. I was giving him credit for doing so.

Perhaps the debate on the gas bill will serve a purpose if we find out whose fingerprints are on the hold-up weapon.

Mr. HUMPHREY. Yes.

Mr. MONRONEY. Perhaps we can do that by examining the relative cost. The raw product represents an exhaustion of a natural resource. Every time we produce a thousand cubic feet of gas in Oklahoma, there is a thousand cubic feet less to produce. There is not much friction in the lines as the gas travels the long distance from the city limits to the burner tip of the Senator from Minnesota, or to my burner tip. There is not much friction in gas. As a matter of fact, natural gas clears the obsolete lines of an accumulation of tar. The famous health-giving petro-chemical facilities of natural gas work against the old smoggy artificial gas.

Perhaps it would be helpful if we could only make the people understand the breakdown of the three elements of cost, namely, cost at the well, cost at the city gate, and the city delivery spread in the household rate to the average consumer. I think then we would be well on the way to bringing about some savings to the consumer, rather than merely talking about it and cutting down a cent or two on the cost of the raw gas.

Mr. HUMPHREY. I know the Senator is most sincere in his desire to be of help to the consumer. I am not in a position to deny or affirm whether or not the distribution companies are getting too much for what they sell to the consumer.

Mr. MONRONEY. Mr. President, will the Senator yield for one important observation?

Mr. HUMPHREY. I am glad to yield.

Mr. MONRONEY. I know that the Consolidated Edison Company of New York, which distributes gas over the long distance from the city limits of New York to the burner tip, among a highly concentrated population, made more net profits alone than the 35 largest oil companies combined made from the sale of the gas.

Mr. HUMPHREY. That is an interesting statistic. I always accept the statistics which the Senator cites, knowing that they are cited in good faith, and that they are valid.

There may be some weakness in the regulation of the local distributing companies. I know the proponents of the Harris-Fulbright bill have been somewhat perturbed because local distributing companies have been opposed to the proposed legislation. They became opposed to it primarily because they were in the position of having rate increases forced up the line to them, so to speak. By the time they got an adjustment in their rate schedule at the local community level, 2 or 3 months had gone by. There had been increased cost to the company, but no increased rate to the purchaser at the consumer level.

I shall not argue whether or not the local distributing company is making more money than someone else, or too much money. I hope this debate will arouse the interest of the local regulatory bodies. I have said a number of times that one reason we have Federal regulation is that the local regulatory bodies became ineffective or nonexistent. That has brought the American people to Washington to seek assistance through Congress and the Federal Government.

Merely because someone may be taking us to the cleaners at the end of the line is no reason why we should lose our shirt, trousers, and shoes at the beginning of the line. The mere fact that the price may be too great at the burner tip is no excuse for raising the price a little on the sidewalk, or at the end of the pipeline, at the gas well level.

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

Mr. HUMPHREY. I yield.

Mr. MONRONEY. If the Senator bought a suit and one of the legs fell off the trousers when he tried to wear the suit, he probably would not go back to the same store to buy another suit.

What the Senator from Minnesota is asking us to do in supporting the Supreme Court's position is to use, in a situation where its use is a thousand times more difficult, the utility-cost formula which has broken down in the cities. Perhaps there is no other formula that can be used there, but it is important to this debate that the failure of the local utility commissions properly to regulate in many States—and the situation is not uniform—might indicate that all is not a bed of roses in this system, particularly if we apply it, not to the normal type of utility, but to a variable and hazardous business like the gas business.

The Senator from Minnesota is familiar with regulation. He is a great crusader for many of these ideals. As I said the other day, the people who own the gas distributing companies are such nice people, they belong to the chambers of commerce, and their public relations officials help in all civic drives, and they head the Rotary Club, or the Kiwanis Club, or both, and they play golf with the right people——

Mr. HUMPHREY. They never vote for me, I may say.

Mr. MONRONEY. They never vote for me either. However, they do business with the right banks, they belong to the right churches, and they contribute to the right charities. There is not too much enthusiasm, therefore, for a rate fight against such nice people, who send everyone greetings at Christmas time and at New Year's, and always cheer the big red football team.

Mr. HUMPHREY. We could use a couple of such teams up our way. The Senator does not need any in his part of the country, with the kind of football team Oklahoma has.

Mr. MONRONEY. All that enters into the rate base. The consumer is paying for all of it. Suppose there is a courageous utility regulator, who was elected on a platform to protect the people, and he initiates a rate case. He will find that the chamber of commerce or the board of trade will not be inclined to help him, and he will note that the newspapers are looking the other way. It will be said, "Those controlling and operating the gas company are such nice people, we must not even mention that this subject is being debated on the floor of the Senate."

However, let us assume that there is a bold public utility commissioner. He will look around and get a $5,000-a-year attorney, and will put him to work. The gas companies come up with a hundred thousand or two hundred thousand dollar-a-year attorneys. Perhaps they have three or four of them. They put their books down and say, "We cannot go on with the case until we have had a physical appraisal made of the properties. It would be a violation of the fifth amendment of the Constitution to deprive the company of a proper evaluation."

Then perhaps the Commissioner will hire an engineer. He gets a nice young fellow, just out of Minnesota State University, or out of the University of Oklahoma, or out of an A. & M. College, and he is paid a salary of $5,000 or perhaps $6,000. He is just starting out in the engineering business. The utility companies, on the other hand, hire one of the biggest engineering companies in the United States. Perhaps they are paid fees amounting to $300,000 or $400,000 or $500,000. They show that the little engineer did not know what he was talking about, and they keep saying that for a year or two.

I went through all that once for about 2 years. I saw the hearings taken up with testimony on every tool and every nut and every bolt and every tin tool house, and I saw all that debated at length before the corporation commission. When they get all through, a utility commission is probably ready to give the company a rate increase, instead of decreasing the rate.

Finally the public got interested in the Oklahoma case. They became interested in it through an aggressive newspaper. I had the honor to work on that newspaper. Finally the rate, which had been 87 cents in Oklahoma City, for gas which was being bought for 5 cents in the Chikasha field, was reduced by 30 cents.

The price paid by the Washington Gas Light Co. has gone down 5 cents since it converted to natural gas, but its rate to the consumers has gone up 12 cents. I do not know what the company would do if the cost of natural gas decreased still further.

Mr. HUMPHREY. I say to the distinguished Senator that those of us who are his colleagues and friends know of his long fight for equity and justice in the economic field. I do not impugn his motives at all.

Mr. MONRONEY. I am sure of that.

Mr. HUMPHREY. I wish to say further to the Senator from Oklahoma that many utility companies undoubtedly need a careful examination. Undoubtedly they need the kind of pinpointing which the Senator from Oklahoma has exhibited this afternoon. It would be all to the good if that could be done. However, I cannot help feel—and I draw my argument to a close on this point—in light of the fact that the companies which would be subject to regulation under the Douglas amendment are all large companies, that it is necessary to have an appropriate agency do the regulating. I can think of no one better suited to that job than the United States of America through the Federal Power Commission.

The Senator from Illinois [Mr. DOUGLAS] indicated the other day that he sent 35 telegrams to the big oil companies asking for a breakdown between their oil and gas business with respect to their profit.

They replied that they could not give such a breakdown. That is not to dispute the facts which the Senator presented from the Chase-Manhattan Co. I say that merely to point out that the oil and gas companies have shown a little reluctance, or perhaps it is inability, to present us with a breakdown between their oil and gas business.

Mr. MONRONEY. That cannot be done. The Senator from Illinois agrees that it is impossible to tell which of 10 million acres of undeveloped land, under lease, for example, are for gas or for oil, or to tell the relative cost of operation of a well producing 30 percent gas. What the Senator from Illinois was asking for was the cost of operation, separately, for the gas and for the oil. The nearest we could come to it—and I have not dreamed up this statistical table——

Mr. HUMPHREY. I am sure of that.

Mr. MONRONEY. I have taken the net profit from all operations of the 35 companies, for example, to compute the percentage of profit from their gross volume of gas business, and it is only 2 percent of their receipts.

Mr. HUMPHREY. But they accounted for 50 percent of the total sales of natural gas. That is what is important. The 2-percent figure sounds small when related to the total business. It indicates the size of the company, and indicates that it is a man's job to regulate these giants of industry.

Certainly we must not send any junior grade executive to do that kind of job. About the best I can think of in connection with that kind of job is to have the United States Government do it, even though the Government does not always do too well.

Mr. MONRONEY. I assume that the shock troops the Senator would send forth to do that job would be the ones who have done it under three administrations, namely, the Federal Power Commission.

Mr. HUMPHREY. I believe there is room for improvement in that Commission.

Mr. MONRONEY. I should like to read from the testimony of the Chairman of the Commission.

Mr. HUMPHREY. The present Chairman?

Mr. MONRONEY. Yes. It is concurred in by the majority of the members of the Commission under three administrations, the administrations of Roosevelt, Truman, and Eisenhower.

The Chairman of the Commission testified:

> I feel that the use of original cost would make us slaves to mathematical formulas which simply don't work in the producing industry.
>
> If we endeavor to regulate on an original cost basis * * * and even assuming we exempt the small producers * * * we are left I think 80 to 100 producers * * *
>
> At present we regulate about 120 pipeline companies, and some of those are rather small, and there are probably less than a hundred that really give us much work.

* * * * *

I hope the Congress will see fit to relieve these producers from the necessity of getting certificates of public convenience and necessity. Those requirements are not, as I see it, applicable to producers as they are to utilities, pipeline companies which have certain fixed areas in which they operate, and so forth. * * *

The situation under the Fulbright bill * * * would be better for the Federal Power Commission, and better for the consuming public, and better for the pipelines, and all segments of the gas industry, including the producers, than the situation that now exists.

That refers to the Supreme Court decision.

Mr. HUMPHREY. The only suggestion I can make is that perhaps we need a new Chairman of the Commission.

Mr. MONRONEY. That is the majority opinion of the Commission. Only 1 member of the 5-member Commission has taken a different viewpoint.

Mr. HUMPHREY. The members of the Commission may not have the same view the Senator from Minnesota has. However, the Supreme Court, in examining the law—and we are talking about the law of 1938—said the law states that there shall be regulation. The Supreme Court stated the law requires regulation of the producers' sales of natural gas in interstate commerce. It is on that argument that we base our case. While the producer's sale price may go up only a little under the most generous treatment in this case, it is an increase that should be justified only in terms of the economic needs of the particular companies.

After all, this is an industry which is integrated. Gas is a commodity which flows through a pipeline. It becomes a source of fuel and a source of power. It has every right to be regulated. It is the view of those of us who oppose the bill that the intent of Congress in 1938 in passing the Natural Gas Act was to include under Federal regulation the very subject matter we are discussing. The Court has so ruled.

Mr. MONRONEY. By a 5-to-4 decision.

Mr. HUMPHREY. Yes; but a football game that is won by a score of 7 to 6 is won just as well as if the score were 21 to 0.

Mr. MONRONEY. We do not win them that way.

Mr. HUMPHREY. There have been some scores like that in the past.

Mr. MONRONEY. At the end of the first half the score may be that.

Mr. HUMPHREY. The team in the Senator's State had some like that, even with a Minnesota coach.

Mr. MONRONEY. We very much appreciate the contribution.

Mr. HUMPHREY. I think on this note it would be better to end this discussion.

Mr. President, I should like to refer to another topic, since I shall soon have to leave the floor.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

INDIAN REPUBLIC DAY

Mr. HUMPHREY. Mr. President, today, January 26, is a day of special significance in the free world. It is Republic Day in India. Six years ago the enactment of the constitution of India provided a dynamic, liberal framework for the future development of this surging new nation of 370 million people.

India had become independent 3 years earlier, on August 15, 1947, and the anniversaries of Indian Independence Day are also celebrated annually. Of course, independence day also represents much that India and America have in common: the end of an obsolete colonialism and the emergence of self-government. When India achieved her independence in 1947 the death knell of old-fashioned Western colonialism was sounded in Asia.

But, Mr. President, it has always seemed significant to me that of these two great Indian anniversaries, independence day and republic day, the latter—the one which is celebrated today—is the greater event in India. It was with the enactment of the new Indian constitution on republic day, January 26, 1950, that the Indian nation's future democratic development was given form and direction.

India has the world's longest written constitution. Much of it, especially the sections covering the bill of rights, draws heavily from American constitutional theory.

As India's former Ambassador to the United States, Madame Pandit once pointed out:

Our leaders found many parallels between their struggle for freedom and yours, and were inspired by the example of Abraham Lincoln, the writings of Jefferson and Paine, and the great truths contained in the Declaration of Independence. The earnestness and sincerity of your pioneers helped us in the pursuit of a great ideal, just as your Constitution has influenced our legislators in the drafting of the Constitution of the Indian Republic.

Mr. President, much has happened in India since that first Republic Day in 1950. Six years are a very short span in the history of a nation whose history dates back to nearly 6,000 years. Among other things, the Indian people have successfully conducted the world's largest free election. Peasants, villagers, and women, who had never before been permitted to vote, swarmed to the polls from October 1951 to February 1952 to cast their ballots. Over 100 million people participated.

India has also embarked on a long-range economic development program and has completed her first 5-year plan. Most of her economic targets were achieved and in many cases they were overfulfilled. But no one in India underestimates the challenge: For the eyes of most Asians today are focused on the growing competition between democratic India and Communist China for economic progress. This is only one reason why the entire democratic world has such a stake in India's success.

It is fitting that on this anniversary of India's embarking on the path of constitutional democracy, that all of us reassert the great ideas, hopes, and goals which America and India have in common. These are so important, both for our own future and for India's, that there must be renewed attempts on both our parts for friendly, constructive cooperation. We can learn to disagree on occasional matters of policy and temperament without forfeiting that vast area of common understanding and joint effort which is essential to the future of freedom.

AMENDMENT OF THE NATURAL GAS ACT, AS AMENDED—LETTER OF ALEX M. CLARK

During the delivery of Mr. HUMPHREY's speech,

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

Mr. HUMPHREY. Mr. President, the Senator from Indiana, who has other duties today, asked me to yield to him for about 5 minutes. I ask unanimous consent that I may do so without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I also ask unanimous consent that my remarks appear in the RECORD following the speech of the able Senator from Minnesota.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I am glad the senior Senator from Wisconsin [Mr. WILEY] is present on the floor of the Senate, because I have in my hand a letter from the former mayor of Indianapolis, Alexander M. Clark, who is now chairman of the Joint Committee of Consumers and Small Producers of Natural Gas. First, I wish to read the letter, and then I wish to put a number of items into the RECORD.

The letter to which I have referred reads as follows:

JANUARY 24, 1956.

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CAPEHART: As per our recent conversation, I am forwarding to you a list of over mayors for you to introduce into the CONGRESSIONAL RECORD. This I am requesting you to do as my senior Senator from the State of Indiana in view of that fact that Senator ALEXANDER WILEY of the State of Wisconsin saw fit to attack me and the committee I head (as evidenced by the attached photostatic copy of his letter).

As you know, many months ago I testified before the Interstate and Foreign Commerce Committee on behalf of the Fulbright amendment, and at the instance and in behalf of many mayors all over the United States. A copy of the testimony and list of mayors was made a matter of record, which record you have.

A number of other Senators have courteously asked for a list of these mayors for their personal information; therefore, the introduction of this list will serve a twofold purpose.

Upon receipt of the Senator's from Wisconsin letter (which was introduced into the CONGRESSIONAL RECORD before I received it), I was called upon by my local press; to wit: the Indianapolis News, to make some statement. I have attached a copy of that statement for your information.

For your personal information I am attaching a copy of an editorial that appeared in the Indianapolis Star Thursday, January 19, 1956.

I want to thank you very much for your cooperation in this entire matter.

Very truly yours,

ALEX. M. CLARK,
Chairman.

Mr. President, I ask unanimous consent to have printed in the RECORD, as a part of my remarks, a letter from the Senator from Wisconsin [Mr. WILEY] to Alex M. Clark; a copy of the statement Mr. Alex M. Clark made to the Indianapolis News; an editorial published in the Indianapolis Star; and the names and addresses of approximately 350 mayors who are a part of the organization represented by Mr. Alex M. Clark, and the organization the able Senator from Wisconsin questioned; he questioned whether there was such an organization, and, if so, what it was, and who its members were. In fact, I think he went so far as to say that the able former mayor of Indianapolis was a "phony," and that perhaps the organization was a "phony." The best proof that that is not true is the list of 350 mayors.

I also ask unanimous consent to have printed in the RECORD, so as to be available to the Senator from Wisconsin, as it was to everyone else, a statement the then mayor of Indianapolis, Alex M. Clark, made in May 1955. I ask that the statement be printed in connection with my remarks, together with the names and addresses of nearly 300 mayors, and together with their telegrams. In other words, I ask unanimous consent that the actual telegrams from approximately 300 mayors be printed at this point in the RECORD.

Mr. President, I wish to say that all this information was available to any Senator who at the time cared to look at it. When any Senator reads it, I think it will be the best proof in the world that my friend, the honorable former mayor of Indianapolis, is a highly respected person, and an honest man, with the best of purposes and intentions; and that in no respect is he, or was he ever, a "phony." No one in Indiana ever thought he was a "phony"; and I honestly believe that the able Senator from Wisconsin should apologize to him, in view of the evidence I have just placed in the RECORD.

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). Is there objection?

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

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
January 18, 1956.

Mr. ALEX M. CLARK,
Chairman, Joint Committee of Consumers and Small Producers of Natural Gas, Washington, D. C.

DEAR MR. CLARK: I have at hand your letter of January 16 in which you refer to an organization purportedly representing 350 mayors and over 400 small gas producers of some 30 States, as allegedly being in favor of the Harris-Fulbright bill.

I am glad that you have written to me, because I had noted the formation of your somewhat curious organization in wire service reports and had been meaning to write to you.

I am taking the liberty of doing so now in the form of this open letter.

I think that the American people will be most interested to see the names of the mayors whom you assert are members of your organization and the cities which they purportedly represent. We will be interested in noting in what States these cities predominate.

Moreover, the American people would be interested in learning the source which initiated your group and its precise financing of your organization—whether the initial financing has come from the mayors (which is certainly to be doubted), or from the "small gas producers," or who knows, perhaps directly or indirectly from the large gas producers who stand to profit from the present bill—over a period of years to the tune of literally billions of dollars.

Let me say in all candor that from what has been seen of it, competent observers regard your organization as a phony.

They feel the organization's name is a phony and its purpose is a phony.

You cannot possibly genuinely represent the "consumers" of so much as one city of the United States, because the consumers' interest, even in a great producing State like Texas, is unequivocally on the side of fair Federal regulation of natural-gas rates.

Competent observers believe that your organization was established strictly as a "smoke screen." It was designed to befog the issue. It was designed to fool any gullible Americans who might be naive enough to think that consumer ranks were allegedly split on this issue.

As for the small-gas producers, the fact of the matter is that, although there are a goodly number of small producers, their total production is completely insignificant to the massive volume of the few large producers.

I wonder what would be your position and that of the small producers which you purportedly represent, on an amendment which may be offered to clear the air. It would exempt small producers from the type of genuine Federal Power Commission control which should certainly, at the very minimum, be imposed on large producers.

I assure you, sir, I make all the above comments not in any personal way as a reflection against you or any individual mayor or ex-mayor who happens to see things differently from myself and from my associates in our fight to protect the Nation's interest.

You have a right to present your viewpoint and to organize accordingly.

But I think that the American public should be made aware, as I am trying to make them aware by means of this open letter, that your organization is the type of transparent device which any intelligent American can "see through" a mile or two thousand miles away. The smell of oil is all over your group.

At any rate, you are not going to be successful in splitting the ranks of American consumers, because 30 million consumers should and will know that they will be gouged mercilessly if the phony controls in the Harris-Fulbright bill are enacted.

I have written to you in frankness because folks in the State of Indiana or folks in the State of Texas ordinarily appreciate frankness.

Lastly, I point out that I am placing in the CONGRESSIONAL RECORD today messages from mayors received from all over our country which, unlike your own group, genuinely reflect consumer interest, and which rightly oppose the Harris-Fulbright bill.

Sincerely,

ALEXANDER WILEY.

STATEMENT MADE TO PRESS FOLLOWING SENATOR WILEY'S ATTACK ON JOINT COMMITTEE OF CONSUMERS AND SMALL PRODUCERS OF NATURAL GAS

I have Senator WILEY's letter which he placed in the CONGRESSIONAL RECORD before it was received by me. Frankly, I was quite surprised, particularly at his choice of words, since I had always thought that a United States Senator was more dignified. In due time, I will reply to the Senator's letter in a courteous manner.

I might add that I have advised my fellow committee members of his letter, and Mayor Norris Poulson, of Los Angeles, Calif.; Mayor H. Roe Bartle, of Kansas City, Mo.; Mayor Haydon Burns, of Jacksonville, Fla.; and Mayor Milo Knutson, of LaCrosse, Wis., have informed me that they intend to send the Senator from Wisconsin telegrams protesting his unwarranted and extremely undignified attack upon our committee, apparently because we do not happen to share his views with respect to the pending legislation, the Fulbright-Harris bill.

ALEX. M. CLARK,
Chairman, Joint Committee of Consumers and Small Producers of Natural Gas.

[From the Indianapolis Star of January 19, 1956]

THE ISSUE IS REGULATION

Sight of the real issues is being lost as the Senate debates the Fulbright-Harris bill to exempt independent producers of natural gas from the price-control jurisdiction of the Federal Power Commission. The debate appears to center around the question of whether the bill would reduce or raise the prices paid by gas consumers.

Debate of that question makes the assumption that it is the duty and responsibility of the Federal Government to legislate low prices for the things people buy. Since when has it been established that this is a function of the Government?

The Fulbright-Harris bill can be advocated very well on the basis of its probable effect in reducing the future prices of gas, but that is not the issue.

The Congress of 1938, which passed the Natural Gas Act, did not think so. This was hardly a Congress which could be accused of being subservient to big business or of being bent on giving away the people's resources. It was the Congress which was elected in the year of President Roosevelt's landslide second-term victory. This Congress, writing a law to regulate the transportation and distribution of natural gas in interstate commerce, put in that law a clause specifically exempting the gathering and production of gas from FPC regulation.

There is also the issue of whether the laws of the United States are to be made by Congress or the Supreme Court. Until a year and a half ago the FPC had operated on the theory that the law meant what it said, and that there was no regulatory power over the price of gas at the wellhead. Congress showed no inclination to find fault with that interpretation. On the contrary, a bill to reaffirm this interpretation was passed in 1950, by the Congress elected along with President Truman. He vetoed it. Then the Supreme Court in 1954 decided otherwise. It concluded that the price of natural gas at the wellhead ought to be regulated, and that, therefore, it was regulated by the 1938 act. This was judicial legislation, pure and simple.

To settle the issue as to who makes laws, Congress ought to act, one way or another. Either the Fulbright bill should be passed, or if Congress believes that wellhead prices, indeed, ought to be regulated then the 1938 act should be amended accordingly. In either case, the Supreme Court edict usurping the legislative function should not be allowed to operate as law.

In the Fulbright-Harris bill, the question before the Senate is whether regulation should be applied for its own sake. The independent producers, those which do not also operate pipelines, are not utilities; they hold no monopoly of supply or market. They are simply competitive entrepreneurs, finding gas where they can and selling it where they can, at prices dictated, until the Supreme Court intervened, by the demands of the market. That demand was already, still is, and still would be under the Fulbright-Harris bill, subject to Federal regulation of

the prices charged by pipeline companies and other interstate distributors. It is also subject to State utility rate setting.

If gas price regulation at the wellhead is permitted to stand, it would establish the Government in the business of regulating prices as a general practice. That is not, nor should it be, a governmental function. Therefore, the Fulbright-Harris bill should be passed.

MAYORS FAVORABLE TO PASSAGE OF FULBRIGHT HARRIS BILL

List of mayors from whom wires and letters have been received by Alex. M. Clark, chairman of the Joint Committee of Consumers and Small Producers of Natural Gas:

Alabama: W. Max Griffin, Foley.

Arizona: R. D. Lundberg, Glendale; W. C. Karr, Miami.

Arkansas: H. C. Hay, Texarkana.

California: Elmer E. Robinson, San Francisco; Norris Poulson, Los Angeles; D'Arcy Quinn, Alhambra; W. R. Selby, El Segundo; A. W. Bolton, Gardena; G. C. England, Inglewood; T. P. Foye, Manhattan Beach; A. H. Cox, Pamona; E. V. Dales, Riverside; J. T. Richard, Santa Barbara; C. H. Peckenpaugh, South Gate; Victor G. Binsaca, San Mateo; J. J. McKeegan, Richmond; George A. Starbird, San Jose; Dan Searle, Monterey; Clarence A. Higgins, Pacific Grove; Jack W. Oldemeyer, Seaside.

Colorado: Howard Olsen, Yuma; Jack H. Goodrich, Rifle; William H. Allen, Ft. Collins: R. D. Murray, Trinidad; William Elam, Rangely; James Buchanan, Limon; Dr. John Gillespie, Boulder; O. B. Swanson, Delta; H. M. Wright, Grand Junction; Wm. M. Whittier, Ft. Morgan; Carl Ustick, Jr., Rocky Ford; Jimmy Bertwel, Cortez; James Manning, Lyons; T. Harold Wilson, Durango; James H. Walker, Sterling; Clarence A. Graves, Estes Park; E. M. Jones, Kit Carson; B. W. Quinn, Johnstown; Oscar Beck, Greeley; Franck G. Reckard, Wellington; O. E. Eagleton, Del Norte; Clarence B. Bomeke, Sedgwick; Otto F. Vliet, Longmont; R. C. Hawkins, Peetz; Leslie L. Kunkel, Holyoke; Lester B. Harms, Fleming; M. C. Widmaier, Ault; Allen K. Taylor, Alamosa; R. J. Brazil, Salida; Herbert W. Ross, Montrose; Louis Stolarczyk, Kersey; John R. Jamison, Crook; Hubert Lewis, Center; C. H. Quinlan, Antonito; G. A. Hagan, Fruita, W. H. Sheppard, Grover.

Connecticut: P. Francis Hicks, Winsted; Charles Clark, Naugatuck.

Delaware: August F. Walz, Wilmington (committee member).

Florida: Haydon Burns, Jacksonville (committee member); J. Marvin Phillips, Live Oak; W. H. Byrom, Milton; Thomas E. Brooks, Fort Walton Beach; J. C. Presley, Crestview; C. P. Mason, Pensacola; Cortex Steele, Laurel Hill; Curtis Hixon, Tampa.

Georgia: Martin Bryan, Rossville; W. A. Bowen, Statesboro; J. D. Kicklighter, Glennville; I. S. Duggan (city commissioner), Hawkinsville; John B. Giddens, Valdosta; E. A. Heibel, Doraville; John E. Yarborough, Rome.

Illinois: Girth Hicks, Danville; Virgil F. Lafferty, Champaign; Glen E. Chapman, Urbana; Robert D. Morgan, Peoria; Robert A. Dinerstein, Park Forest; Leo W. Lenane, Quincy; H. V. Calhoun, Belleville; John R. Kimbark, Evanston; D. J. McFerren, Hoopeston; T. J. Trogdon, Jr., Paris; Melvin Epler, Albion; H. B. Ewing, Mattoon; A. J. Branat, Carmi; Ray Koehler, Grayville; I. E. Turman, Norris City; L. E. Beylor, Delavan; William Hajeck, Riverside; Carl W. McGehee, Chicago Heights.

Indiana: Noland C. Wright, Anderson; Robert Meyers, Fort Wayne; E. L. Danielson, Elkhart; V. C. Anderson, Hammond; K. R. Snyder, Lafayette; J. A. Scott, South Bend.

Iowa: G. E. Mendon, Mason City; C. H. Knight, Nashua; A. Vanderstoep, Orange City; George W. Young, Sioux City; Otis O. Rule, Ackely; Clarence P. Welu, Dubuque; Earl R. Pulver, Anamosa.

Kansas: A. C. Ferrell, Atchison; Herbert L. Stone, Cedervale; Joe D. Faulconer, El Dorado; George C. Schnelbacher, Topeka; Clause Devorss, Wichita; H. E. Purdy, Mission; mayor of Lyons, Lyons; Ward A. McGinnis, Eureka; W. L. Ramey, Hugoton; J. E. McMuller, Great Bend.

Louisiana: John E. Coon, Monroe; James C. Gardner, Shreveport; Jesse L. Webb, Jr., Baton Rouge; Ashton J. Moulton, Lafayette; Leon Gary, Houma; S. L. Gray, Lake Charles.

Massachusetts: Bernard L. Durgin, Haverhill; Peter J. Levanti, Fitchburg; Ralph W. Crossman, Leominster; Daniel B. Brunton, Springfield.

Michigan: Etta M. Reid, Port Huron; William E. Brown, Ann Arbor; John W. Hewitt, Hastings; C. M. McKee, Grand Ledge; E. E. Thompson, Alma; Frank E. Tabor (council president), Carson City.

Maryland: Arthur G. Ellington, Annapolis; Joseph L. Mathias, Westminster; John A. Derry, Frederick; Joseph Hinebaugh, Oakland.

Missouri: J. R. Schroder, Hannibal; F. C. Haley III, Louisiana; Ralph L. Morgan, Camdenton; H. Roe Bartle, Kansas City; Tom Epps, Branson; Noel Alsup, Mountain Grove; A. C. Flint, Bethany; Lloyd Gathman, Lamar; E. W. Robinson, Poplar Bluff; Ralph French, Aurora; Henry Dankers, Lexington; Ralph Meyer, Malden; Earl B. Noel, Moberly; Wright G. Lloyd, Marshall; Curtis W. Logan, Rolla; A. L. Bartlett, Kirksville; J. H. Cook, Trenton; Herbert G. Gilbert, Shelbina.

Montana: F. L. Denson, Miles City; Alfred E. Klinger, Shelby; Oval Hatler, Havre; Earl Knight, Billings; Gordon Bollinger, Glasgow; W. J. Campbell, Baker; T. B. Halvorson, Choteau; Harold Hanson, Boulder; A. J. Myrhow, Cut Bank; J. A. Hart, Missoula; O. L. Brackman, Helena; W. D. McDonald, Belgrade; Leo Clinton, Manhattan; D. W. Columbus, Red Lodge; Walter Anderson, Livingston; A. M. Swanson, Bozeman; R. E. Bauman, Joliet; Jens M. Hansen, Deer Lodge; John L. O'Leary, Anaconda.

Minnesota: Rudy Brumer, Lake Wilson; G. W. Flitter, Lewisville; Einar Wallin, Jackson; E. T. Vallrath, Ceylon; Donald F. Nagel, Alpha; C. L. Rupe, Dunnell; J. Alpha Gimmill, Sherburn; Frank Hartke, Monterey; E. A. Edman, Triumph; Clarence Roloff, Welcome; Stanley Westenberg, Woodstock; K. M. Brown, Fairmont; Helmer O. Everson, Brewster; R. F. Nelson, Dundee; John E. Fenstermacher, Worthington; T. Lehnhoss, Fulda; Arthur H. Wulf, Wilmont; Carl Olson, Mable; D. D. Plowman, Pipestone; Claude H. McQuillan, Rochester; A. J. Lillaq, Confrey; Arthur Passer, Wells; Henry Huhnstock, Ruthton; George Abrahamsen, Marshall; Ed Minks, Minnesota Lake; Levi Johnson, Brainerd; Wayne B. Hartson, Lyle; G. R. Clemenson, Oklee; Ernest Rust, Vesta; Sal Menk, Currie; Elmer Hanson, Storden; Dr. W. H. James, Lake Crystal; John Von Der Leith, Slayton; M. S. Johnson, Vernon Center; Loyde E. Pfeiffer, Winona; Ray Getzloff, Altura; Kenneth Briggs, Plainview (acting mayor); V. J. Dalbec, Grand Marais; Joe Ehnning, Lismore; S. O. Mithum, Steen; C. F. Schieffert, Morgan; Max Bosshart, Truman; W. E. Butcher, Bigelow; Edward Turner, Roundlake; Irvin Carsten, Iona; Mayme Henns, Madelia; F. Vanderstoep, Edgerton; Harry Leitschuh, Sleepyeye; J. E. Askdal, Minnesota; Q. Duthoy, Ghent; A. R. Steinberg, Sanborn; Roy A. Miller, Lake Benton; W. W. Gacke, Arco; T. F. Wells, Moorhead (committee member); G. H. Underleak, Chatfield; D. C. Coulter, Amboy; Frank H. Duncan, Fairbault; Oliver Thompson, Hendricks; Marvin Aasen, Canby; Oscar A. Olson (mayor), Windon; P. C. Enge (mayor-elect), Windon; George Jenson, Milroy; O. L. Hunstad, Jasper; N. A. Leuther, Wanda; A. S. Helgerson, Hardwick; Louis Goblirsch, Wabasso; A. O. Gehrke, Lucan; Charles Grogan, Chandler; W. I. Engeswick, Lamberton; Herman Ratz, Detroit Lakes; Frank T. Ashton, Preston; Glenn Burnett, Tyler; V. A. Stark, Westbrook; Warren E. Schoon, Luverne; Emil Butler, Walnut Grove.

Nebraska: Allen Davison, Beatrice; J. L. Saylor, Alliance; Arthur John, McCook; John Rosenblatt, Omaha; Ray P. McClaflin, Coleridge; Scott L. Glenn, Henry; Bill McNair, Imperial; O. E. Gauger, Grant; Lloyd O. Livingston, York; Donald M. Burkhiser, Chadron; William Damrow, Benkelman; H. S. Tennant, Staton; J. Fred Thompson, Sidney; Floyd L. Ban, Superior; Paul Mintken, Ainsworth; J. L. Pinkerton, Kimball; James D. Raitt, Jr., Genoa; Howard D. Province (council president), Brokenbow; W. S. Linville, Atkinson; William A. Robbinson, Cedar Rapids; Earl S. Price, Hemingford; H. R. Pierson, North Platte.

Nevada: F. R. Smith, Reno.

New Jersey: Joseph A. C. Komich, Mountainside; H. Emerson Thomas, Westfield; Richard P. Hatfield, Fanwood; Hollis F. Ashcraft, Pennsgrove; Thomas J. Grieves, Salem; John Couchound, Cardiff; Christian M. Weber, Ellisburg; Joseph Altman, Atlantic City; B. W. Maxwell (commissioner), Wildwood; Samuel E. Eldredge, Cape May; Harvey W. Adams (acting mayor), Ocean City; W. G. Rohrer, Camden.

New Mexico: Harold W. Lavender, Aztec; W. H. Nygren, Farmington.

North Carolina: R. A. Hedgpeth, Lamberton; Dan D. Cameron, Wilmington; Henry L. Miller, Wake Forest.

North Dakota: R. W. Freitag, Harvey; W. M. Harrington, Minot; Herschel Lashkowitz, Fargo; D. W. Kelly, Devils Lake; Glenn F. Armey, Cando; George C. McCrae (alderman), Michigan; Evan Lips, Bismarck; Dr. Ted Keller, Rugby; Edward J. Ege, Emerado; Andrew Walberg, S. W. Fargo; A. O. Erickson, Petersburg; F. P. Whitney, Dickenson; R. L. Luttrell (city commissioner), Washburn.

Ohio: Sam McCormick, Steubenville; Sherman J. Johnson, Zanesville; W. C. Burbank, Warren.

Oklahoma: L. C. Clark, Tulsa; W. A. Hensley, Bartlesville; George Emerick, Enid; Lyman Beard, Muskogee; Bob Hale, Fairfax; Herman J. Smith, Ponca City; Allen Street, Oklahoma City; Robert G. Wilson, (State president, Oklahoma Municipal League), Walters.

Pennsylvania: Dr. Hugh J. Ryan, Bradford; Ralph F. Swartz, Chester; Claude R. Robins, Harrisburg; Robert L. Potts, Greensburg; Clifford R. Harman, Williamsport; Newton C. Landis (burgess), Lemoyne; Peck Garber (burgess), Middleton; F. E. Knight (burgess), Highspire; S. D. Williams (burgess), Camp Hill; W. H. Menges (burgess), Hanover; C. H. Grace (burgess), Palmyra; Harry P. Breen (burgess), Carlisle; R. F. Gelwicks (burgess), Mechanicsburg; W. I. Martin (burgess), Kingston; Alex C. Abbott (burgess), Darby; J. Watson Sembower, Uniontown; Emanuel E. Rodgers, Tyrone; Walter H. Grove, Altoona.

South Carolina: M. C. Mixson (exofficio of municipal association), Allendale; J. Willis McLaurin, McColl.

South Dakota: A. E. Munck, Pierre; Ernest Gunersen, Aberdeen; E. F. Karstens, Huron; C. A. Okerlund, Sisseton; Fay Wheeldon, Sioux Falls; F. M. Cornwell, Webster; John Miller, Britton; Leslie R. Sondergard, Conde; E. E. Creaser, Watertown; R. L. Ewing, Deadwood; Arthur Lewis, Burke; Emmett Frescoln, Winner; Wallace S. Moore, Bristol; M. E. Scotney, Belle Fourche; Gordon Killinger, Hot Springs.

Texas: F. E. Garrison, Fort Worth; R. C. Jordan, Amarillo; R. L. Thornton, Dallas; Thomas Miller, Austin; Tom E. Rogers, El Paso; W. O. Leach, Coleman; Z. J. Spruiell, Tyler; Lynn Boyd, Pampa; Murrell R. Tripp, Lubbock; J. Clyde Tomlinson, Longview; Dr. J. L. Bullard, Kerrville; M. D. Bryant, San Angelo; C. E. Gatlin, Abilene; J. Edwin Kuykendall, San Antonio; E. F. Rodgers, Albany;

A. R. Cox, Athens; E. R. Beard, Beaumont; G. W. Dabney, Big Spring; Charles Fox, Breckenridge; Smith Bell, Brownwood; Walter Grubbs, Colorado City; Bill Newton, Conroe; F. D. Smith, Corpus Christi; Dr. V. O. Rosser, Graham; E. C. Elder, Kilgore; J. C. Martin, Jr., Laredo; Woodrow Scott, Lufkin; Charles Spangler, Marshall; Ernest Sidwell, Midland; W. C. Wilson, Olney; H. V. Shaw, Refugio; D. O. Martin, Sinton; M. K. Stephenson, Snyder; G. C. Carothers, Sr., Stanford; R. E. Kollman, Taylor; A. P. Miller, Jr., Texarkana; Lloyd Thomas, Wichita Falls; C. S. Boone, Woodsboro; I. W. Thornton, Fairfield; D. A. Harkrider, Brady; Roy C. Coffee, University Park; C. R. Eisler, Port Arthur; Mayor Rosenthall, Cisco; Roy Strasburger, Temple; Phillip Boeye, McAllen; F. W. L. Petch, Port Isabel.

Utah: George C. Scott, American Fork; S. Taylor Farnsworth, Beaver; Arnold E. Anderson, Cedar City; Paul McBride, Fillmore; R. N. Jiacoletti, Heber City; W. W. Owens, Logan; Gail Jensen, Manti City; Raymond S. Wright, Ogden City; Reed Jones, Payson; H. E. VanWaggen, Provo; J. M. Stacey, Richfield; Paul Murphy, Roosevelt; J. C. Snow, Saint George; Ed M. Beck, Spanish Fork; Ralph Siddoway, Vernal; LeGrande Horsley, Brigham City.

Virginia: L. S. Bendheim, Alexandria.

West Virginia: John T. Copenhaver, Charleston; W. H. Perry, Martinsburg; E. P. Phares, Elkins; G. E. Thurer, Huntington.

Wisconsin: Milo Knutson, LaCrosse; Everett Reese, Jefferson; Gilbert Meyer, Sauk City; Otto Rachals, Green Bay; A. C. Harris, Tomah.

Wyoming: Harold Stoudt, Powell; C. R. Mangus, Lovell; Tom Nicholas, Casper; E. H. McNall, Guernsey; C. D. Roberts, Sundance; Frank P. Watson, Worland; Harold G. Kelly, Evanston; T. E. Roger, Green River.

STATEMENT OF ALEX M. CLARK, MAYOR, CITY OF INDIANAPOLIS

Mr. CLARK. Senator, I am Mayor Alex M. Clark, mayor of the city of Indianapolis and by virtue of that, vice president of the Municipal League.

We are a member of the Conference of Mayors and the American Municipal Association, by virtue of being members of the Municipal League.

I prepared a press release which I would like to have incorporated into the record before I give my testimony.

Senator PASTORE. All right, that will be incorporated in the record.

(The press release of Mayor Alex M. Clark, follows:)

"The city of Indianapolis officially and the Citizens Gas & Coke Utility, owned and operated in trust for the users of gas in the metropolitan area of Indianapolis, support the principle of S. 1853 and urge its passage.

"We do so because of our inherent belief in the principles of free enterprise, which we think serve the greatest public good when subjected to a minimum of official regulation. Our country's remarkable economic development has been accomplished because our society has tended to avoid such regulations, rather than court it.

"Our gas utility depends for part of its supply of natural gas, which it sells to its customers mixed with manufactured gas. The utility has adopted a policy of depending for all future expansion of the use of gas in this community on increasing its supply of natural gas.

"We, therefore, are vitally interested in national policies being adopted that will promote exploration and location of added gas supply. We believe the effort to place the price of natural gas at the wells under Federal regulation will discourage rather than encourage exploration; will by the natural application of economic law, tend to cause producers to attempt to dispose of their product within the States where produced, rather than in interstate commerce, which would have a detrimental effect upon natural gas supply for Indianapolis and other comparable cities, and that adequate protection of the consumer exists under present Federal regulation of pipelines and State regulation of consumer prices.

"Free and open competition has proved to be a stimulus especially to oil and gas exploration in our country. Such competition, where supply can be weighed against demand, is by far the best control over prices and profits, and the best method of protecting the interest of the consumer. That kind of competition exists in the natural gas production field, and the consumers will be benefited the most by adherence to our country's longtime policy of avoiding Federal regulation of prices at the point of production.

"Those who are advocating extension of Federal control include many who undoubtedly believe that more and more Federal controls are good. I speak for a great many, perhaps a large majority of the citizens of the city I serve as mayor, in saying that they just as sincerely and vigorously oppose this idea, believing that our country will produce more and share it better and more widely by following the tried and tested principles of the free-enterprise system and the free market which have made us already the most productive nation and the one with the highest living standards in all history."

Mr. CLARK. It is my pleasure to appear before you and to express my deep interest in, and firm support of the Fulbright bill which you gentlemen are considering.

I come before you as mayor of Indianapolis, Ind., the 23d largest city in the United States, representing the people of our city. I am also here on behalf of the mayors of some other communities who are unable to be here in person, but whose sentiments are alined with mine in this present issue.

But I should like to present first the views of us in Indianapolis who have come to rely heavily on natural gas, and who desire to see our supply of natural gas increased as soon as it is possible.

Ours is an inland city. It is not situated on a major waterway, a fact, which distinguishes it from virtually every other large city in this Nation. This was one of the factors that rendered our city primarily an agrarian community and marketing center prior to the 1930's. We had very little established industry and as a result, our economy was an unbalanced one, subject to the whims of the weather and other factors with which farmers are concerned and on which their prosperity depends.

Shortly after the depression, Indianapolis became aware of its industrial potential, and it began aggressively to seek new business and industry that would give it economic balance and stability. As World War II approached, we began to achieve that end.

The national defense program stimulated our progress. Certain Government plants were located there, including the Curtiss-Wright propeller division and others, and we began to realize an influx of labor to staff these new facilities. This inevitably meant a growing population.

With the end of the war and the gradual shutdown of defense plants, it became evident that conversion to peacetime activity would not maintain for us our newly found gains in the industrial field. And so we renewed our efforts to attract new and larger industries.

Today we are proud to have Western Electric, Chrysler Corp., and the Allison engine division of General Motors among our larger industrial citizens. The latter is heavily engaged in building jet engines, and so our contribution to the national-security effort is still a major one.

Indianapolis has realized a substantial growth as a result of these developments. Its metropolitan-area population has increased from 386,000 in 1940 to more than one-half million today. Its trade area embraces even greater numbers of people. It has achieved its goal of a balanced economy. It has taken its place among the major industrial cities in the United States. But if we are to continue to justify our position in the industrial world, we must be able to offer industry the things it needs. We must have adequate supplies of premium fuel. I refer, of course, to natural gas.

Indianapolis does not now have adequate supplies of natural gas. We are concerned about this problem, for we fear that our growth and development—for which we visualize unlimited horizons except for this one disturbing element—will be seriously retarded if we cannot find a way to get adequate supplies of natural gas for our industrial, residential, domestic, and commercial consumers.

I wish to emphasize to you that we in Indianapolis have long been accustomed to natural gas. We used to produce it right in our own backyard, so to speak. Natural gas was first produced in Indiana in 1881, and we continued to produce it in commercial quantities until about 1905.

Of course, in those days, long-distance transmission lines were unheard of, and we consumed most of our locally produced gas ourselves. Our present State fairgrounds are located on what used to be gas-producing property, fields that in an earlier day supplied Indianapolis. Our statehouse, built in 1878, was completely piped for gas, and if you visit there, you can still see the gaslight fixtures on the walls in many of the rooms.

In the early days, the judges of the Indiana Supreme Court had living quarters adjacent to their chambers. Each living room had a fireplace, and each fireplace was piped for natural gas, this was the way in which the quarters were heated.

I mention these facts simply to illustrate that we have long and intimate knowledge of the advantages, convenience, and economy of natural gas. We can speak with the authority of experience when we say that we like gas and that we want more gas for our present and future requirements.

Our locally produced gas supply began to fail around the turn of the century; the wells were shallow and the sands thin. For domestic needs, we turned to gas manufactured from coal. Manufactured gas was more costly, to be sure, but it was virtually the only solution until long-distance gas transmission lines could bring us new supplies from the Southwest.

Our local utility, Citizens Gas & Coke Utility, received its first natural gas from the Southwest in 1951. It took some doing, because Panhandle Eastern Pipe Line Co. was already selling virtually all the gas it could transport. But, we were finally able to negotiate the purchase of some 10 million cubic feet per day.

This amount was not by any means adequate for all our needs, but the economies affected by the introduction of low-cost natural gas permitted our utility to reduce its rates by a straight 9 percent across the board almost immediately. We continued to seek more gas, and Panhandle finally was able to sell us 30 million cubic feet daily.

Immediately rates again were decreased across the board, this time by 6 percent. Today, our utility is serving a mixed gas, part natural, part manufactured. It wants to convert completely to natural gas. To do that, it must be able to nearly triple its present daily purchases.

As mayor of Indianapolis, I am quite naturally concerned with the city's future progress, growth, and development. I see for it a great potential, one that we have not yet really begun to tap.

But I also foresee serious handicaps to that potential if we cannot get adequate supplies of natural gas to our city. I say to you in

all sincerity that my principal concern is over adequate future supplies of gas.

My chief fear is that unless the legislation you are considering is passed by the Congress, we may never realize our goal of plenty of natural gas for everyone who wants it.

As long as this situation remains, we can hardly expect to be successful in inducing large industries to make substantial investment in our community in order to create more and more jobs for our growing population. We may, in fact, find ourselves in danger of losing the industries we now have. If they cannot get gas in Indianapolis, they may be forced to move where they can get it.

Certainly consumers are interested in getting natural gas at reasonable prices. I am convinced that natural-gas prices today are reasonable, and that they always have been. If anyone needs reassurance, however, the bill you are considering offers the consumer of natural gas real protection. He is protected through continued local regulation of distributing utilities; through continued Federal regulation of the transmission companies; through a return to effective competition among producers, the same free competition which for many, many years has kept gas prices down and gas supplies on the increase; and finally, he is protected by the new provisions of this bill which will completely eliminate any possibility of soaring prices about the prospect of which so many persons seem to be so concerned.

It is my earnest conviction that extended regulation of independent producers in any form will not foster the search for and production of gas upon which the interstate pipelines, and in turn we consumers, depend. You cannot by means of legislation force a man to search for, produce, and sell a commodity against his will.

It is my further conviction that unless the Fulbright bill is enacted into law, freeing the wildcatters and producers from the restrictions of regulation, you will find more and more natural gas finding its way into local, intrastate markets, where competition and not regulation dictates the price, and less and less gas being sold to interstate pipelines and ultimately to consumers in non-gas-producing areas.

You have heard from the mayors of many cities regarding their belief that continued Federal control of natural-gas production is essential to assured reasonable prices for natural gas. I honestly do not share their concern. It has been our experience in Indianapolis that natural gas means lower prices to consumers. I prefer to place my faith in the proven record of the natural-gas industry, rather than the unfounded suppositions of those who make these charges.

I was one of the 108 mayors of the large American cities whom the record shows was asked to join with Mayor Joseph Clark, Jr., of Philadelphia in opposing the legislation now before you.

I understand from evidence put in the record by Mayor Joseph Clark, Jr., that 48 mayors responded favorably, that 17 mayors declined the invitation, that 5 indicated indecision, that 35 mayors did not respond at all, and that 3 withdrew after having indicated a willingness to join in this movement.

I was one of those invited who declined to oppose the Fulbright bill. My stand in that regard has apparently attracted widespread attention. As evidence of this, I have with me today, many, many telegrams and letters that I have received from mayors, other people, and organizations all over these United States. I would welcome an opportunity to read them into the record individually, but feel that perhaps time will not permit.

Since the record already shows the individual responses to Mayor Joseph Clark, Jr.'s solicitation, I would like to insert in the RECORD an alphabetical list by States of the messages which I found at my office when I returned from Mexico.

State	City	Name
Arizona (2)	Glendale	R. D. Lundberg.
	Miami	W. C. Karr.
Arkansas (1)	Texarkana	H. C. Hay.
California (9)	Alhambra	D'Arcy Quinn.
	El Segundo	W. R. Selby.
	Gardena	A. W. Bolton.
	Inglewood	G. C. England.
	Manhattan Beach	T. P. Foye.
	Pomona	A. H. Cox.
	Riverside	E. V. Dales.
	Santa Barbara	J. T. Richard.
	South Gate	C. H. Peckenpaugh.
Colorado (10)	Boulder	Dr. John Gillsepie.
	Collins	Wm. H. Allen.
	Delta	O. B. Swanson.
	Grand Junction	H. M. Wright.
	Limon	J. W. Buchanan.
	Morgan	Wm. M. Whittier.
	Rangely	Chamber of Commerce.
	Rifle	J. H. Goodrich.
	Rocky Ford	Carl Ustick, Jr.
	Yuma	H. Olson.
Delaware (1)	Wilmington	A. F. Walz.
Illinois (5)	Champaign	V. F. Lafferty.
	Delavan	L. E. Beylor.
	Evanston	J. R. Imbark.
	Peoria	R. D. Morgan.
	Urbana	G. E. Chapman.
Indiana (6)	Anderson	N. C. Wright.
	Elkhart	E. L. Danielson.
	Fort Wayne	R. E. Meyers.
	Hammond	V. C. Anderson.
	Lafayette	K. R. Snyder.
	South Bend	J. A. Scott.
Iowa (1)	Mason City	G. E. Mendon.
Louisiana (2)	Houma	L. Gary.
	Lake Charles	S. L. Gray.
Missouri (2)	Hannibal	J. R. Schroder.
	Louisiana	F. C. Haley.
Montana (7)	Boulder	Harold Hanson.
	Choteau	T. B. Halvorson.
	Conrad	R. G. Arnot.
	Cut Bank	A. J. Myrhow.
	Harlowton	W. A. Poirer (president, Kiwanis Club).
	Havre	O. S. Hatler.
	Missoula	J. A. Hart.
Nebraska (3)	Beatrice	A. Davison.
	McCook	Arthur John.
	Omaha	John Rosenblatt.
Nevada (1)	Reno	F. R. Smith.
North Dakota (2)	Devils Lake	D. W. Kelly.
	Dickinson	F. P. Whitney.
Oklahoma (4)	Bartlesville	W. A. Hensley.
	Enid	George Emerick.
	Muskogee	Lyman Beard.
	Tulsa	L. C. Clark.
Oregon (1)	Eugene	V. E. Johnson.
South Carolina (1)	Allendale	M. C. Mixson, ex officio of municipal association.
Texas (32)	Abilene	F. H. Husbands, executive vice president, West Texas Chamber of Commerce.
	Albany	E. F. Rodgers.
	Athens	A. R. Cox.
	Austin	Tom Miller.
	Beaumont	E. R. Beard.
	Big Spring	G. W. Dabney.
	Breckenridge	Charles Fox.
	Brownwood	Smith Bell.
	Colorado City	Walter Grubbs.
	Conroe	Bill Newton.
	Corpus Christi	F. D. Smith.
	Dallas	R. L. Thornton.
	Graham	Dr. V. O. Rosser.
	Kerrville	J. L. Bullord, member of executive commission, American Municipal Association.
	Kilgore	E. C. Elder.
	Laredo	J. C. Martin, Jr.
	Longview	J. C. Tomlinson.
	Lufkin	Woodrow Scott.
	Marshall	Charles Spangler.
	Midland	Ernest Sidwell.
	Olney	W. C. Wilson.
	Pampa	Lynn Boyd.
	Refugio	H. V. Shaw.
	San Antonio	J. E. Kuykendall.
	Sinton	D. O. Martin.
	Snyder	M. K. Stephenson.
	Stanford	G. C. Carothers, Sr.
	Taylor	R. E. Kollman.
	Texarkana	A. P. Miller, Jr.
	Tyler	Z. P. Sprwill.
	Wichita Falls	Lloyd Thomas.
	Woodsboro	C. S. Boone.
Wisconsin (2)	Green Bay	Otto Rachals.
	Tomah	A. C. Harris.

Mr. CLARK. I have the originals of these telegrams and I feel some obligation to ask that the originals be placed in the record, sir, if I may.

Senator PASTORE. Without objection, it is so ordered.

(Originals of above-referred-to telegrams follow:)

BORGER, TEX., *May 23, 1955.*

Hon. ALEX M. CLARK,
Mayor, City of Indianapolis, Care Committee on Foreign and Interstate Commerce, Capitol Building, Washington, D. C.

On behalf of citizens of Borger, I join with mayors of other Texas cities to commend your stand on Senator FULBRIGHT'S bill, which opposes Federal control of gas producers. You are hereby authorized to speak in my behalf in this matter and are pledged with my support.

L. D. PATTON,
Mayor, City of Borger.

ELDON, MO., *May 24, 1955.*

Mayor ALEX CLARK,
Committee Room on Interstate and Foreign Commerce, Washington, D. C.

I hope your mission today is a successful one. The purpose is just and fair. Our business enterprises were built on a competitive basis instead of by regulations.

RALPH L. MORGAN,
Mayor, Camdenton, Mo.

HENDERSON, TEX., *May 23, 1955.*

Mayor ALEX M. CLARK,
United States Senate Chamber, Washington, D. C.:

We of Henderson and this east Texas area commend you on stand to exempt gas producers from Federal control.

L. H. REED,
Mayor, Henderson, Tex.

GLENDALE, ARIZ., *May 18, 1955.*

Mayor ALEX CLARK,
City Hall, Indianapolis:

Satisfactory you represent me approving Harris-Fulbright natural-gas bills.

ROBERT D. LUNDBERG,
Mayor, Glendale, Ariz.

MIAMI, ARIZ., *May 18, 1955.*

ALEX CLARK,
Mayor, City Hall, Indianapolis:
Satisfactory you act as my spokesman approving Harris-Fulbright natural gas bill.
W. C. KARR,
Mayor, Town of Miami, Ariz.

LOS ANGELES, CALIF., *May 18, 1955.*

ALEX CLARK,
Mayor of Indianapolis, City Hall, Indianapolis:
You have my unqualified support in testifying against the Federal regulation of natural gas prices at the well.
CHARLES H. PECKENPAUGH,
Mayor, City of South Gate, South Gate, Calif.

TEXARKANA, TEX., *May 21, 1955.*

Mayor ALEXANDER M. CLARK,
Indianapolis:
We wish to commend you on your stand in support of Senator Fulbright's bill to exempt gas producers from Federal control. We feel that this is a vital necessity for the continuance of efforts to provide the country with necessary supplies of natural gas.
HASKELL C. HAY,
Mayor, Texarkana, Ark.

BOULDER, COLO., *May 24, 1955.*

Mayor ALEX CLARK,
Indianapolis:
Best of luck in your appearance before the Senate Commerce Committee hearings. I agree with your stand against Federal control of private industry.
Dr. JOHN GILLESPIE,
Boulder, Colo.

FORT COLLINS, COLO., *May 20, 1955.*

Mayor ALEX CLARK,
Indianapolis:
Best of luck in your appearance before the Senate Commerce Committee hearings. I certainly agree with your stand against Federal control of private industry.
WILLIAM H. ALLEN,
Mayor.

DELTA, COLO., *May 18, 1955.*

Mayor ALEX CLARK,
Indianapolis, Ind.:
Best of luck in your appearance before Senate Commerce Committee hearings. I certainly agree with your stand on Federal control of private industry.
OSCAR B. SWANSON,
Mayor, City of Delta, Colo.

GRAND JUNCTION, COLO., *May 19, 1955.*

Mayor ALEX CLARK,
Indianapolis, Ind.:
Best of luck in your appearance before Senate Commerce Committee hearing. I certainly agree with your stand against Federal control of private industry.
HERBERT M. WRIGHT,
Mayor, Grand Junction, Colo.

LIMON, COLO., *May 20, 1955.*

Mayor ALEX CLARK,
City of Indianapolis,
Indianapolis, Ind.:
Best of luck on your appearance before the Senate Commerce Committee hearings. I agree with your stand against Federal control of private industry. Our Washington representatives have been requested to watch for any natural-gas legislation.
JAMES W. BUCHANAN,
Mayor, Limon, Colo.

MORGAN, COLO., *May 28, 1955.*

Mayor ALEX CLARK,
Indianapolis:
Best of luck in your appearance before the Senate Commerce Committee hearings. I certainly agree with your stand against Federal control for private industry.
Mayor WM. W. WHITTIER.

RANGELEY, COLO., *May 19, 1955.*

AL CLARK,
Mayor, Indianapolis:
Best of luck during your appearance before Senate Commerce Committee hearing in support of Harris bill opposing FPC regulation of natural gas industry.
RANGELEY AREA CHAMBER OF COMMERCE,
Rangeley, Colo.

RIFLE, COLO., *May 19, 1955.*

Hon. ALEX CLARK,
Mayor, Indianapolis:
Best of luck in your appearance before Senate committee hearing. I agree with your stand against Federal control of private industry.
JACK H. GOODRICH,
Mayor, Town of Rifle.

ROCKY FORD, COLO, *May 20, 1955.*

Mayor ALEX CLARK,
Indianapolis:
Best of luck in your appearance before the Senate Commerce Committee hearings. I wholeheartedly agree with your stand against Federal control of private industry.
CARL USTICK, JR.,
Mayor, Rocky Ford, Colo.

YUMA, COLO., *May 20, 1955.*

Mayor ALEX CLARK,
Indianapolis:
Best of luck in your appearance before the Senate Commerce Committee hearings. I certainly agree with your stand against Federal control of private industry.
HOWARD OLSEN,
Mayor.

LOS ANGELES, CALIF., *May 18, 1955.*

ALEX CLARK,
Mayor of Indianapolis,
City Hall, Indianapolis:
You have my unqualified support in testifying for the Hinshaw-Fulbright bills which would eliminate Federal control of price over the producer of natural gas.
D'ARCY QUINN,
Mayor of the City of Alhambra, Alhambra, Calif.

EL SEGUNDO, CALIF., *May 18, 1955.*

ALEX CLARK,
Mayor, City Hall, Indianapolis:
You have my 100 percent support in testifying against Federal regulation of natural gas price at the well.
WILLIAM R. SELBY,
Mayor, City of El Segundo, Calif.

GARDENA, CALIF., *May 18, 1955.*

Mayor ALEX CLARK,
Mayor of Indianapolis,
City Hall, Indianapolis:
You have my permission to express my sentiments against the Federal regulation of natural gas prices at the well.
ADAMS W. BOLTON,
Mayor, City of Gardena.

INGLEWOOD, CALIF., *May 19, 1955.*

Mayor ALEX CLARK,
City Hall, Indianapolis:
You have my unqualified support in testifying against Federal regulation of natural-gas prices at the well.
GEORGE C. ENGLAND,
Mayor, City of Inglewood, Calif.

MANHATTAN BEACH, CALIF.,
May 18, 1955.

Hon. ALEX CLARK,
Mayor of Indianapolis:
You have my permission to speak for me in opposition to Federal regulation of natural-gas prices at well.
THOMAS P. FOYE,
Mayor, Manhattan Beach.

POMONA, CALIF., *May 18, 1955.*

Mayor ALEX CLARK,
City of Indianapolis, Ind.:
You have my permission to express my sentiments in support of your position in behalf of the Harris and Fulbright gas bills.
Mayor ARTHUR H. COX,
City of Pomona.

RIVERSIDE, CALIF., *May 19, 1955.*

Mayor ALEX CLARK,
Indianapolis:
You have my permission to express my sentiment in support of your position in behalf of the Harris and Fulbright gas bills.
E. V. DALES,
Mayor of Riverside, Calif.

SANTA BARBARA, CALIF., *May 20, 1955.*

Mayor ALEX CLARK,
Indianapolis:
You have my permission to express my sentiments in support of your position in behalf of Harris and Fulbright gas bills.
JOHN T. RICKARD,
Mayor of Santa Barbara, Calif.

WILMINGTON, DEL., *May 20, 1955.*

Hon. ALEX CLARK,
Mayor of Indianapolis,
City Hall, Indianapolis:
We have learned of the position taken by you in connection with Senate bill S. 1853, and the Harris bill H. R. 4560, approving natural gas legislation. We commend you and wish to advise that we are in accord with your standard in this matter.
AUGUST F. WALTZ,
Mayor, City of Wilmington, Del.

CHAMPAIGN, ILL., *May 19, 1955.*

Mayor ALEX CLARK,
City Hall, Indianapolis:
Just want you to know that we support you in your appearance before United States Senate committee on the lifting of Federal control over producers of natural gas.
VIRGIL F. LAFFERTY, *Mayor.*

DELAVAN, ILL., *May 20, 1955.*

Mayor ALEX CLARK,
Indianapolis:
We are advised of your position on the Fulbright bill and join with you in urging passage of this legislation.
LESTER E. BEYLOR,
Mayor, Delavan, Ill.

EVANSTON, ILL., *May 18, 1955.*

Mayor ALEXANDER CLARK,
City Hall, Indianapolis:
Wish to express myself as favoring support of the Harris bill now under consideration before Congress of the United States.
JOHN R. IMBARK, *Mayor.*

PEORIA, ILL., *May 20, 1955.*

Hon. ALEX CLARK,
Mayor, City of Indianapolis:
It has come to my attention that you are supporting an amendment to the Natural Gas Act which would remove the independent producers from the jurisdiction of the Federal Power Commission. I agree with you that this is a desirable amendment.
ROBERT D. MORAN, *Mayor.*

URBANA, ILL., *May 20, 1955.*

Mayor ALEX CLARK,
City Building, Indianapolis:
We heartily approve your efforts next Tuesday, May 24, in support of Fulbright bill to amend the Natural Gas Act.
GLENN E. CHAPMAN, *Mayor.*

ANDERSON, IND., *May 19, 1955.*

Mayor CLARK,
City Hall, Indianapolis:
As mayor of the city of Anderson, we oppose Federal Power Commission control of

production and price of natural gas at source or at drilling wellhead, and further oppose any type of Government control which might interfere or retard progress of free enterprise system in this country.

NOLAND C. WRIGHT, *Mayor.*

CITY OF ELKHART, IND., *May 19, 1955.*
Hon. ALEX CLARK,
Mayor of Indianapolis,
City Hall, Indianapolis, Ind.:

DEAR MAYOR CLARK: I am glad to note that you will be testifying next Tuesday before the State commerce commission in the pending legislation with regard to the Natural Gas Act of 1938.

In my opinion, the proposed controls are not to the best interests of the general public and, therefore, I would like to voice my opposition to these controls.

If you need additional backing in furthering your opinion, do not hesitate to call upon me.

Best regards.

Sincerely,

E. L. DANIELSON, *Mayor.*

CITY OF FORT WAYNE, IND., *May 19, 1955.*
Hon. ALEX M. CLARK,
Mayor, Indianapolis, Ind.

DEAR ALEX: I have been informed by Mr. Hansel Smuts, of the Standard Oil Co., South Bend, Ind., that you are testifying before the Senate Commerce Committee on May 24 in favor of the bill to exempt the producers of natural gas from Federal regulation. Once again, I find myself opposed to one Clark and in favor of the other. Naturally, you know which one I am referring to as opposing.

When I received the letters and the telegrams from Mayor Joseph Clark and his committee, I immediately started to check the issues involved in this controversy and, as is probably to be expected, found myself diametrically opposed to the views taken by Mayor Joseph Clark. I also found myself sufficiently opposed to write him stating my position and telling him how definitely I was opposed to his views. Copies of my letter were also sent to both of our Senators and Ross ADAIR, our Congressman.

I just wanted to let you know that in testifying before the committee, you may say that there are other mayors in the State of Indiana, including me, who share your views.

Jack Scott and I missed you at Las Vegas. We had a pretty good time out there, even though we failed to see any bomb bursts. I even got back with my shirt on, though I did perhaps leave my tie and socks. Hope you had a very fine time in Mexico and that the fish were really rearing to go.

Best wishes to you, Margaret, and the children.

Respectfully yours,

ROBERT E. MEYERS, *Mayor.*

HAMMOND, IND., *May 19, 1955.*
Mayor ALEX CLARK,
Indianapolis:

I understand that next Tuesday you will testify before the Senate Commerce Committee on the natural-gas issue. I applaud your stand. I agree, as do my constituents, that the gas producers should be free and independent of any Federal regulation. I would appreciate you expressing my views as those not only of myself but also the community.

VERNON C. ANDERSON, *Mayor.*

LAFAYETTE, IND., *May 18, 1955.*
ALEX CLARK,
City Hall, Indianapolis:

My heartiest endorsement for the stand you are taking on Federal regulation of producers of natural gas.

K. R. SNYDER,
Mayor of Lafayette.

MAY 18, 1955.
Hon. ALEX CLARK,
Mayor of Indianapolis.
City Hall, Indianapolis, Ind.

DEAR ALEX: I am delighted to hear that you are going to testify before the Senate Commerce Committee next Tuesday on the legislation now pending with regard to the Natural Gas Act of 1938.

My position in this matter is opposed to Mayor Joseph Clark, of Philadelphia, and I believe that the controls proposed are not to the best interests to the general public.

I am leaving tonight for the mayor's conference and I propose to discuss this with the mayor of Tulsa who has been corresponding with me on this matter.

If I can be of any assistance to you in this matter I hope you will call on me.

With the best personal wishes.

Yours sincerely,

JOHN A. SCOTT, *Mayor.*

MASON CITY, IOWA, *May 20, 1955.*
Hon. ALEX CLARK,
Mayor, Indianapolis:

We applaud your stand on the Fulbright bill. We are still for free enterprise.

GEORGE E. MENDON,
Mayor, Mason City, Iowa.

HOUMA, LA., *May 18, 1955.*
Mayor ALEX CLARK,
City Hall, Indianapolis:

As mayor of county seat of largest natural-gas-producing county, Louisiana, I wish to add my support to your views on recent regulations imposed upon natural gas by Federal Power Commission.

LEON GARY,
Mayor, City of Houma, La.

LAKE CHARLES, LA., *May 18, 1955.*
Hon. ALEX CLARK,
Mayor, City of Indianapolis:

I understand you will take a position before Senate committee against regulation of producers of natural gas. As mayor of Lake Charles, La., I wholly concur in that position.

SIDNEY L. GRAY,
Mayor, City of Lake Charles,
Lake Charles, La.

HANNIBAL, MO., *May 20, 1955.*
Hon. ALEX CLARK,
Mayor, Indianapolis:

Highly endorse your stand against Federal natural-gas control. Agree with your conclusions.

JOHN R. SCHRODER,
Mayor, Hannibal, Mo.

LOUISIANA, MO., *May 19, 1955.*
Hon. ALEX CLARK,
Office of the Mayor, Indianapolis:

My congratulations. Highly endorse your stand against Federal gas control. Agree with your conclusions. Feel there is much misunderstanding and such people as you with your view can clarify the situation.

F. C. HALEY 3d,
Mayor, Louisiana, Mo.

BOULDER, MONT., *May 25, 1955.*
ALEX M. CLARK,
Mayor of Indianapolis,
Indianapolis:

Please represent the mayor and citizens of this town and community in protesting before the Senate Committee on Interstate and Foreign Commerce at hearing of Senator FULBRIGHT protesting the regulation of price of gas.

HAROLD HANSON, *Mayor.*

CHOTEAU, MONT., *May 23, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis, Ind.:

You are to be commended for your position on the amendment to exempt producers from the Natural Gas Act. You are authorized to represent me before the Senate Interstate and Foreign Commerce Committee at the hearing of the Fulbright bill.

T. B. HALVORSON,
Mayor, Choteau, Mont.

CONRAD, MONT., *May 22, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis, Ind.:

You are to be commended on your position on the amendment to exempt the producer from the Natural Gas Act. You are authorized to represent me or us before the Senate Interstate and Foreign Commerce Committee on the hearing of the Fulbright bill.

R. G. ARNOT, *Mayor.*

CUTBANK, MONT., *May 21, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis, Ind.:

In regard to the Fulbright bill. You are to be commended for your position on the amendment to exempt producers from the Natural Gas Act. You are authorized to represent me before the Senate Interstate and Foreign Commerce Committee on the hearing of the Fulbright bill.

A. J. MYRHOW,
Mayor of Cutbank, Mont.

HARLOWTON, MONT., *May 21, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis, Ind.:

You are to be commended for your position on the amendment to exempt producers from the Natural Gas Act. You are authorized to represent me before the Senate Interstate Commerce Committee on the hearing of the Fulbright bill.

W. A. POIRER,
President, Harlowton Kiwanis Club.

HAVRE, MONT., *May 20, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis, Ind.:

You are to be commended for your position on the amendment to exempt producers from the Natural Gas Act. You are authorized to represent me before the Senate Interstate and Foreign Commerce Committee on the hearing of the Fulbright bill.

OVAL S. HATLER.

MISSOULA, MONT., *May 23, 1955.*
ALEX M. CLARK,
Mayor, City of Indianapolis:

You are to be commended for your position opposing the Federal control of natural gas prices at the source of supply. You are authorized to represent me before the Senate Interstate and Foreign Commerce Committee on the hearing of the Fulbright bill.

JAMES A. HART,
Mayor, City of Missoula.

BEATRICE, NEBR., *May 20, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

You are to be commended for your position on the amendment to exempt producers from Natural Gas Act. You are authorized to represent me before Senate Interstate Commerce Committee hearing on the Fulbright bill.

ALLEN DAVISON,
Mayor, Beatrice, Nebr.

McCOOK, NEBR., *May 21, 1955.*
Mayor ALEX CLARK,
City Hall, Indianapolis:

I commend you for your stand to exempt producers on the Natural Gas Act before the Interstate Commerce Commission. This will authorize you to represent me at the hearing.

ARTHUR JOHN,
Mayor, McCook, Nebr.

OMAHA, NEBR., *May 27, 1955.*

ALEX M. CLARK,
Mayor, Indianapolis, Ind:

I commend your stand exempting independent producers and gatherers of gas from regulation under the Native Gas Act.

JOHN ROSENBLATT,
Mayor, Omaha, Nebr.

RENO, NEV., *May 19, 1955.*

Hon. ALEX CLARK,
Mayor of Indianapolis:

Understand that you expect to testify before the United States Senate committee in favor of the Fulbright bill to exempt independent producers of natural gas from the control of the Federal Power Commission. I join with you in support of the Fulbright bill and sincerely hope that Congress passes that measure or equivalent legislation.

FRANCIS R. SMITH,
Mayor, City of Reno.

DEVILS LAKE, N. DAK., *May 20, 1955.*

Hon. ALEX CLARK,
Mayor, City of Indianapolis:

Urging full support of Fulbright bill which is to release independent gas producer from Federal control.

DENNIS W. KELLY,
Mayor, City of Devils Lake.

DICKINSON, N. DAK., *May 23, 1955.*

Mayor ALEX CLARK,
Indianapolis, Ind.:

Would appreciate what you can do to oppose Federal control of price of gas at wellhead. Believe gas prices should continue on competitive basis.

FRANK P. WHITNEY,
Mayor.

MAY 19, 1955.

Hon. ALEX M. CLARK,
Mayor of Indianapolis:

In your appearance before Senate committee please let me urge that you point out the great public need for passage of the Fulbright bill as I understand you fully appreciate. I am confident that if the true situation is fairly presented the conclusion will be manifest that producers and gatherers of gas must be freed of Federal regulation if dangerous encroachment on our free-enterprise system is to be preserved, and if natural gas resources are to be properly developed and utilized for the greatest good.

W. A. HENSLEY,
Mayor, Bartlesville, Okla.

ENID OKLA., *May 24, 1955.*

Hon. ALEX M. CLARK,
Mayor, City Hall, Indianapolis:

You have my authority to speak for me at congressional committee meetings in support of the Fulbright bill. The independent producers and gatherers of natural gas should be relieved of Federal control, and I heartily endorse your efforts in their behalf.

GEORGE EMRICK,
Mayor, Enid, Okla.

MUSKOGEE, OKLA., *May 24, 1955.*

Hon. ALEX M. CLARK,
Mayor, City Hall, Indianapolis:

I concur in your position supporting the Fulbright bill and authorize you to represent me before congressional committees favoring enactment of the bill.

LYMAN BEARD,
Mayor, Muskogee, Okla.

OKLAHOMA CITY, OKLA., *May 25, 1955.*

Hon. ALEX M. CLARK,
City Hall, Indianapolis:

I agree with you that independent producers and gatherers of natural gas should be removed from Federal control. The Fulbright bill serves this purpose and you are to be commended in your support of this legislation. Please represent me at committee hearings favoring passage of this bill.

ALLEN STREET,
Mayor of Oklahoma City, Okla.

TULSA, OKLA., *May 26, 1955.*

Hon. ALEX M. CLARK,
Mayor, City of Indianapolis,
Indianapolis, Ind.:

I commend you for your position in favoring the amendment of the Natural Gas Act to exempt therefrom independent producers and gatherers of gas. You are hereby authorized to represent me before the Senate Interstate and Foreign Commerce Committee as favoring and supporting the enactment of the Fulbright bill.

L. C. CLARK,
Mayor, City of Tulsa.

CITY OF TULSA, OKLA.,
OFFICE OF THE MAYOR,
May 16, 1955.

Hon. ALEX M. CLARK,
Mayor of Indianapolis,
Indianapolis, Ind.

DEAR MAYOR CLARK: A few days ago, Mayor Joseph Clark, Jr., of Philadelphia, invited me to join forces with a newly organized mayors' committee to oppose legislation which would exempt local gas producers from Federal regulation.

Because I wholly disagree with this committee's purpose, both in principle and in effect, I have declined, and have written Mayor Joseph Clark my views on the subject.

It is my understanding that you have been invited to participate in the effort to defeat this essential legislation. For that reason, I am sending you herewith a copy of my letter to Mayor Clark and 38 others who have consented to serve on the committee.

This letter sets out in detail my position on this issue. I believe only a free producing industry can supply our future needs for gas. I hope you will have time to examine my letter, and that you will share my convictions in the matter.

Most sincerely,

L. C. CLARK,
Mayor, City of Tulsa.

CITY OF TULSA, OKLA.,
OFFICE OF THE MAYOR,
May 16, 1955.

Hon. JOSEPH S. CLARK, Jr.,
Mayor of Philadilphia,
Philadelphia, Pa.

MY DEAR MAYOR CLARK: This is in further response to your invitation to me to join in the mayor's committee instituted by yourself, Mayor Lawrence, of Pittsburgh, and Mayor Wagner, of New York, to oppose legislation now pending in the Congress to clarify the Natural Gas Act of 1938 so as to exempt local production and gathering of natural gas from Federal controls.

I reiterate my position that I regard such controls to be not only an infringement of States rights which would conflict with and destroy oil and gas conservation programs of all our producing States, but also wholly inconsistent with the public interest and with our American free-enterprise system.

For the record, I want to say that I neither own nor have an interest in natural-gas production. My interest is as mayor of a growing municipality whose residents are dependent virtually 100 percent on natural gas as a fuel. Anything which would discourage the continuous drilling for and development of natural gas is a threat not only to the consumers of Philadelphia, but to Tulsa. Controls over the natural-gas producer would unquestionably discourage the search for, and reduce the supply of, gas.

In Tulsa, natural gas is a bargain. Our people use natural gas for cooking, heating, hot-water heating, and refrigeration. For this service, the average Tulsa family paid last year, I am informed, a total of $61.33. I know of no other commodity which provides more comfort and convenience for a full year for so little.

Claims have been made that northeastern area gas consumers have been faced with continuous gas-rate increases. This may be true; I do not know. However, by contrast, I would point out that in Tulsa there have been only 5 natural-gas consumer-rate adjustments since the year 1923, and 3 of these have been downward.

It is therefore obvious that if consumers of other areas have been harassed by rate increases, the nominal producer price is not the cause. Tulsa is served from the same producing areas as many northeastern municipalities. Our advantage is being close to supply. I question whether mere men, sitting in Washington, could juggle the natural economic laws so as to remove the disparity in price in all sections of our country.

I can only conclude that if natural-gas rates are unreasonable in Philadelphia or New York or Boston, the cause lies in the cost of transportation and distribution from our great Southwest to such distant points. By any accepted standard, natural gas produced in the Southwest, at the well, is today the cheapest fuel at the source of production—on a heat-value basis—in the entire world.

I am profoundly disturbed by the growing misunderstanding of facts which to me seem obvious in this matter. I feel that someone in the business of promoting centralized bureaucracy in our beloved country must be working overtime to have planted so many seeds of mistrust against a basic American industry which is composed of average Americans, employs average Americans, and has so well served average Americans.

Historically, our country has established so-called rate controls, as consumer protection, only in instances involving utility or monopoly-franchise operations. Natural-gas-producing activities can by no yardstick be classified as a utility function. In Oklahoma, hundreds of producers compete as gas producers in single fields and sell their gas competitively to willing buyers at fair prices. The facts do not support your contention that a small group of oil companies control natural-gas production.

To give small, individual natural-gas producers the status of Federal public utilities would be setting a dangerous precedent in America. If we do this in 1955—in 1956 it will be oil, then coal, then lumber, and cattle, and wheat. To lay the withering hand of Federal control on local commodity production is the first step toward State socialism. To me, this would violate all concepts of our free competitive system which has made our economy the most dynamic and productive in the history of mankind.

The natural-gas producer has never been controlled. When Congress wrote the Natural Gas Act, it specified that he would be exempt from Federal regulation. In 17 years operating freely under the act, natural-gas producers continuously found and made available increasing supplies of natural gas. When supply of any commodity is adequate, the consumer is protected. When shortage occurs, as it always does under OPA treatment, the consumer becomes the victim.

Natural-gas prices at the well were not even controlled in wartime. The thinking American needs but reflect on what happened to prices and availability of commodities which had controlled prices at the point of production, under OPA, to revolt at the thought of that type of treatment of any material, service, or commodity. Meat is a case in point. Under OPA, meat became practically nonexistent, and our people could hardly afford the little that was available under the counter.

I am sure the American housewife does not want to be deprived of natural gas because of short-sighted and unneeded control policies.

Evidence already presented in hearings before the House Interstate and Foreign Commerce Committee, which is considering the Harris amendment to restore natural-gas production to a competitive position in our economy, has fully acquitted the gas producer of any unfair treatment of consumers.

For example, it was brought out that natural gas sold in New York at $2.42 per thousand cubic feet was purchased from southwestern producers for 8 cents per thousand cubic feet. Thus, the producer received only 3 cents of each dollar paid by the average New York consumer of natural gas. Is this a situation which demands OPA treatment?

If the price of $2.42 in New York is too high, this conclusively illustrates to me that either (1) New York utility regulatory authorities have not adequately safeguarded consumer interests, or (2) it is not economically practical to transport and distribute natural gas to such distant point. In either case, I fail to see how any fair American could seek to penalize the producer of gas with crippling bureaucratic controls.

I am informed that a cabinet-level committee appointed by President Eisenhower has fully studied the natural-gas problem and has recommended that local production of gas be excluded from Federal regulation. Furthermore, the Chairman of the Federal Power Commission, which agency would have the job of controlling gas production, testified before Congress that legislation exempting gas production from controls should have the approval of Congress.

The FPC Chairman spoke, in his testimony, for 4 of the 5 members of the Commission. These Commissioners supported corrective legislation to exempt gas producers from regulation, according to the Chairman's statement, because "* * * We firmly believe that such legislation will in the long run result in the greatest good to the largest number of people in this country."

I believe the FPC Chairman was upholding a principle. His testimony expressed the position of public servants whose experience has been in the field of regulating the natural gas industry. I can only concur in what these public officials have said.

I reaffirm that my position in this matter is dictated only by my belief in our competitive system. I have no confidence in "controlism," when it is so utterly and obviously unnecessary as in this instance.

I wish to make one other point. It is the "little fellows" who find the gas used in Philadelphia, and throughout our Nation. Small, independent, risk-taking producers have found more than 75 percent of the oil and gas developed in America. In our southwestern press, many of these men have already served notice that they will not commit newly discovered gas to interstate use, unless the Natural Gas Act is clarified so as to reaffirm its original intent to exempt gas production from Federal control. If such a situation should develop, Philadelphia consumers cannot escape paying more money for less gas. As gas supplies dwindle, the pipeline companies and distributors will still get their fixed percentage of return on investment. When they are accorded the same percentage of return on a smaller volume of gas, only the consumer will pay the bill.

It is my hope that you, and others in responsible positions of public trust, will not be persuaded to continue fighting to make the gas producer a pawn of bureaucracy. Because of my strong conviction that the producers, the consumer, and America will all be the losers, I am taking the liberty of sending this letter to all of those mayors who have expressed their intent to support controls of the natural-gas industry in the Congress.

You have my apologies for the length of this letter. However, I feel its length is justified by the importance of the subject.

With every confidence in your judgment in this most important issue, I am,

Very truly yours,

L. C. CLARK,
Mayor, City of Tulsa.

Carbon copies of the attached letter to the following mayors: Thomas P. Bryan, Richmond, Va.; Richard J. Daley, Chicago, Ill.; Thomas D'Alesandro, Jr., Baltimore, Md.; W. Lee Mingledorff, Jr., Savannah, Ga.; Frank P. Zeidler, Milwaukee, Wis.; Anthony J. Celebrezze, Cleveland, Ohio; Frank X. Kryzan, Youngstown, Ohio; Fred L. Peterson, Portland, Oreg.; Richard C. Lee, New Haven, Conn.; Quigg Newton, Denver, Colo.; Ollie Czelusta, Toledo, Ohio; Joseph E. Dillon, St. Paul, Minn.; W. A. Gayle, Montgomery, Ala.; Leo P. Carlin, Newark, N. J.; George W. Welsh, city manager, Grand Rapids, Mich.; Ben West, Nashville, Tenn.; John B. Hynes, Boston, Mass.; Albert E. Cobo, Detroit, Mich.; Walter Reynolds, Providence, R. I.; George R. Dempster, Knoxville, Tenn.; John J. Foley, Cambridge, Mass.; H. H. Hendren, Sacramento, Calif.; Andrew Broaddus, Louisville, Ky.; Kristen Dristensen, Yonkers, N. Y.; Eric G. Hoyer, Minneapolis, Minn.; J. W. Morgan, Birmingham, Ala.; Leo Berg, Akron, Ohio; Arthur J. Gardner, Erie, Pa.; Raymond E. Snyder, Waterbury, Conn.; DeLesseps S. Morrison, New Orleans, La.; Nicholas Sylvester LaCorte, Elizabeth, N. J.; Peter Mandich, Gary, Ind.; Raymond R. Tucker, St. Louis, Mo.; George E. Brunner, Camden, N. J.; Maynard E. Sensenbrenner, Columbus, Ohio; George D. Johnson, Duluth, Minn.; David L. Lawrence, Pittsburgh, Pa.; Robert F. Wagner, Jr., New York, N. Y.

EUGENE, OREG., *May 19, 1955.*

ALEX CLARK,
Mayor, City of Indianapolis,
City Hall, Indianapolis:

Please express my support of Senator Fulbright's bill opposing Federal regulation of independent natural-gas producers.

V. E. JOHNSON, *Mayor.*

ALLENDALE, S. C., *May 27, 1955.*

The Honorable ALEX CLARK,
City Hall, Indianapolis:

Congratulations in your support of the Fulbright bill, S. 1853. You have our full cooperation and I join sincerely with you in the decontrol of natural-gas regulations.

M. C. MIXSON,
President Ex Officio,
Municipal Association of South Carolina.

ABILENE, TEX., *May 23, 1955.*

Hon. ALEX M. CLARK,
Mayor, City of Indianapolis:

We sincerely commend you for your support of legislation to remove authority of Federal Government to impose prices on producers of natural gas. Unless decision in Phillips case is abrogated by congressional action, we know that continued exploratory work for and development of natural gas resources will be severely limited because of decline in risk capital neded in substantial sums for this work. This would result in serious economic conditions affecting farmer, rancher, and all business interests represented in oil- and gas-producing areas as well as reduction in supplies of gas for consumers in Northern and Eastern States. If we can assist you, please let us know.

FRED H. HUSBANDS,
Executive Vice President,
West Texas Chamber of Commerce.

ALBANY, TEX., *May 21, 1955.*

Hon. ALEX M. CLARK,
Mayor, Indianapolis:

This wire your authority to speak for me on behalf Senator Fulbright bill to exempt gas producers from Federal control. I commend you on your stand.

E. F. RODGERS,
Mayor, Albany, Tex.

ATHENS, TEX., *May 21, 1955.*

Mayor ALEX M. CLARK,
Mayor's Office, Indianapolis:

Commend you on stand and authorize you to speak for me on Senator Fulbright's bill to exempt gas producers from Federal control.

A. R. COX,
Mayor, Athens, Tex.

AUSTIN, TEX, *May 26, 1955.*

Hon. ALEX M. CLARK,
Mayor, Indianapolis:

As mayor am interested in an adequate continuous supply of natural gas for my consumers. I think we can best assure this by freeing the gas producers from Federal control. May I commend you for your interest and for your courage in agreeing to present this view to the Senate committee and to act as a representative of mayors and city governments in favor of the Fulbright bill before the Senate.

TOM MILLER,
Mayor of Austin, Tex.

BEAUMONT, TEX., *May 24, 1955.*

Mayor ALEX M. CLARK,
Indianapolis:

You are to be commended for your stand against FPC price control of natural gas at the production level. I strongly feel that the Supreme Court erred in their decision in this matter, and I feel that Congress should pass the necessary legislation to clear up this injustice at the earliest possible date.

ELMO R. BEARD,
Mayor of Beaumont, Tex.

BIG SPRINGS, TEX., *May 23, 1955.*

ALEX M. CLARK,
Mayor of Indianapolis, Ind.:

May I congratulate you upon your stand in support of Fulbright bill to exempt producers of gas from Federal control. You are authorized to use my name in support of your position before the committee.

G. W. DABNEY,
Mayor of Big Springs.

BRECKENRIDGE, TEX., *May 23, 1955.*

Mayor ALEX M. CLARK,
Indianapolis, Ind.:

Your stand in behalf of the Fulbright bill to exempt gas producers from Federal control is very much appreciated by my city. We feel the Supreme Court decision in the Phillips case to be a threat to the American way of life. Please represent my city when you testify in behalf of the Fulbright bill this week.

CHARLES FOX,
Mayor, City of Breckenridge.

BROWNWOOD, TEX., *May 21, 1955.*

The Honorable ALEX M. CLARK,
Mayor of Indianapolis, Ind.:

In regard to your testimony next week behalf Senator Fulbright bill (to exempt gas producers from Federal control) would like to commend you very highly on your stand and authorize you to speak for me on this important matter.

SMITH BELL,
Manager, City of Brownwood.

COLORADO CITY, TEX., *May 23, 1955.*

ALEX M. CLARK,
Mayor of Indianapolis, Ind.:

Want to compliment you on appearing in behalf of the Fulbright bill. We here in this area realize the importance of free industry and don't want a price-fixing yoke on our gas for we feel that it will curtail develop-

ment and in the end work a hardship not only on producer but on consumer.

WALTER GRUBBS,
Mayor of Colorado City, Tex.

CONROE, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianpolis, Ind.:

Heartily endorse your efforts in behalf of Senator Fulbright bill. Authorize and appreciate your speaking for our city on this matter.

BILL NEWTON,
Mayor of Conroe.

CORPUS CHRISTI, TEX., *May 30, 1955.*
Honorable Mayor ALEX CLARK,
Indianapolis, Ind.:

Our city declined to join opposing the Harris-Fulbright measure. We are happy to learn that you are appearing as mayor of Indianapolis in support of these bills. I commend you highly for your actions and would like to be shown as joining in support of these bills. From first-hand experience I am certain that to restore competition in the production of gas is the best way possible to give consumers long-range assurance of supply and reasonable prices.

Sincerely,

FARRELL D. SMITH,
Mayor.

CORSICANA, TEX., *May 23, 1955.*
ALEX M. CLARK,
Mayor of Indianapolis:

Commend you on stand regarding Fulbright bill. Please speak for me in this matter.

WALTER ERWIN,
Mayor of Corsicana, Tex.

DALLAS, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

Your realistic stand against Federal control over production of natural gas deserves the praise of all city officials concerned for a continued supply of fuel. Please add my name to the list of mayors endorsing your support of Senator FULBRIGHT'S bill.

R. L. THORNTON,
Mayor, City of Dallas, Tex.

DALLAS, TEX, *May 30, 1955.*
Hon. ALEX CLARK,
Mayor, City of Indianapolis:

I was asked to become a member of a committee known as the "mayors' committee." Its objective, as I understand it, is to oppose the Harris-Fulbright bill, and I did not respond to the invitation, because I believe in competitive production of gas, and I am happy to learn that you are appearing in support of the bills and I wish to commend you for this courageous action and am happy to join with you in supporting the bills. I believe that competition is the best long-range assurance for the consumer, and if I can be helpful in any way, please let me know.

R. L. THORNTON,
Mayor, City of Dallas, Tex.

GRAHAM, TEX, *May 21, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

We commend your stand on the Fulbright bill. Federal price control of gas or any other commodity produced in a competitive market is not in the best interest of our country. Please represent my views in this matter.

Dr. V. O. ROSSER,
Mayor of Graham, Tex.

KERRVILLE, TEX., *May 21, 1955.*
Mayor ALEXANDER M. CLARK,
Indianapolis, Ind.

DEAR MAYOR CLARK: We are on the same side in supporting bill to exempt gas producers from Federal control. Good luck to you.

Sincere regards,

J. L. BULLARD,
Mayor of Kerrville, Tex., Member of the Executive Commission, American Municipal Association.

KILGORE, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
City of Indianapolis:

Wish to commend you on your stand to exempt gas producers from Federal control and authorize you to speak for me to that end.

E. C. ELDER,
Mayor, City of Kilgore, Tex.

LAREDO, TEX., *May 21, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

Strongly support stand which you have taken on Fulbright bill. Exemption of gas producers from Federal control absolutely needed for best interest of public in general. Call on us for any assistance needed.

J. C. MARTIN, Jr.,
Mayor of Laredo.

LONGVIEW, TEX., *May 21, 1955.*
Hon. ALEX M. CLARK,
Mayor, City of Indianapolis:

We desire to express to you our appreciation and commendation for the stand you have taken regarding Fulbright bill to exempt gas producers from Federal controls. We are interested in consumers gas and know that the Federal controls will increase rather than decrease prices. We are proud of our free-enterprise and competitive system in America and appreciate your courage in helping to continue same.

J. CLYDE TOMLINSON,
Mayor, City of Longview.

LUFKIN, TEX., *May 21, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

Glad to hear you are testifying behalf Fulbright bill. Please speak for me.

WOODROW SCOTT, *Mayor.*

MARSHALL, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

Commend you most highly your stand to exempt gas producers from Federal control and authorize you to speak for me on this matter.

CHARLES SPANGLER,
Mayor, Marshall, Tex.

MIDLAND, TEX., *May 21, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis:

Very much in sympathy with your stand on Fulbright gas bill.

ERNEST SIDWELL, *Mayor.*

OLNEY, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

Commend you 100 percent on your testimony regarding Senator FULBRIGHT bill exempting gas producers from Federal controls. This area produces considerable natural gas and is retarded by these controls.

Regards.

W. C. WILSON,
Mayor, Olney, Tex.

PAMPA, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

I understand you are to testify before the Fulbright committee on the gas bill which has to do with Federal control price of gas at the well. It is my understanding you are opposing Federal price control. I am located in a gas field in the Panhandle of Texas and the price of gas at the well, whatever it may be, will not affect the price to cities such as yours but very little, if any. I most certainly commend you for your stand against Federal control of price of gas at the well.

LYNN BOYD,
Mayor, City of Pampa.

REFUGIO, TEX., *May 21, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

I commend your stand and authorize you to speak out forthrightly in favor of the Fulbright bill (to exempt gas producers from Federal control). It is always through hard work and personal sacrifice of some individual like yourself and others that American free enterprise is protected from encroachment by our Federal Government.

HENRY V. SHAW,
Mayor, Town of Refugio.

SAN ANTONIO, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

It is my considered judgment that Federal Power Commission regulation of independent-gas producers is wholly unnecessary and that it is not in the interest of consumers but will damage the industry, thereby reducing available supply of gas and increasing cost thereof to all concerned.

Best assurance of continued supply of economical fuel is protection of free-enterprise system. Therefore, I commend your stand on Fulbright bill and urge its vigorous support.

J. EDWIN KUYKENDALL,
Mayor, City of San Antonio, Tex.

SINTON, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

I agree with your stand on Senator Fulbright bill to exempt gas producers from Federal control. This telegram will be your authority to speak in my behalf.

D. O. MARTIN,
Mayor, City of Sinton, Tex.

SNYDER, TEX., *May 23, 1955.*
Mayor ALEX M. CLARK,
Indianapolis, Ind.:

My compliments your testimony behalf Senator Fulbright bill exempting gas producers from Federal control. This city center great oil-producing area and we feel Federal control independent producers gas both unfair and unjust. I will appreciate your continued support legislation correcting this deplorable condition.

MALVEN K. STEPHENSON,
Mayor of Snyder.

STAMFORD, TEX., *May 22, 1955.*
Mayor ALEX M. CLARK,
Mayor, Indianapolis, Ind.:

On behalf of the city of Stamford under the authority vested in me as mayor, I heartily endorse your testimony on behalf of the Senator Fulbright bill exempting gas producers from Federal control.

G. C. CAROTHERS, Sr.,

TAYLOR, TEX., *May 24, 1955.*
ALEX M. CLARK,
Mayor, Indianapolis:
(Via Washington, D. C.)

Congratulations on your position today in testifying on Fulbright bill. I am 100 percent behind you in testifying for free enterprise.

R. E. KOLLMAN,
Mayor, Taylor, Tex.

TEXARKANA, TEX., *May 24, 1955.*
Mayor ALEXANDER M. CLARK,
Indianapolis:

We wish to commend you on your stand in support of Senator FULBRIGHT'S bill to exempt gas producers from Federal control. We feel that this is a vital necessity for the

continuance of efforts to provide the country with necessary supplies of natural gas.

A. P. MILLER, Jr.,
Mayor, Texarkana, Tex.

TYLER, TEX., *May 21, 1955.*
Mayor ALEX M. CLARK,
Indianapolis:

Commend you on your stand reference Fulbright bill exempting gas producers from Federal control. Your work is appreciated by all who are fully acquainted with serious injury that will result to this industry if Federal control is forced upon us. This could be just the opening wedge.

ZEB J. SPRUIELL,
Mayor, City of Tyler, Tex.

WICHITA FALLS, TEX., *May 21, 1955.*
Mayor ALEX M. CLARK,
Indianapolis:

Understand you plan to testify during coming week in behalf Senator FULBRIGHT'S bill to exempt gas producers from Federal control. City of Wichita Falls strongly feels that Fulbright bill should be passed. You are to be commended for your stand. Hereby authorize use of this telegram if you so desire.

LLOYD THOMAS,
City of Wichita Falls, Tex.

REFUGIO, TEX., *May 21, 1955.*
Hon. ALEX M. CLARK,
Mayor of Indianapolis:

I wish to commend and encourage you on your decision to testify next week in behalf of Senator FULBRIGHT'S bill to exempt gas producers from Federal control. I serve as mayor of a town located in the heart of gas and oil production of the coastal bend area of Texas. It has been my personal observation, through close association with gas producers for the past 30 years, that the economy and lifeblood of this area is related to that of our gas and oil producers. Our farms, ranches, schools, churches, and our welfare, in general, is at stake in the measure of fair play that is extended our oil and gas producers in this vital question and decision. Your stand for the traditional rights of our American system of competitive enterprise has the encouragement of all south Texans who believe in and will fight for fair play.

CLARENCE S. BOONE,
Mayor of Woodsboro, Tex.

GREEN BAY, WIS., *May 23, 1955.*
Mayor ALEX CLARK,
City of Indianapolis, Ind.:

Understand you are to appear before Senate committee May 24 regarding Federal control of natural gas producers. I view this type of Federal control as opposed to the principle of free enterprise and wish you to know that I support your stand in this issue.

OTTO RACHALS,
Mayor, Green Bay, Wis.

TOMAH, WIS., *May 17, 1955.*
Mayor ALEX CLARK,
Indianapolis:

As mayor of Tomah I am opposed to regulation of producers of natural gas. Hope you can impress the importance of freedom from Federal control.

A. C. HARRIS.

EL PASO, TEX., *May 31, 1955.*
Hon. ALEX CLARK,
Mayor of Indianapolis, Ind.:

For your information we decline to join in opposition Harris-Fulbright measure and will appreciate your appearance in support of this measure.

TOM E. ROGERS, *Mayor.*

CANTON, OHIO, *June 1, 1955.*
Mayor ALEX M. CLARK,
Indianapolis:

Pleased to hear of your position on bill affecting natural-gas supply. Think everything possible should be done to insure adequate supply of gas at a fair price.

CARL F. WISE,
Mayor, Canton, Ohio.

SAN JOSE, CALIF., *May 31, 1955.*
Mayor ALEX CLARK,
City, Hall, Indianapolis:

Mayor and city council of city of San Jose are unalterably opposed to Federal control of price of natural gas as wellheads.

GEORGE A. STARBIRD, *Mayor.*

HOUSTON, TEX., *May 31, 1955.*
Hon. ALEX CLARK,
Mayor, Indianapolis, Ind.:

You are to be commended for your action in supporting the Fulbright bill which in effect would restore competition in production of gas and doubtless such competition is best way to assure consumers of long-range gas supply at reasonable prices. Defeat of such measure would violate all concepts of our free competitive system which has made our economy the most dynamic and productive in the history of mankind. As mayor of Houston I wish to join you in support of the Fulbright bill and will appreciate your so advising Senate Interstate and Foreign Commerce Committee.

ROY HOFHEINZ, *Mayor.*

SPOKANE, WASH., *May 31, 1955.*
Hon. ALEX CLARK,
Mayor of Indianapolis,
City Hall, Indianapolis:

As Mayor of Spokane, I strongly urge passage of Harris bill, H. R. 4560, in such form as will eliminate Federal regulation of natural gas. You are authorized to speak for me before Senate Commerce Committee to the foregoing effect.

ARTHUR MEETAN, *Mayor.*

BATON ROUGE, LA., *May 31, 1955.*
ALEX CLARK,
Mayor of City of Indianapolis,
City Hall, Indianapolis:

I use this means to personally congratulate you on your position concerning the Fulbright bill relieving the producers and gatherers of natural gas from Federal regulations. I have the same feeling as you do and you might inform the congressional committee of my feeling on the subject when you testify before them. Keep up the good work.

JESSE L. WEBB, Jr.,
Mayor, City of Baton Rouge.

AIKEN, S. C., *May 31, 1955.*
Mayor ALEX CLARK,
City Hall, Indianapolis:

I heartily agree with your stand regarding the Fulbright bill S. 1853. Also do not favor Federal price control on gas going into interstate commerce.

CHARLES M. JONES, *Mayor.*

PORT HURON, MICH., *June 1, 1955.*
Mayor ALEX M. CLARK,
Sheraton-Carlton Hotel,
Washington, D. C.

The Industrial Development Corporation and organization, whose membership comprises business and civic leaders of this area, offers its congratulations to you for your positive stand in favor of legislation to free natural-gas producers from Federal Power Commission controls. Please be assured of our intense support and interest in your endeavors in this regard.

THE INDUSTRIAL DEVELOPMENT CORP.

Mr. CLARK. I also received some today and since I arrived at the hotel yesterday evening.

The total number of wires received in support of natural-gas regulation includes 16 who formerly expressed their opinion to the Honorable Joseph Clark, Jr., of Philadelphia, plus 4 additional who changed their minds after their original wire to the mayor of Philadelphia, making a total of 123 to date, in my office.

I wish there were time for you to hear these men personally, for I know that each of these mayors could offer substantial evidence of the benefits that natural gas has brought to his city.

These men, too, are concerned about future supplies of gas for their communities. They know their people want natural gas, and they want to see nothing done that would jeopardize the future growth and development of their respective cities. I offer their messages for the record of this hearing.

These statements represent my earnest convictions in this issue. I most humbly and sincerely urge you gentlemen to do all in your power to seek support for and passage of the Fulbright bill.

If I may, sir, I should like to read 1 or 2 telegrams, and a letter I wrote to a Congressman who is on one of the commissions here to give you a background of how I happened to get into this matter.

I will start with the telegram of April 6 of this year, which reads as follows:

"Regarding proposed legislation to exempt natural-gas producers from Federal price regulation greatly concerned that urban consumer interests are not being sufficiently weighed and represented. We therefore ask your support in forming mayor's committee to oppose passage by Congress of H. R. 4360 and similar exemption bills. Time being short would appreciate early reply to following questions.

"1. Will you participate?

"2. Would you join in testifying against H. R. 4560, or authorize the undersigned as steering committee to arrange testimony and appropriate public releases?

"3. Would you attend informal meeting of interested mayors in Washington, 2 p. m., April 16, to plan further action? Please reply to Mayor Clark, Philadelphia.

"JOSEPH F. CLARK, Jr.,
"Mayor of Philadelphia.
"DAVID LAWRENCE,
"Mayor of Pittsburgh.
"ROBERT WAGNER,
"Mayor of New York."

There was added to the list as follows:

"Thomas D'Alesandro, Jr., Baltimore, Md.; W. Lee Mingledorff, Jr., Savannah, Ga.; Frank P. Zeidler, Milwaukee, Wis.; Anthony J. Celebrezze, Cleveland, Ohio; Frank X. Gryzan, Youngstown, Ohio; Fred L. Peterson, Portland, Oreg.; Richard C. Lee, New Haven, Conn.; Quigg Newton, Denver, Colo.; Ollie Czelusta, Toledo, Ohio; Joseph E. Dillon, St. Paul, Minn.; W. A. Gayle, Montgomery, Ala.; Leo P. Carlin, Newark, N. J.; George W. Welsh, city manager, Grand Rapids, Mich.; Ben West, Nashville, Tenn.; John B. Hynes, Boston, Mass.; Albert E. Cobo, Detroit, Mich.; Walter Reynolds, Providence, R. I.; George R. Dempster, Knoxville, Tenn.; John J. Foley, Cambridge, Mass.; H. H. Hendren, Sacramento, Calif.; Andrew Broaddus, Louisville, Ky.; Kristen Kristensen, Yonkers, N. Y.; Eric G. Hoyer, Minneapolis, Minn.; J. W. Morgan, Birmingham, Ala.; Leo Berg, Akron, Ohio; Arthur J. Gardner, Erie, Pa.; Raymond E. Snyder, Waterbury, Conn.; deLesseps S. Morrison, New Orleans, La.; Nicholas Sylvester LaCorte, Elizabeth, N. J.; Peter Mandich, Gary, Ind.; Raymond R. Tucker, St. Louis, Mo.; George E. Brunner, Camden, N. J.; Maynard E. Sensenbrenner, Columbus, Ohio; George D. Johnson, Duluth, Minn.; David L. Lawrence, Pittsburgh, Pa.; Robert F. Wagner, Jr., New York, N. Y.; Joseph S. Clark, Jr., Philadelphia, Pa."

Mr. CLARK. To that telegram, I gave this reply.

"Hon. JOSEPH CLARK,
"Mayor of Philadelphia, Pa.:
"In answer to your telegram of April 6 as mayor of Indianapolis, I am in favor of H. R. 4560, and therefore would not care to participate in meetings or opposing same.
"Mayor CLARK."

Mr. CLARK. It concerned me inasmuch as I was afraid if they did appear here it might appear to be a united effort of the United States Conference of Mayors, and because of that I wrote the following letter to Jerome K. Kuykendall, Chairman of the Federal Power Commission, Washingon, D. C.

"DEAR Mr. KUYKENDALL: Attached hereto is a copy of a telegram I sent to Mayor Joseph Clark in answer to a telegram from him asking me, as mayor of Indianapolis, to participate in opposing H. R. 4560, joining with him, Mayors David Lawrence, of Pittsburgh, and Robert Wagner, of New York.

"My reason for sending this is so that if opposition in the form of any mayors' committee or any American municipal association committee is voiced to you, you may be sure that this is not the unanimous feeling of this association.

"I am, also, sending a similar letter to Representative BEAMER."

I sent a letter to Hon. JOHN BEAMER, and the only difference is that I commented that I was sending a similar letter to Mr. Kuykendall; so I need not comment about that.

Senator PASTORE. Do you want it made a part of the record?

Mr. CLARK. I will leave copies with the committee.

Senator PASTORE. Thank you very much, Mayor.

Mr. WILEY. Mr, President, on tomorrow I shall be very happy to reply to what was said by the distinguished Senator from Indiana. I did not know that the distinguished Senator was so closely connected with the group, which of course is really servicing the gas interests but not the consuming public; there is no question about that. There is no question that the group which the former mayor of Indianapolis is heading or connected with is doing what he thinks is right.

I say that, upon evaluating the entire picture, it will be found that this is a battle for dollars—a battle on whether the common people of this country will pay billions of dollars more to the producing companies.

When certain organizations come out in favor of one particular angle of the controversy, and when some of us feel that the public interest is served by the other side, probably at times we may use a little language which some persons may not like. But there are many persons who should be charged with being "phonies," either because of their inaccurate evaluation of facts or because of their failure to see the light.

I have previously stated for the RECORD the fact that Wisconsin Legislature, the Governor of Wisconsin, the mayor of Milwaukee, and about 50 other mayors in my State, who are being serviced by natural gas, recognize the other side of the picture.

It is this: if the Natural Gas Act, which was enacted in 1938, is modified in the unsound way desired by the crowd which now is represented by a former Mayor of Indianapolis, if that act is modified in such a way that they can get what they say is the market value, they would place the gas at an exorbitant value, because they monopolize the control of a large percentage of the gas production in this country. Then, instead of paying a reasonable and fair price, my people know they will be "taken for a ride." If we permit the common people of the country to be "taken for a ride," perhaps some of us are "phonies."

Mr. CAPEHART. Mr. President, I do not care to get into a debate——

Mr. WILEY. Well, Mr. President, the Senator from Indiana started it.

Mr. CAPEHART. Mr. President, I do not care to get into a debate on the merits of the bill; but I did intend to state for the RECORD, as I now have, that it is inaccurate for a Senator to say on the floor of the Senate that a friend of mine, the mayor of Indianapolis, is a "phony."

Mr. WILEY. I understand that he is a former mayor.

Mr. CAPEHART. Yes.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. HUMPHREY. Mr. President, I had yielded to my distinguished colleagues for this pleasant exchange of views. [Laughter.]

Mr. CAPEHART. The Senator from Minnesota yielded 5 minutes to me, did he not?

Mr. HUMPHREY. Yes.

Mr. CAPEHART. Will the Senator yield an additional minute to me?

Mr. HUMPHREY. Yes, Mr. President; I yield 1 more minute to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. CAPEHART. Mr. President, I do not care to get into a debate on this subject; but I cannot ignore a statement that a friend of mine, a former mayor of Indianapolis, is a "phony"; neither can I ignore a failure to recognize the fact that he represents approximately 350 mayors.

I have submitted for the RECORD a list of the names of those mayors, and also their telegrams to the former mayor of Indianapolis.

I do not know why it is necessary, if one has merit on his side of an issue—as the able Senator from Wisconsin thinks he has—to call those who are opposed to him "phonies." I have not heard anyone who favors the Fulbright bill call those on the other side "phonies." I do not know why it is necessary for one who believes that the merits of the issue are on his side—as the opponents of the pending bill feel is the case—to call the opposition "phonies," when there is no truth in the assertion that they are, because they are good, honorable men.

Mr. FULBRIGHT rose.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that at this time I may yield to the Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that all these interruptions appear in the RECORD at the conclusion of my remarks today; I refer to any interruptions which may occur at any time today when I yield to other Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILEY. Mr. President, before the Senator from Minnesota yields to the Senator from Arkansas, will he yield to me for just a minute?

Mr. HUMPHREY. Yes, Mr. President; at this time I yield to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. WILEY. Mr. President, let it be clearly understood that tomorrow, after I have had time to examine the record, I shall request opportunity to reply.

I think the record will clearly show that what I said was, in substance, that the organization is a phony. During such a discussion, a man who has been using "phony" facts might be accused of himself being "phony." But I did not call any person a "phony." The letter speaks for itself. I stand by that letter. I have no reason to retract it.

I wish that my good friend from Indiana had taken the time to read my letter more closely. He would then note that I specifically stated that I was not—I repeat—not reflecting personally on any individual whatsoever, but only on the phony name of the organization.

Be that as it may, I did not begin the argument; but I expect to finish it.

Mr. CAPEHART. Mr. President, the Senator from Wisconsin began it by his speech on the floor of the Senate.

Mr. WILEY. No; I did not accuse the Senator from Indiana or anyone else of being a "phony," I said observers regard the organization as a "phony."

Mr. CAPEHART. Mr. President, no one can call a friend of mine a "phony" and get away with it.

Mr. WILEY. Mr. President, the Senator from Indiana has accentuated it to such an extent that now the whole of America will know that that man was called a "phony." If the Senator will read the letter I wrote, he will see how wrong he is.

Mr. CAPEHART. The able Senator from Wisconsin knows, and knew when he made the statement, that he was not being factual.

Mr. WILEY. Mr. President, I may call the Senator from Indiana to order for that remark.

AMENDMENT OF THE NATURAL GAS ACT, AS AMENDED

The Senate resumed the consideration of the bill (S. 1853) to amend the Natural Gas Act, as amended.

During the delivery of Mr. HUMPHREY'S address,

Mr. BARRETT. Mr. President, will the Senator yield to me?

Mr. HUMPHREY. Mr. President, as I stated earlier, I wish to accommodate my colleagues. At this time I should like to yield to our friend and colleague, the distinguished Senator from Wyoming, provided I may do so without losing my right to the floor.

The PRESIDING OFFICER. Without objection, the Senator may yield under those conditions.

Mr. BARRETT. Mr. President, I thank the Senator from Minnesota for

his kindness in yielding to me, and I request that my remarks appear in the RECORD at the conclusion of the speech of the Senator from Minnesota.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARRETT. I rise today, Mr. President, to make a few brief observations on the Harris-Fulbright bill now before this body. I have no illusions that anything I will say will contribute to the fine theories of economics as expounded by the students who themselves do not agree. I never had the opportunity to take a course in economics at college, but in my business and professional career I learned some things through experience and, I may say, bitter experience at times, and, indeed, Mr. President, I daresay that if I had attended one of the better colleges of business administration and majored in economics, I am certain that I would be obliged to "unlearn" most, if not all, of the sound principles of economic law gained at college were I to adopt the doctrines expounded by some of the opponents of this legislation on and off the floor of the Senate.

During the course of my mature life I lived near a large oil and gas field and I learned a great deal about that risky business and I became well acquainted with that peculiar breed of hardy individuals who follow the so-called oil game. They are men of steel. They are men of courage. They can work day and night for years on a prospect, and, if the well proves to be dry, then they can take it with a smile and their unconquerable spirit leads them on to another dream. Whatever knowledge I have of the oil industry and of those men who make it click has been gained by living and working with those hardy souls for a long period of years. Nearly all of the old leaders in the oil business were graduates of the college of "hard knocks." They learned the hard way by trial and error. It has been well said that "the class colors of the school of experience are black and blue" and interesting, also, that "experience is a good school, but the fees are high."

I made those preliminary remarks, Mr. President, because most people think of Wyoming as a land of great distances and, in fact, they think of my State as the last stand of the old West. Livestock, indeed, is the basic industry of Wyoming. The cattle and the sheep that roam over our hills and valleys day in and day out gathering the grass are Nature's contribution to the economy of our country in the form of a free labor force. Those rugged individuals engaged in the livestock business think clear and straight. Everything they own has been gained by working with their own hands with the soil. They live close to the land. They travel over the prairies by the hour without meeting a soul, so, they have time to think. They know that Wyoming is blessed with an abundance of natural resources. They know that there are coal deposits under every county in our State. They know that we have more coal than all of Europe. They know that we are one of the larger producers, if not the largest producer, of bentonite. They know that we produce great quantities of uranium, sulfur, phosphate, and countless other minerals, and they know that Wyoming is the sixth State in the Union in the production of oil. They are deeply concerned with this problem for after all their prosperity depends upon the soil and the things it yields. They see in this effort to force Federal utility controls on the natural-gas producers a threat to their own independence. It is only a step, after all, from direct Federal control of one product of the earth to others, and they, themselves, are not anxious to be made subject to the dictates of Federal bureaucracy. Their serious concern over this problem has been adequately expressed in resolutions which their various organizations have submitted to the Congress. Only last week the President of the American Farm Bureau Federation, speaking for that great national organization, pointed out that—

> A free market in competitive conditions is the most effective guaranty of continuing an adequate supply and the best assurance that the interests of producers will be protected.

Wyoming is not a highly industrialized State. What prosperity we have in Wyoming depends upon things from the soil, including our great mineral resources of natural gas and oil. While we have been producing natural gas and oil since 1894, we feel that we in Wyoming are just beginning to realize our full potential. There is strong geological evidence that many new fields of oil and gas will be found and developed in Wyoming, and we are anxious that nothing will be done that will impede the development of these great and vital natural resources. In short, we want to do everything possible to become more industrialized and to do everything possible to stimulate the search for and production of natural gas. The growth of the oil and gas industry in Wyoming has been so phenomenal since World War II that it has become one of the most important economic factors in the State. The industry represents about 30 percent of the assessed valuation of the State and thus becomes the largest single source for tax money available to the people of Wyoming.

We are presently opening up one of the largest gas fields ever discovered in this country in the big piney area of my State. It appears now that the field may well cover over 100,000 acres. One of the wells in that area was drilled to a depth of over 20,000 feet a couple of years ago. At the time it was the deepest well in America. It cost a million and a half to go down nearly 4 miles into the bowels of the earth in an effort to discover this precious yet elusive mineral. It was a failure. In the 10 years between 1934 and 1945 natural gas production in my State increased from 30 to 40 billion cubic feet per year. That amount of production, while small compared to that of the larger producing States, represents considerable production for a State like Wyoming with its sparse population. However, from 1945 through 1954, natural gas production more than doubled and in 1955 it is estimated that over 91 billion cubic feet of natural gas were produced. Our production is increasing almost daily by leaps and bounds. Fortunately this new field, which we think will eventually prove comparable to the great gas producing fields of Texas, lies directly in the pathway of the big gas line currently being built from the Southwest to the great Northwest.

Wyoming is sparsely populated in comparison to most of the other 47 States. Almost every community in the State is now served by a natural gas utilities company. Any market expansion in the future must be to areas outside the boundaries of Wyoming. With each succeeding year a greater percentage of Wyoming natural gas production must be placed in interstate commerce if the industry is to continue to develop in our State. It is important to the areas of the great Northwest that new sources of natural gas are produced so that they, too, may enjoy the benefits of his highly desirable natural resource. It is important to all sections of the United States, with or without natural gas service, that greater quantities of this natural resource are made available not only for greater consumption demands in established markets, but also in prospective markets in areas not now served with gas.

Wyoming, with its 62,403,480 acres, is one of the largest States in the Union. In exceeds in size the whole of England, Scotland, and Wales combined. The United States owns the oil and other minerals under 44 million of Wyoming's 62 million acres. It owns both the minerals and the surface of 32,055,721 acres of our lands which constitutes over 51 percent of Wyoming's vast area. In truth, more than 70 percent of our State is actually Wyoming territory; and, judged by the standards of its older sister States, Wyoming is but a trifle over a quarter-State. We have within our borders an area of land larger than the entire State of New York which is not Wyoming at all. In truth and in fact, Wyoming is less than half a State. It is true, Mr. President, that Wyoming does receive three-eighths of the royalty accruing on these Federal lands for the benefit of our public schools and university and for the construction of public roads, but I assert, Mr. President, that the income from the minerals produced from the soil of Wyoming belongs to the people of Wyoming. The income from those minerals is divided 37½ percent to the State where the mineral is produced, 10 percent to the Treasury of the United States, and 52½ percent to the reclamation fund for the benefit of the Western States—by no means to all of the States. There are some who contend that the income from the public lands in Wyoming, mainly through oil royalties, is not a large amount. Let me disabuse them by stating that to date the total income is over $200 million. To be precise, it is exactly $206,926,955.80.

The time will come when this great resource will be exhausted and nothing but a shell will remain. It seems to me that those most concerned with the inequity inherent in this situation are the children of our State, now of tender years. After all, many of them will live to see much of our minerals extracted from the soil of our State, and they will not like

it when they learn that Wyoming has not benefited from these blessings in the degree to which it is justly entitled.

In addition to this tremendous body of Federal lands the State of Wyoming like every other State in the Union was granted certain sections of the public domain as school lands and additional acreage was granted to the State for the support and maintenance of other public institutions, such as the University of Wyoming. Oil and gas have been discovered on much of this State land and the income accruing therefrom is placed in a permanent fund and the interest thereon being used from year to year for the support of our public school system. Thus we in Wyoming have real reason to be concerned over the future of the natural gas and oil industry if this legislation is not passed. But aside from our own immediate concern, it is our firm conviction that failure to pass this legislation will in the long run be harmful to the very consumers that all of us are so anxious to protect. The supporters of the bill are just as concerned about the consumers as are the Senators who are opposing the bill.

The development of new sources of oil and gas is strangely both a very highly competitive and, at the same time, a very risky undertaking. In years past we have been fortunate that we have had an abundance of oil and natural gas with which to meet peace and wartime needs. However, with the ever increasing demands being made upon our reserves of these resources by the public, the bountiful years are rapidly coming to an end. The search for new sources must go on without interruption or interference. It is going to be necessarily a very intensive program. Likewise, it will be very costly and at a much greater risk to investment capital. Exploratory drilling for both oil and gas is becoming deeper and more difficult. Scientists believe that most of the shallow reservoirs have been located. Additional sources must be found at greater depths. The deeper a well goes, the higher the cost and the greater the risk involved. I can remember the time when drilling a well to 3,200 feet was considered drilling a deep well. Today a well must go down ten or fifteen thousand feet before anyone in the industry considers it a deep well. Some wells exceed even that depth. It only stands to reason that the greater the risk involved, the less willing investment capital is to take the chance. One of the basic concepts of our American economy is the right of an individual, or a group of individuals for that matter, to earn a profit. The profit incentive has been largely responsible for the high standard of living that we enjoy in this country. Without the profit incentive, one of the basic concepts of our free economy is nonexistent. This concept is even a part of the social and moral fiber of the human being so aptly stated in the Bible as "As ye sow, so shall ye reap." A man investing capital in a business with an extremely high risk factor is entitled to a correspondingly greater assurance that if the venture is successful he will receive a greater profit.

Federal regulation of the price of natural gas at the wellhead is in direct contradiction to our principles of free enterprise; free and open competition is an economic principle that brings to the greatest number of people, the best product at the lowest cost.

Whether the opponents of this legislation will admit it or not, the independent producers of natural gas are justified in their fear of being subjected to Federal utility controls. It may seem strange to our colleagues on the opposite side, but that is the case. And as the minority report of the Senate committee pointed out, "the Natural Gas Act does not compel a producer to sell his production in interstate commerce." Nothing in the laws of our Nation can force a producer of any commodity to sell his goods in a market he does not wish to enter, short of sheer confiscation.

If this bill is defeated, the supply of natural gas will dwindle away in the Eastern and Northern States. All history seems to point in that direction. We have learned from experience that only in a free-market economy can you depend upon supply to equal demand. We learned from bitter experience with OPA how ineffective Government price fixing can become, and the disastrous results following therefrom.

One-third of the natural gas sold in this country is produced along with oil out of the same wells. By no stretch of the imagination can you control the price of the gas without, at the same time, eventually controlling the price of the oil. Natural gas is now used in 25 million homes in this country, and the extensive use of gas has come about mostly in the last 25 years. It is significant, Mr. President, that the average price of gas in the producing fields of this country during those 25 years has gone up from 8.9 cents to 10.1 cents per thousand cubic feet. It is true that in some cases it is less and in some cases more, but that is the average. The prices have not kept pace with the other increases in the cost of living. If anyone doubts for a moment that there is not intense competition in the oil and gas business, all he need do is to observe the filling stations of the competing companies in block after block in every city, town, and hamlet of America.

Furthermore, Mr. President, there are over 8,000 independent producers presently risking their capital day after day in search for gas for sale to pipeline companies. In some cases, there are from two to three hundred competitors trading for the business in a single pipeline. In 1938 Congress enacted the Natural Gas Act. I have examined the debates that took place at that time. I have read the reports of the House and the Senate committees, and I think it is abundantly clear that the Members of the other body and the Members of the Senate clearly intended precisely as the language of that act indicate; that it should not apply to the production and gathering of natural gas. For nearly 16 years the gas industry proceeded on the theory that the law meant exactly what it said and that the people of this country would be best served if the producers and gatherers of natural gas operated in a free competitive market.

The Congress charged the Federal Power Commission with the administration of the act. Its representatives had the opportunity to sit in on the committee hearings when the bill was written. It had the opportunity to make a report on the bill. If any group of men in this country should know what the Congress intended by that legislation, certainly the members of the Federal Power Commission is it. The members of the Federal Power Commission had the opportunity to talk to the men instrumental in writing the legislation of 1938 and I may say, Mr. President, that I have had that opportunity also. The Power Commission itself, on 11 separate occasions, had said that its own interpretation of the act did not give it the power to regulate the independent producer or gatherer. This was true for 16 years following the passage of the act, and it continued to be Commission policy even though during that period the membership of the Commission changed. I am not at all surprised that the Federal Power Commission took the position that it did not have jurisdiction over the production and gathering of natural gas under the 1938 act.

It should be pointed out here, Mr. President, that the responsibility for writing legislation belongs with the Congress and not with the Supreme Court. It never was intended that the Supreme Court should be a legislature. It is strange indeed that after the law had been on the books for 16 years the Supreme Court by a 5 to 3 decision saw fit to hold that the Federal Government had the power to control prices charged by independent gas producers. To my way of thinking the Supreme Court decision in the Phillips case was contrary to the clear intent of Congress.

If it should be the desire of Congress to change its policy, then this should be done by legislation enacted in Congress, and not by a divided opinion of the Supreme Court. In speaking of the regulation of independent producers, Mr. Justice Douglas, in his dissenting opinion in the Phillips case, said:

> The history and language of the act are against it. If that ground is to be taken, the battle should be won in Congress, not here.

When the Court's decisions result in interpretations of the law that are contrary to the will of Congress, it then becomes the clear duty of Congress to write new legislation that will make its wishes clear and well defined. This has happened many times in the past, and I am sure it will happen many times in the future. We are presently confronted with a situation which has precisely those characteristics.

Thus the Congress has a most pressing duty to act. The House has already taken its stand on this important matter. It is squarely up to the Senate now to enact this legislation and to accomplish thereby three things:

First. To restate and reaffirm its original intent as expressed in the 1938 Natural Gas Act;

Second. To establish clearly its policy with respect to our competitive enterprise system; and

Third. To protect both the civilian economy and the national security by creating an atmosphere that will assure adequate future supplies of both natural gas and petroleum.

To my way of thinking, Mr. President, one thing is certain: if we defeat this bill, there will be less gas at higher prices. As we consider this legislation we are fortunate that we have the benefit of a detailed study of this problem by a Cabinet committee made up of some of the highest officials in the executive branch of the Government. These gentlemen reviewed this problem in considerable detail, as part of the committee's overall study of energy supplies and resources policy. The committee's conclusion was that for the national interest, the steps proposed in this legislation should be taken. The production and gathering of natural gas should not be under the direct control of the Federal Government.

It is not often that Congress has such valuable advice and guidance to which to refer in enacting legislation. It should be clearly evident that the Cabinet committee had the welfare of the Nation as a whole in mind as it prepared its report. Its recommendations were made only after long and careful study and deliberation over all the factors involved. The recommendations are based on the considered judgment of some of the most capable men in the country—men whose concern involves not only the civilian economy but the national security as well.

The Federal Power Commission has endorsed this legislation. I commend the committees of both bodies for providing protection for the consumers in simple terms in the proposed legislation. These protections—

First. Limit to the "reasonable market price," as determined by the Federal Power Commission under practical guides, the amounts interstate pipelines can pass on to consumers for gas purchased under new or even under renegotiated contracts.

Second. Place the same limitations on amounts pipelines may pay and producers may collect under various types of price adjustment provisions in existing contracts.

Third. Provide that producers must continue delivering gas even if these measures keep them from receiving their contract prices.

Fourth. Require the FPC to consider, in advance, whether the producers' price is the "reasonable market price" when considering a pipeline company's application for approval for expansion of interstate pipeline service.

The facts developed at the committee hearings on this legislation have proven that the producer gets less than 10 percent of the consumer dollar spent for natural gas. Out of that must come the expense involved in bringing the natural gas to the surface. In consideration of the risk involved his profit is indeed small.

To my way of thinking, Mr. President, we can do no less than carry out the recommendations of this committee, and in so doing, make it clear for all time that we have faith in the competitive economy of our country as the best provider of goods and services for the American people. Our traditional private enterprise system has served us well throughout our history. Other nations have tried systems whereby control of natural resources was vested in the national government, and the results are clearly evident for all to behold. Let us not make the same mistake.

I sincerely believe that the passage of this proposed legislation will result in the greatest good for the American people. I urge the Senate to adopt it.

LONG-TERM FOREIGN AID

Mr. HENNINGS. Mr. President, I rise to make a brief speech on long-term foreign aid commitments. The President of the United States in his state of the Union message asked the Congress to enact legislation permitting long-range planning in our foreign-aid programs. He asked the Congress to grant the Executive a limited authority to make commitments to some of the underdeveloped countries, now the primary targets for Russian Communist aggression, which will involve expenditure of money by this country for a considerable number of years.

Yesterday at his press conference, the President indicated that he was still very anxious to get the approval of Congress for long-range planning in foreign aid and, in effect, renewed his request for our approval.

Many thoughtful people, including some very distinguished Members of this body, have questioned the advisability of long-range commitments in foreign aid and have suggested that the Congress proceed with caution in authorizing such programs. I have great respect for their opinion.

Foreign aid is a complicated matter and if not skillfully handled can result in great injury to our domestic economy and to our own people here at home. There are equities and special considerations that must be weighed against each other to achieve a well-balanced policy. For instance, in my own State of Missouri, the cottongrowers may well be affected adversely by the construction of the Aswan Dam in Egypt, which would permit the growth of 2 million acres of cotton under irrigated conditions. This cotton will, on the completion of the dam, in time, be in direct competition in the world market with that grown here. Many other examples such as this could well be cited.

By making long-range authorizations, however, the Congress does not lose control of the situation. I think that should be emphasized and reemphasized. The Congress, through its power over annual appropriations for all foreign-aid programs, may and will carefully scrutinize the progress of such programs, and if the Congress finds any project not being properly carried out, or because of a changing world situation, no longer in the national interest, the Congress may cut off the money immediately. The long-range planning of this country's struggle against Communist aggression, and the long-range conduct of that struggle are, in my opinion, matters of such tremendous concern to everyone in the free world and to every American as to override all considerations of any partisan political advantage.

I favor the granting of that request of the President. I not only favor the granting of it, but I hope the President and his advisers and that fraction of the Republican Party Members of Congress who are willing to follow this sound public policy will stand firm against any attempts to compromise on it, or water it down, or permit it to be defeated because of a temporary squall that is blowing over political seas in this blessed year of our national election.

I think there will be much more support from Democrats in both Houses of the Congress than recent events would indicate and in this connection I want to congratulate the 17 House Democrats for their statesmanship in announcing their support of the general aims of the President and I wish to associate myself with their position.

It would be unfortunate indeed if remarks or interviews by the Secretary of State, which have beyond doubt been, to say the least, tactless, should impair the strength of a truly bipartisan foreign policy in defense of the interests of the free world, particularly in those areas of Asia and the Middle East which now are most gravely threatened by Communist intrigue and infiltration. I would like to point out to some of my Democratic colleagues, if I may not be considered presumptious by so doing, who have perhaps been overly impressed by some shortcomings in our foreign aid program, that the long-range planning of it was inherent in the Marshall plan, in the establishment of the original Economic Cooperation Agency, and in other Democratic efforts to save this war-battered world of ours from Communist capture and control.

I know it may annoy some of my fellow Democrats when the President and Mr. Dulles speak of the need of this country to "wake up to the need of long-term planning." If some trifling advantage to their party can be gained by stealing the shirt of Democratic foreign policy and claiming it as their own, let us Democrats not be too outraged—in view of the country's need to carry on this struggle against communism on an economic front for as long as may be necessary. We have no alternative that I can see.

Also, there have been suggestions that the Republican administration in order to gain petty political advantage in its claim about balancing the budget has manipulated foreign aid authorizations and expenditures, thereby letting the foreign aid pipeline run low. I believe there has been some substance to such claims. Not being a member of the Foreign Relations Committee I am not sufficiently familiar with the details of the foreign aid programs to speak with authority on this particular point. If the charge is true the country should be told the facts and I leave that task to those of my colleagues who are in position to know the details. For my part, I merely say

to Senators on this side of the aisle that even if the charge is true, we should in considering the President's request for limited authority to make long-range commitments, nonetheless rise above it and rescue the country from the partisan shortsightedness of the President's administration.

Everyone familiar with Soviet aims and tactics knows the struggle is to be a long one, and will require the utmost flexibility in our foreign policy to meet whatever challenges may arise. Our enemies plan for years and sometimes generations ahead, and if we fail to do so we hand them an advantage in a struggle we know will tax all our own best efforts, and those of other nations in the Western World.

We should congratulate ourselves, I really believe, that the struggle for the next little while, at least, appears to be one waged in the economic field instead of by armed conflict in full-scale wars.

It may, indeed, be true, as General Ridgway is telling the Nation today, that our military strength is not what it might be, because of political considerations. But all the world knows our economic strength is far greater than that of any adversary. All that we need in any conflict within the economic field is the ability to plan the use of our natural resources, combined with the initiative and scientific skills of our people, over a long-term period. It is for a limited and reasonable authority to do this that President Eisenhower is asking, I hope sincerely his request will be granted.

In this connection, I call attention to the great surpluses of agricultural products which now glut the Nation's warehouses. Their existence depresses our whole farm economy, so that we are forced to artificial price supports to assure our farmers of an adequate parity for their produce, as compared with the goods they must buy. One way in which I think we may help hungry millions of people in the underdeveloped countries against that despair which turns ignorant people toward communism is the wise use of our agricultural surpluses of cotton, wheat, corn, and other products for which the Government is spending millions of dollars each year to store in warehouses. Our enemies have no such surplus. I do not speak of buying either allies or friends. We all know that no one can buy allies or friends. I urge that our surplus commodities be used in a partial effort to feed and clothe the impoverished millions in Europe, Africa, and Asia, not only to aid these desperately needy people, in itself a proposition of great merit, but to aid ourselves as a Nation whose economy is presently endangered by the glut of agricultural surpluses.

In connection with my remarks in support of the President's request for long-range planning in foreign aid and in favor of continuation of bipartisan foreign policy, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "On Planning Ahead," published in the Washington Post and Times Herald of January 24, 1956; an editorial entitled "Eight Years of Foreign Aid," published in the New York Times of January 23, 1956; an editorial entitled "For Restraint—On Both Sides," published in the St. Louis Post Dispatch of January 23, 1956; and an article entitled "Unique and Inimitable," written by Walter Lippmann, and published in the Washington Post and Times Herald of January 26, 1956.

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

[From the Washington Post and Times Herald of January 24, 1956]

ON PLANNING AHEAD

It is unfortunate that Secretary Dulles' dance on the diplomatic brink has influenced the discussion of long-term foreign-aid commitments. Reverberations over the magazine article about Mr. Dulles continue to demonstrate the baneful effects of the indiscretion, more because of the bald and smug overstatement than because of disagreement with the basic doctrine of deterrence of aggression. A return to perspective is not much helped by the assumption on the part of some of Mr. Dulles' champions that it was perfectly all right to release a campaign document which, incidentally, scared the free world, but that it is dastardly politics to question the wisdom and propriety of this sort of performance by the Secretary of State.

Be this as it may, the country simply cannot afford to let the discussion of its long-term interests in foreign affairs be diverted by massive retaliation against Mr. Dulles. Especially for that reason, the courageous statement of 17 Democratic Members of the House of Representatives in support of the principle of advance commitment of certain foreign-aid funds is noteworthy and commendable. America's interest in economic aid as an instrument of free world policy goes far beyond partisan politics; and the Democrats' own record in supporting such aid against right-wing Republican opposition is creditable.

Critics can point to a good many instances in which narrowminded actions within the Republican administration have worked against the very principles it is now promoting. Chalmers Roberts' story in this newspaper Sunday about how Burma was rebuffed last summer when it sought to pay for American technical aid with surplus rice pointed to incredible shortsightedness. It is in just this sort of problem—the adaptation of techniques to suit the needs of individual countries such as Burma—that the Soviet Union has scored such a propaganda success.

Administration mistakes quite apart, however, the new Russian campaign designed to neutralize large areas of the free world faces this country with an immediate challenge. Obviously, even so strong a capitalist economy as ours could not stand the cost of attempting to counter every Machiavellian maneuver of the Soviet masters. They are free to promise without regard to public opinion at home or the needs of their own people. If we are to meet the challenge we need to place our emphasis, not on efforts to outbid the Russians frontally, but on skillful application of flexible and selective techniques.

Beyond the grant and loan type of aid, we probably ought to devise means of absorbing the surpluses of the countries we are trying to help, either through preclusive buying or a sort of brokerage system. But long-range commitment authority, although it is by no means the whole answer, is indispensable to a flexible approach. We ought to be in a position to encourage countries we are trying to help to plan ahead on specific projects of open economic benefit, such as dams and roads, with the assurance that they can be carried through.

The fact that one Congress cannot bind another need not prejudice this kind of flexibility if legislators will adapt the military aid contract authorization formula to the economic aid program. New appropriations would always be subject to congressional check. Economic warfare of the sort now forced upon us requires broad advance planning of the sort that would be impossible on a year-to-year basis. The economic challenge will remain long after the 1956 campaign and Mr. Dulles' boasts have been forgotten; and this is the point that both the administration and Congress need to keep in mind.

[From the New York Times of January 23, 1956]

EIGHT YEARS OF FOREIGN AID

Since 1948 the Federal Government has spent more than $50 billions on various kinds of foreign aid. With the single exception of 1920, when we were still liquidating current expenses of the first World War, this average of more than $6 billions a year is greater than the entire Federal budget for any peacetime 12 months prior to 1934. Even though foreign aid is now planted in the middle of a budget currently calculated at just under $66 billions, the arithmetic of foreign aid—past, cumulative, present, and proposed—takes a person's breath away.

If Congress had been asked 8 years ago to sanction the entire $50 billions in advance the answer would have been "No." Congress did sanction the Marshall plan, which was expected to last 4 years and cost about $17 billions. Each year, however, there was a big argument over foreign-aid authorizations and expenditures.

Today, as Senate Majority Leader GEORGE goes to the White House to talk with the President, a new question about foreign aid comes up. We all know it has to be continued. Shall we frankly face this fact and plan, as good businessmen do, for a few years ahead? Or shall be dole out economic and military aid a year at a time and a dollar at a time? The first course is the more effective and economical. The second course preserves freedom of action—assuming there is any such thing in these days of a hard-hitting destiny.

What foreign aid has accomplished is indicated in a survey published today in this newspaper. Western Europe is economically, if not politically, out of the woods. In the Near East and Far East new problems have come up, military and economic.

On this showing Congress and the administration could not write a 10-year or 5-year foreign-aid program in precise figures. The figures will vary—and, we hope, diminish. But the principle of aid to keep and develop freedom is as important and may be as long-lived as the Monroe Doctrine itself.

[From the St. Louis Post-Dispatch of January 23, 1956]

FOR RESTRAINT—ON BOTH SIDES

President Eisenhower and Senator GEORGE, during their conference on foreign aid, may also discuss means of keeping the controversy over Secretary Dulles within bounds. If so, it will be generally welcomed.

The Democratic attack upon Mr. Dulles' "brink of war" declarations has been fierce. In some cases it has been confused and extravagant. But Secretary Dulles could only expect partisan excess when he indulged in so much of it himself. Any appeal for patriotic restraint in discussion of foreign policy should be addressed to him as well as to his critics.

Certainly the President would be wise to take all possible steps to prevent the controversy from injuring the Nation's vital interests in foreign policy. Senator SPARKMAN, for example, does the Nation and the cause of peace no good when he attacks Mr. Dulles on the implied ground that the United States should have intervened in Indochina.

It would have been folly of the first magnitude to use American troops unilaterally to

crush a native Indochinese revolution. The case against Mr. Dulles is not that he failed to go through with such intervention, but that he tried to do so—and then, having fortunately failed, painted his failure as a triumph of statesmanship.

One difficulty in establishing a truly bipartisan approach to foreign policy is rooted in human nature. When it is a matter of taking credit, foreign policy tends to get quite partisan, but when it is a matter of taking blame, those in charge of it develop a sudden fondness for sharing responsibility. This holds whether Democrats or Republicans are in charge.

Also it is a fact that this administration has taken fewer members of the opposition into high posts than its predecessors. For example, Representative SIDNEY R. YATES, of Chicago, reports in his current newsletter that Mr. Dulles last summer recommended that the President appoint Benjamin V. Cohen a member of the United Nations delegation. The appointment was offered, and Mr. Cohen accepted with the blessing of the Democratic congressional leaders. But then, says Congressman YATES, Presidential Assistant Sherman Adams, apparently bothered by Republican reactions to the appointment, begged Mr. Cohen to withdraw his acceptance. And so ended another small move toward bipartisanship.

Despite all the difficulties, however, foreign policy ought to be lifted from the arena of bitter partisan dispute, and realistic efforts to do so must always be welcomed.

[From the Washington Post and Times Herald of January 26, 1956]

UNIQUE AND INIMITABLE

(By Walter Lippmann)

The statistical notes which come with the President's Economic Report are eloquent about the success of the American economy since the end of World War II. They show that in the 10 years, 1946–55, while our population rose by 24 million persons, the gross national product—measured in present buying power—rose by over a hundred billion dollars, and the money spent in personal consumption rose by 60 billions. In spite of the first demobilization, the Korean war, and rearmament, the people's standard of living has risen much and steadily. The President's economic advisers are well justified in saying that in these 10 years the American economy has "met severe tests with considerable success," has been able to expand and yet to maintain full employment without severe ups and downs.

The report has, however, nothing to say about the severe test that has now begun—that of competition with the Soviet Union. The President's economic advisers are, judging by the report, thinking inside the framework of the thirties and forties. That is to say, they are concerned with the overriding problem posed by the great depression of 1929, which is whether a free economy can expand and protect itself against the violence of the business cycle. The Council of Economic Advisers was created by the Employment Act of 1946, and the act was passed in order to apply the lessons learned, fundamentally from the teachings of John Maynard Keynes, about the great depression. It is appropriate enough, therefore, that the economic advisers should have much to say about our success in carrying out the directives of this act.

But someone at the highest level of the Government, and why not the Council of Economic Advisers, should be examining the new test of Soviet competition. For it is certain to dominate much of the world's affairs in the years to come. This test was not foreseen, was perhaps not even foreseeable, in 1946 when the Soviet economy was still small and greatly damaged by the war. The challenge of Soviet competition has, in fact, come suddenly up over the horizon in the past six months.

What is it that is going to be tested? It is whether the Soviet Union is to become the model and is to be the principal guide and supplier in the industrial development of the old, densely populated and underdeveloped countries of Asia and North Africa. Another way to put the question is to ask ourselves whether the fabulous success of our economy is something that can be imitated in let us say Morocco, Egypt, India, and Indonesia or whether the American economy is something unique—the product of our unique geographical position and of our special history.

If the American economy is unique, then if we are to compete with the Soviet Union in the underdeveloped countries, we shall have to invent methods which are applicable to their economies, though they are not applicable to our own.

The crucial problem is how the capital needed for development is to be obtained. In our own formative period in the 19th century, we received capital on loan from private investors in Europe. In the formative period of the Soviet economy capital has been built up by the forced savings of the Russian people, a process which has meant the fierce compulsions and regimentation of the Soviet state. The question in non-Communist Asia and Africa is at the bottom this: assuming, as one must, that private investment on the early American model will not be forthcoming on an adequate scale, nor acceptable for political reasons if it were forthcoming, is there any third way that can be taken?

This, I believe, is the question to which we shall have to find the answer. There is no use telling the Asians to imitate the United States. We shall have at the outset to accept the fact that in these old, crowded, politically primitive countries, the initiative in the industrial development has to be taken by the Government, that it cannot be expected to come from native private enterprise. We shall have to recognize, too, that unless these countries are to follow the Russian method of forced industrialization, they will have to get a considerable part of their initial capital from the outer world, and as a matter of fact, from the governments in the outer world.

What is more, unattractive as it must sound in Congress, these underdeveloped countries will have to get more capital if they are turned to the west than if they turn to Moscow. For Moscow is a standing example of how to industrialize by forced savings at home and without foreign aid. So if the western aid is so meager that there is little visible progress in raising the standard of life, the temptation to copy Moscow is bound to become very strong. For development with freedom, though ever so much better than development with coercion, is a slower and a more expensive method.

Next year's report will, we may safely predict, have much to say about these matters on which the present report is silent. For we are drawn into a contest from which we cannot run away, a contest fought with weapons with which we are unfamiliar. It is a contest which the President and his advisers did not foresee when they went to Geneva last summer. It is a contest about which they have said almost nothing to enlighten our people, perhaps because it is a contest about which they, like the rest of us, have just begun to think.

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). Will the Senator yield and permit the present occupant of the chair to ask a question?

Mr. HENNINGS. I am delighted to do so.

The PRESIDING OFFICER. The Chair has listened to the Senator's remarks with interest. Does not the Senator from Missouri agree that regardless of the length of time for which a loan or a grant may be made, or regardless of the amount involved, it is the feeling of confidence which we give to the peoples of the other countries that we are their friends and will not desert them, which is the important factor?

Mr. HENNINGS. I may say to the distinguished occupant of the chair, the senior Senator from Massachusetts, that that indeed is one very important, indispensable, integral part of the entire program of economic aid.

I know that during the past summer my distinguished colleague from Massachusetts made a rather extensive tour of some of the areas about which we are speaking, and I am certain he made a painstaking effort to ascertain conditions. The people of the areas we have in mind need development. They need to be taught something of our technology. They need, under the point 4 program, to be given more understanding of ways in which to help themselves.

I think also, Mr. President, that when we talk about the surpluses of food and fiber which we have in storage, it certainly would be less than Christian for us to hold these vast surpluses in our own warehouses when there are people elsewhere in the world who need food and clothing and are suffering from the lack of it.

I thank the distinguished occupant of the chair for further developing the point I was undertaking to make.

ORDER OF BUSINESS

Mr. CLEMENTS. Mr. President, I realize that a very limited number of Senators are now on the floor. However, I feel certain that those who are not here are so ably and sufficiently represented by Senators who are present that if there were to be an objection to the unanimous-consent request I am about to make, it would be made in their behalf.

I ask unanimous consent that when the morning business has been concluded tomorrow, the Senator from New York [Mr. LEHMAN] may have the floor, with the understanding that early in his remarks he will yield to the Senator from Maine [Mr. PAYNE] for such remarks as the Senator from Maine may desire to make, which, I am advised, could be covered by the observation that he will use a reasonable length of time.

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

RECESS

Mr. CLEMENTS. Mr. President, I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 58 minutes p. m.) the Senate took a recess until tomorrow, Friday, January 27, 1956, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 26 (legislative day of January 16), 1956:

UNITED STATES DISTRICT JUDGE

Richard H. Levet, of New York, to be United States district judge for the southern district of New York, vice John C. Knox, retired.

UNITED STATES ATTORNEY

Oliver Gasch, of the District of Columbia, to be United States attorney for the District of Columbia for a term of 4 years, vice Leo A. Rover, elevated.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 26 (legislative day of January 16) 1956:

DEPARTMENT OF COMMERCE

Frederick Henry Mueller, of Michigan, to be an Assistant Secretary of Commerce.

Harold Chadick McClellan, of California, to be an Assistant Secretary of Commerce.

INTERSTATE COMMERCE COMMISSION

Robert W. Minor, of Ohio, to be an Interstate Commerce Commissioner for the remainder of the term expiring December 31, 1958.

Rupert L. Murphy, of Georgia, to be an Interstate Commerce Commissioner for the remainder of the term expiring December 31, 1957.

NATIONAL MEDIATION BOARD

Francis A. O'Neill, Jr., of New York, to be a member of the National Mediation Board, for the term expiring February 1, 1959.

PUBLIC HEALTH SERVICE

The following persons for appointment in the Regular Corps of the Public Health Service:

APPOINTMENT, EFFECTIVE DATE OF ACCEPTANCE

To be senior surgeons

John C. Hume
Emanuel E. Mandell

To be senior assistant surgeons

Joseph H. Davis
Carl S. Shultz
Robert B. Mellins
Arnold S. Morel
Jack Richard
Preston L. Leslie, Jr.
James H. McGee
Hildegard M. Leslie
Henry V. Belcher
Donald A. Carlyle
Frederick Stohlman, Jr
Roy J. Thurn
John E. Sonneland
Edward B. Cross
Warren P. Jurgensen

To be assistant surgeons

Neely E. Pardee
Gordon S. Siegel
John S. Murray, Jr.
Gabriel M. Mulcahy
Ralph J. Zecca
John G. Mahaney
Ted L. Flickinger
Donald J. Murray
James T. Worlton, Jr.

To be assistant dental surgeons

Robert A. Hesse
E. Duane Oakes

To be senior assistant nurse officers

Katharine W. Kendall
Marcella R. Hayes
Josephine I. O'Callaghan
Margurite M. Albrecht
Ruth P. Tweedale
Elizabeth B. Uroda
Lydia K. Oustaian
Catherine M. Thompson
Mary G. Eastlake
Lillian M. Kennedy
Hazel F. Kandler
Esther C. Gilbertson

To be assistant nurse officers

B. Octavia Heistad
Evelyn H. Kreuger
Dorothy C. Calafiore
Catherine M. Atwater

To be senior surgeon, effective date indicated

James D. Wharton, December 28, 1955.

To be surgeon, effective date indicated

I. Ray Howard, September 22, 1955.

To be senior assistant surgeons, effective date indicated

Nicholas P. Sinaly, September 26, 1955.
Paul Ortega, Jr., October 3, 1955.
Jesse L. Steinfeld, October 3, 1955.
Robert Y. Katase, October 4, 1955.
Thomas L. Gorsuch, October 5, 1955.
Seymour Dubroff, October 5, 1955.
David J. Crosby, October 10, 1955.
Fred J. Payne, October 14, 1955.
Symon Satow, November 16, 1955.
M. Walter Johnson, November 26, 1955.
Edward F. Blasser, November 30, 1955.
Bernard J. Eggertsen, December 3, 1955.
Agamemnon Despopoulos, December 6, 1955.
Murray Goldstein, December 6, 1955.
Leo Nakayama, December 6, 1955.
Dewey C. MacKay, Jr., December 8, 1955.
Frank R. Mark, December 13, 1955.
Eugene T. van der Smissen, December 19, 1955.

To be assistant surgeons, effective date indicated

C. Lowell Edwards, September 7, 1955.
Roy E. Tolls, September 7, 1955.
Ernest E. Musgrave, September 7, 1955.
Michael W. Justice, November 28, 1955.
David H. Looff, December 7, 1955.
John R. Trautman, December 9, 1955.
Irvin B. Kaplan, December 14, 1955.
Thomas E. Kiester, December 19, 1955.

To be senior assistant dental surgeons, effective date indicated

Paul H. Keyes, September 22, 1955.
Harry M. Bohannan, September 23, 1955.
Alfred Popper, October 1, 1955.
Edgar M. Benjamin, October 3, 1955.
Marvin S. Burstone, October 3, 1955.
Edward J. McCarten, October 28, 1955.
Neville A. Booth, November 7, 1955.
Winston W. Frenzel, November 12, 1955.
Joseph Abramowitz, November 20, 1955.

To be assistant dental surgeons, effective date indicated

Robert R. Kelley, November 4, 1955.
Calvin M. Reed, November 16, 1955.
Winston D. Bowman, November 21, 1955.
W. Frederick Schmidt, November 25, 1955.
Stanley D. Sherriff, November 29, 1955.
Bernard A. Yenne, December 9, 1955.
James R. Dow, December 13, 1955.
William D. Bowker, December 19, 1955.
Harry H. Hatasaka, December 23, 1955.
Leonard Iverson, December 29, 1955.
Howard B. Hancock, December 29, 1955.
Ivan T. Shaurette, December 30, 1955.

To be senior scientist, effective date indicated

Louis Block, November 14, 1955.

To be senior assistant nurse officers, effective date indicated

Lucille T. Fallon, November 30, 1955.
Evelyn A. Eckberg, December 7, 1955.
Antoinette M. Antetomaso, December 8, 1955.
Elizabeth A. Mullen, December 8, 1955.
Helen Troxell, December 8, 1955.

To be assistant nurse officer, effective date indicated

Alice M. Haggerty, December 12, 1955.

To be junior assistant nurse officer, effective date indicated

Cecil F. Mills, December 12, 1955.

To be senior assistant sanitarian, effective date indicated

Viola L. Ziemer, October 18, 1955.

To be assistant sanitarians, effective date indicated

Grace M. Littlejohn, October 24, 1955.
Paul Blank, December 14, 1955.
Richard A. Steinmetz, December 14, 1955.

To be senior assistant surgeons, effective date indicated

Malvern C. Holland, July 1, 1954.
Charles C. Elliott, July 1, 1955.
Charles A. Davis, July 1, 1955.
Robert W. Jones, July 1, 1955.
Cuvier D. McClure, July 1, 1955.
William B. Gaynor, July 1, 1955.
Leslie R. Schroeder, July 1, 1955.
Alan S. Rabson, July 4, 1955.

COAST AND GEODETIC SURVEY

The following-named persons for permanent appointment to the grade indicated in the Coast and Geodetic Survey subject to qualification provided by law:

To be captains

Ira T. Sanders, effective January 1, 1956.
Edward R. McCarthy, effective January 1, 1956.
Clarence A. Burmister, effective January 1, 1956.
Francis B. Quinn, effective January 1, 1956.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 26, 1956

The House met at 12 o'clock noon.

The Reverend Edwin T. Williams, St. Andrews Episcopal Church, Lawrenceville, Va., offered the following prayer:

Our Father, who controls the trackless nebulae and directs the courses of men and nature, we thank Thee for the countless blessings that are ours in a land of freedom, justice, and mercy; a land where the pursuit of happiness is a right, and service to our fellow men a privilege.

Guide and direct the august body assembled here today, helping each man to realize that the thoughts of his mind that come to final action as the law of our land will affect countless lives other than his own. And therefore the responsibility which is his must stem from a disciplined mind and an understanding heart which can best be his as he receives the directives of Thou, God Almighty.

Endue each one of these Members with a spirit of forbearance one for another that in all things they may put service to their country above considerations of self.

These things we humbly ask in the name of our Lord, Jesus Christ. Amen.

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

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the House by Mr. Tribbe, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate insists upon its amendments to the bill (H. R. 7871) entitled "An act to amend the Small Business Act of 1953" disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MORSE, Mr. ROBERTSON, Mr. SPARKMAN, Mr. LEHMAN, Mr. IVES, Mr. BEALL, and Mr. PAYNE to be the conferees on the part of the Senate.