SENATE

THURSDAY, MAY 17, 1956

(Legislative day of Monday, May 7, 1956)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Dr. Oswald C. J. Hoffmann, of the Lutheran Church (Missouri Synod), New York, N. Y., offered the following prayer:

Lord God, Heavenly Father, the author and giver of all good things, we turn to Thee for guidance, help, strength, and moral courage to conduct the affairs of state with wisdom and rectitude. Direct the course of our country and of the world, we beseech Thee, in accordance with Thy will. Take away whatever hinders the nations from unity and concord. Prosper all counsels which make for the establishment and continuance of a rightful peace.

Look in pity upon the peoples of the earth who suffer under political oppression. Grant them in Thy good time the blessing of freedom and liberty to live without fear as those who have been endowed with heaven-sent rights by Thy creative power, and have been redeemed to be Thy children through the loving sacrifice of Thy son, Jesus Christ.

We offer special petitions for our friends in Norway, who this day commemorate the achievement of their national independence. Grant them a stable and prospering national life that is mindful of Thy fear and favor.

For our own land, we ask Thee, gracious God, to show us what we ought to do, and to give us the insight and power to do it, that we may not turn aside Thy gracious designs by willfulness or passion. Because we put our whole trust only in Thy mercy, be with us, as Thou hast been with our fathers in former days, so that all men everywhere may know that Thou art our helper and deliverer. Through Jesus Christ, our strength and our Redeemer. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, May 16, 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.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Permanent Subcommittee on Investigations of the Committee on Government Operations, the Internal Security Subcommittee of the Committee on the Judiciary, and the Armed Services Subcommittee Investigating the Air Force were authorized to meet today during the session of the Senate.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. 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, subject to a 2-minute limitation on statements.

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

ORDER FOR RECESS AT 12:20 O'CLOCK P. M., TODAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate stand in recess at 12:20 o'clock today, subject to the call of the Chair, in order that we may proceed to the Hall of the House of Representatives to hear President Sukarno, of Indonesia.

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

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

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

The Chief Clerk proceeded to call the roll.

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

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

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON OVEROBLIGATIONS OF APPROPRIATIONS

A letter from the Administrator, Veterans' Administration, Washington, D. C., reporting, pursuant to law, on the overobligations of certain appropriations; to the Committee on Appropriations.

AMENDMENT OF FEDERAL DEPOSIT INSURANCE ACT, RELATING TO SAFEGUARDS AGAINST CERTAIN MERGERS

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking (with accompanying papers); to the Committee on Banking and Currency.

IMPLEMENTATION OF A TREATY AND AGREEMENT WITH PANAMA

A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to implement a treaty and agreement with the Republic of Panama, by transferring certain property to the Republic of Panama, amending the Classification Act of 1949, as amended, adjusting the fiscal obligations of the Panama Canal Company, and by other provisions (with accompanying papers); to the Committee on Interstate and Foreign Commerce.

FEDERAL POLLUTION CONTROL PROGRAM—PETITION

The PRESIDENT pro tempore laid before the Senate a telegram from the northeast division of the American Fisheries Society, signed by Harry Van Meter, secretary, Pittsburgh, Pa., embodying a resolution adopted by that society, favoring the enactment of legislation to extend and strengthen the existing Federal pollution control program, which was referred to the Committee on Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 2379. A bill to promote the fishing industry in the United States and its Territories by providing for the training of needed personnel for such industry (Rept. No. 2014).

By Mr. MONRONEY, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 3449. A bill relating to the reinvestment by air carriers of the proceeds from the sale or other disposition of certain operating property and equipment (Rept. No. 2015).

FISHERIES ACT OF 1956 (S. REPT. NO. 2017)

Mr. MAGNUSON. Mr. President, from the Committee on Interstate and Foreign Commerce, I submit a unanimous favorable report, with amendments on the bill (S. 3275) to establish a sound and comprehensive national policy with respect to the development, conservation for preservation, management and use of fisheries resources, to create and prescribe the functions of the United States Fisheries Commission, and for other purposes, designated as the Fisheries Act of 1956. The bill is the result of almost a year's work on the part of myself and the other members of the committee. Hearings were held on both coasts and along the gulf, relating to the entire commercial fisheries problem. The bill is sponsored by more than 30 Senators. Much has been said about it.

I ask unanimous consent to have printed in the RECORD the names of the organizations which have endorsed the bill as it now stands, together with the names of the persons in the industry represented.

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

The list of names referred to is as follows:

LISTINGS OF ORGANIZATIONS AND INDIVIDUALS WHO HAVE ADVOCATED AND ENDORSED THE AMENDED SUBSTITUTE S. 3275

(Name of organization or person and number of persons in industry represented)

United States Senators; 28 cosponsors of bill. Others have indicated support.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

United States Representatives and Delegate from Alaska; 15 separate House bills introduced. House Members awaiting action by Senate.

Alaska Territorial Fisheries Board; 5 members.

California State Legislative Council.

Louisiana State Wild Life and Fisheries Commission.

Mayor and special fisheries advisory council, city of Gloucester, Mass.

Alaska Fishermen's Union; 3,700 industry workers.

Vessel Owners and Fishermen from Juneau, Hoonah, Angoon, Sitka and Pelican, Alaska; 350 fishermen.

Bering Sea Fishermen's Union; 1,200 fishermen.

Fishermen's Marketing Association of Washington; 100 trawler vessel owners.

North Pacific Fisheries Association, Inc., Seattle, Wash.; 800 fishermen.

Puget Sound Purse Seiners Association, 170 vessel owners.

Puget Sound Gill Netters Association; 750 fishermen and boatowners.

Puget Sound Drum Seiners Association; 25 vessel owners.

Fishermen's Cooperative Association, Seattle, Wash.; 350 trawling vessel owners.

Deep Sea Fishermen's Union of the Pacific; 800 fishermen.

Southeastern Alaska Purse Seine Vessel Owners' Association; 48 vessel owners.

Wakefield Fisheries; operators of King Crab Fisheries, Bering Sea.

Rocky Mountain Trout Farmers, Inc.; 20 members.

Maine Sardine Packers Association, Inc.; 34 members.

Southeastern Alaska Seine Boat Owners Association.

Tacoma Shipbuilders Association, Tacoma, Wash.; 11 shipbuilding concerns, builders of modern fishing vessels.

The Texas Shrimp Association, Brownsville, Tex.

Massachusetts Fisheries, Boston, Mass.

International Longshoremen's Union, Washington, D. C.; 7,500 fishermen.

Toledo Commercial Fishermen's Cooperative, Curtice, Ohio.

Oyster Institute of North America, Annapolis, Md., 500 members Pacific and Atlantic oyster growers.

Sea Food Producers Association, New Bedford, Mass.

Fishermen's Cooperative Association of San Pedro, Calif.; 140 purse seine vessel owners representing 1,400 fishermen.

American Tuna Boat Association; 165 tuna clipper owners.

Fishermen's Union, Local No. 33, affiliated with the International Longshoremen and Warehousemen's Union, San Pedro, Calif.; 1,000 fishermen.

Cannery Workers and Fishermen's Union of San Diego, Calif., and International Association of Machinists, Lodge No. 389, AFL-CIO, San Diego, Calif.; 2,050 fishermen.

San Diego and San Pedro Tuna Fishermen's Wives Association; 3,000 fishermen's wives.

Halibut and Puget Sound Gill Net Fishermen's Wives Association, Washington State; 1,000 fishermen's wives.

California Canners Association, Inc.; representing 13 independent canneries in California.

National Fisheries Institute; representing 600 fish processor and marketing concerns in all sections of the United States.

AFL-CIO Seine Line Fishermen's Union, Los Angeles, Calif.

Ketchikan, Alaska, Chamber of Commerce.

Fishermen's Cooperative Auxiliary, San Pedro, Calif.

Commercial Fishermen's Fraternity Society, California, Oregon, Washington, and Alaska; 600 members.

Northwest Reefer Association; 15 refrigerated vessel owners.

F. E. Booth Co., Inc.; fisheries marketing concern, Atlantic and Pacific coasts.

Petersburg Vessel Owners Association, Petersburg, Alaska.

James Sullivan, president, San Diego Harbor Association; San Diego Port Authority.

Bernard Lorino, Hendrix Fish Market, Houston, Tex.

A. Powers, Dorchester, Mass.; fisherman.

Atlantic Lobstermen's Cooperative Association, Saugus, Mass.

Rio Grande Shrimp Fishermen's Association, Brownsville, Tex.

Tom Swensen, Kodiak, Alaska; independent fisherman.

Tim Panamaroff, Kodiak, Alaska; independent fisherman.

Fairbanks, Morse & Co., Seattle, Wash.; makers of diesel engines.

Chase Seafood Co., Everett, Wash.; fish packers.

East End Fishermen's Association, New Orleans, La.; 287 members.

A. J. Wegman, Pass Christian, Miss.

Mr. MAGNUSON. I ask unanimous consent that the bill, as proposed to be amended, may be printed in the RECORD, so that all may know what it contains.

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

The bill (S. 3275) is as follows:

Be it enacted, etc., That this act may be cited as the "Fisheries Act of 1956."

DECLARATION OF POLICY

SEC. 2. The Congress hereby declares that fish and shellfish resources make a material contribution to the food supply, health, recreation, and well-being of our citizens. They are a living, renewable form of national wealth, capable of being maintained and greatly increased with proper attention, but equally capable of destruction if neglected. The fisheries dependent upon them have occupied an important place in the economy of the Nation since its colonial beginnings. They give employment, directly or indirectly, to a substantial number of citizens. They attract all segments of the citizenry to outdoors, healthful, stimulating recreation in every part of the Nation. They furnish a large quantity of protein food. Their byproducts have a wide variety of essential uses in the arts, industry, and agriculture. They strengthen the defense of the United States through the provision of a trained seafaring citizenry and action-ready fleets of seaworthy vessels. Properly developed, the fisheries are capable of steadily increasing these valuable contributions to the life of the Nation. The Congress further declares that the provisions of this act are necessary in order to accomplish the objective of such proper development and that this act shall be administered with due regard to the inherent right of every citizen and resident of the United States to engage in fishing for his own pleasure, enjoyment, and betterment, and with the intent of stimulating the development of a strong, prosperous, efficient, and thriving fishery and fish processing industry.

FISHERY REORGANIZATION WITHIN THE DEPARTMENT OF THE INTERIOR

SEC. 3. (a) There is hereby established within the Department of the Interior a division of such department to be known as the Fisheries Division of the Department of the Interior. The administrative functions of such Division shall be administered under the direction and supervision of the Secretary of the Interior (hereinafter referred to as the "Secretary") by the Chairman of the United States Fisheries Commission created by section 4 of this act in his capacity as Assistant Secretary of the Interior for Fisheries.

(b) (1) All functions, powers, duties, and authority of the Fish and Wildlife Service of the Department of the Interior as are determined by the Secretary to relate primarily to fish, fisheries, whales, hairseals, sea lions, and related matters, together with those funds, liabilities, commitments, authorizations, allocations, personnel, and records of the Fish and Wildlife Service which the Secretary of the Interior shall determine to be primarily related to and necessary for the exercise of such functions, powers, duties, and authority, are hereby transferred to the Fisheries Division of the Department of the Interior, established by this section.

(2) In addition to the functions, powers, duties, and authority transferred to the Fisheries Division under paragraph (1) of this subsection, the Secretary shall exercise through such Division all functions, powers, duties, and authority conferred upon him under the provisions of this act.

(c) The Fish and Wildlife Service of the Department of the Interior shall hereafter be known as the Wildlife Service of the Department of the Interior. The Director and Assistant Directors of the Fish and Wildlife Service shall hereafter be known, respectively, as the Director and Assistant Directors of the Wildlife Service.

(d) The Secretary shall conduct continuing investigations, prepare and disseminate information, and make periodical reports to the public, to the President, and to Congress, with respect to the following matters:

(1) The production and flow to market of fish and fishery products domestically produced and also those produced by foreign producers which affect the domestic fisheries;

(2) The availability and abundance of the living resources which support the domestic fisheries;

(3) The competitive economic position of the various fish and fishery products with respect to each other, to competitive foreign-produced commodities, and to other competitive commodities;

(4) The collection and dissemination of statistics on food and recreational fisheries; and

(5) Any other matters which in the judgment of the Secretary or the United States Fisheries Commission created by section 4 of this act are of public interest in connection with any phases of fisheries operations.

(e) There are hereby transferred to the Secretary all administrative functions of the Secretary of Agriculture, the Secretary of Commerce, and the head of any other department or agency as are determined by the Director of the Bureau of the Budget to relate primarily to the development, advancement, management, conservation, and protection of fisheries; but nothing in this section shall be construed to modify the authority of the Department of State or the Secretary of State to negotiate or enter into any international agreements or conventions with respect to the development, management, or protection of any fisheries resources or with respect to international fisheries commissions operating under conventions to which the United States is a party.

(f) There are hereby transferred to the Department of the Interior so much of the personnel, property, facilities, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available) as the Director of the Bureau of the Budget determines to be necessary in connection with the exercise of the functions transferred to the Secretary by section (e) of this section.

(g) The Secretary may request and secure the advice or assistance of any department or agency of the Government in carrying out the provisions of this act, and any such department or agency which furnishes advice or assistance to the Secretary may expend its own funds for such purposes, with

or without reimbursement from the Secretary as may be agreed upon between the Secretary and the department or agency.

UNITED STATES FISHERIES COMMISSION

SEC. 4. (a) There is hereby created within the Department of the Interior, and responsible directly to the Secretary, an agency of the Government to be known as the United States Fisheries Commission (hereinafter referred to as the "Commission") which shall be composed of five members to be appointed by the President, by and with the advice and consent of the Senate. One of such members shall be designated at the time of nomination as Chairman of the Commission, and shall also administer the Fisheries Division as Assistant Secretary of the Interior for Fisheries. Each such member shall hold office for a term of 5 years, except that the terms of office of the members first appointed shall expire, as designated by the President at the time of nomination, as follows: 1 on January 1, 1957, 1 on January 1, 1958, 1 on January 1, 1959, 1 on January 1, 1960, and 1 on January 1, 1961. At least 2 members of the Commission shall be appointed from the area east and 2 from the area west of the Mississippi River. A vacancy in the membership of the Commission shall not affect the power of the remaining members to exercise the functions of the Commission, and shall be filled in the same manner as in the case of the original appointment, except that any person appointed to fill a vacancy shall be appointed only for the unexpired term of his predecessor. Not more than three members of the Commission shall be members of the same political party. Three members of the Commission shall constitute a quorum. The Chairman of the Commission shall receive compensation at the rate of $20,000 per annum and each member of the Commission other than the Chairman shall receive compensation at the rate of $18,000 per annum.

(b) Not less than three members of the Commission shall have practical knowledge of fishing conditions and of the problems confronting the fisheries.

(c) The primary responsibility of the Commission shall be the formulation of all policies necessary in the administration by the Department of the Interior, including the Fisheries Division created by section 3 of this act, of the laws relating to fishing and fisheries. The Commission shall also—

(1) develop and recommend measures which are appropriate to assure the maximum sustainable production of fish and fishery products and to prevent unnecessary and excessive fluctuations in such production;

(2) on the basis of reports prepared by the Secretary in the exercise of his functions under this act and other information available to the Commission study the economic condition of the industry, and whenever it determines that any segment of the domestic fisheries has been seriously disturbed either by wide fluctuation in the abundance of the resource supporting it, or by unstable market or fishing conditions from any cause, the Commission shall make such recommendations to the President and the Congress through the Secretary with respect to credit relief and other measures as it deems appropriate to aid in stabilizing the domestic fisheries;

(3) develop and recommend to the Secretary special promotional and informational activities with a view to stimulating the consumption of fishery products whenever it determines that there is a prospective or actual surplus of such products; and

(4) keep under continuous review the activities of the Fisheries Division with regard to development, advancement, management, conservation, and protection of the fisheries and recommend changes, modifications, or variations in such activities to conform to policies developed by the Commission.

(d) The Commission shall cooperate to the fullest practicable extent with the Secretary of State in providing representation at all meetings and conferences relating to fisheries in which representatives of the United States and foreign countries participate. The Secretary of State shall designate at least one member of the Commission to the United States delegation attending such meetings and conferences, and to the negotiating team of any such delegation.

(e) The Secretary of State and all other officials having responsibilities in the fields of technical and economic aid to foreign nations shall consult with the Secretary and the Commission in all cases in which the interests of fisheries are involved, with a view to assuring that such interests are adequately represented at all times.

(f) Notwithstanding any other provision of law, the Commission shall be represented in all international negotiations conducted by the United States pursuant to section 350 of the Tariff Act of 1930, as amended, in any case in which fishery products are directly affected by such negotiations.

(g) The Commission may request and secure the advice or assistance of any department or agency of the Government, and any such department or agency which furnishes advice or assistance to the Commission may expend its own funds for such purposes, with or without reimbursement from the Commission as may be agreed upon between the Commission and the department or agency.

(h) The Commission shall consult periodically with the various governmental, private nonprofit, and other organizations and agencies which have to do with any phase of fisheries with respect to any problems that may arise in connection with such fisheries.

(i) The Commission shall make an annual report to the Congress with respect to its activities under this act, and shall make such recommendations for additional legislation as it deems necessary.

(j) The Commission is authorized to make a report to the President and the Congress through the Secretary concerning the following matters with respect to any fishery product which is imported into the United States, upon a request from any segment of the domestic industry producing a like or directly competitive product—

(1) whether there has been a downward trend in the production, employment in the production, or prices, or a decline in the sales, of the like or directly competitive product by the domestic industry; and

(2) whether there has been an increase in the imports of the fishery product into the United States, either actual or relative to the production of the like or directly competitive product produced by the domestic industry.

(k) There are hereby transferred to the Commission all policy functions of the Secretary of Agriculture, the Secretary of Commerce, and the head of any other department or agency as are determined by the Director of the Bureau of the Budget to relate primarily to the development, advancement, management, conservation, and protection of fisheries; but nothing in this section shall be construed to modify the authority of the Department of State or the Secretary of State to negotiate or enter into any international agreements or conventions with respect to the development, management, or protection of any fisheries resources or with respect to international fisheries commissions operating under conventions to which the United States is a party.

(l) There are hereby transferred to the Commission so much of the personnel, property, facilities, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available) as the Director of the Bureau of the Budget determines to be necessary in connection with the exercise of the functions transferred to the Commission by subsection (k) of this section.

RELATIONSHIP BETWEEN FISHERIES DIVISION AND THE UNITED STATES FISHERIES COMMISSION

SEC. 5. The Fisheries Division shall be an administrative organization and the Commission shall be a policymaking body. Both agencies shall work in close cooperation and the personnel and facilities of the Fisheries Division shall be available for the requirements of the Commission.

THE RIGHTS OF STATES

SEC. 6. Nothing in this act shall be construed (1) to interfere in any manner with the rights of any State under the Submerged Lands Act (Public Law 31, 83d Cong.) or otherwise provided by law, or to supersede any regulatory authority over fisheries exercised by the States either individually or under interstate compacts; or (2) to interfere in any manner with the authority exercised by any international commission established under any treaty or convention to which the United States is a party.

AUTHORIZATION FOR APPROPRIATION

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that in addition to myself and the Senator from California [Mr. KUCHEL], the names of Senators PAYNE, SALTONSTALL, BEALL, GEORGE, HUMPHREY, KNOWLAND, SCHOEPPEL, BUSH, BUTLER, CHAVEZ, DUFF, EASTLAND, FLANDERS, GREEN, HILL, JACKSON, JOHNSTON of South Carolina, KEFAUVER, KENNEDY, LEHMAN, MALONE, MURRAY, PASTORE, PURTELL, SMATHERS, SPARKMAN, STENNIS, MANSFIELD, IVES, BIBLE, MONRONEY, NEUBERGER, and POTTER may be added as additional cosponsors of Senate bill 3275, just reported by me, from the Committee on Interstate and Foreign Commerce.

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

REPORT ENTITLED "OVERCROWDING AT WASHINGTON NATIONAL AIRPORT AND THE NEED FOR AN ADDITIONAL AIRPORT FOR THE NATIONAL CAPITAL" (S. REPT. NO. 2016)

Mr. MONRONEY. Mr. President, I submit herewith the report of the Committee on Interstate and Foreign Commerce concerning the overcrowding at the Washington National Airport and the need for an additional airport for the National Capital.

This report is signed by 10 members of the committee and includes, in addition to the committee's report, individual views of the other members of the committee.

I ask unanimous consent that the additional views of those Senators be printed with the report.

The PRESIDENT pro tempore. The report, together with individual views, will be received and printed, as requested by the Senator from Oklahoma.

Mr. MONRONEY. Mr. President, away back in 1950, the Congress passed Public Law 762 of the 81st Congress, which directed and authorized the Secretary of Commerce to build an additional airport in, or in the vicinity of,

the District of Columbia. This act was signed by the President on September 7, 1950.

Shortly thereafter, funds were appropriated, and the Department of Commerce, through the Civil Aeronautics Administration, proceeded to survey this general area, in order to locate the best available site. The area near Burke, Va., in Fairfax County, was selected as the ideal location. Property purchases of about $1 million were started, and preliminary engineering work was done.

When the Department of Commerce asked for additional funds the following year, the Appropriations Committees of the Congress failed to make such funds available for that year, and the project has lain dormant since that time.

In the meanwhile there has been a tremendous increase in traffic and congestion at the Washington National Airport. As an example, in 1954 there were a total of 202,000 operations at the airport, and that number increased to 242,000 the following year. I have been informed that the traffic count for the year 1956 will be even greater.

In July of last year the Aviation Subcommittee, of which I am chairman, was requested by the committee to hold hearings and inquire into what action, if any, with respect to the airport situation, was contemplated by the Department of Commerce. Extensive hearings were held, and evidence which was presented indicated that the traffic was so dense and was increasing at such a rate that some action was highly necessary in the interests of safety. The subcommittee's report was adopted by the full committee and was published on July 29, 1955. The committee rejected the suggestion of the Secretary of Commerce for a tristate authority as being too time consuming, and recommended that the Department of Commerce request at the earliest possible moment funds with which to commence construction of an additional airport. The committee pointed out at the time that it was the responsibility of the Secretary of Commerce to determine whether to proceed at the site in the vicinity of Burke, Va., or to make another selection—Senate Report No. 1265, 84th Congress, 1st session. The Secretary of Commerce was requested to report on the opening day of the second session to the committee what he had decided and what he had accomplished.

We thought our report was clear and impossible to misunderstand. However, in a report dated December 1955 and submitted to the committee on January 3, 1956, the Secretary indicated that there were two alternatives for a second Washington airport, and requested the committee to make the decision. The first choice of the Department was the joint use of Andrews Air Force Base, with the site in the vicinity of Burke, Va., as a second choice. The Department again discussed public-authority financing, in the face of the previous report from the committee, which stated that such financing should not delay the commencement of construction.

An additional hearing was held and appropriate officials from the United States Air Force, the Air Transportation Association of America, and the Air Line Pilots Association testified. All were unanimous in agreeing on an airport in the vicinity of Burke, Va.

From the testimony presented, it appeared that the Department of Commerce had not discussed with the Department of Defense the problem of the joint use of Andrews Air Force Base, and the Air Force spokesman, speaking for the Department of Defense, advised that the exclusive use of Andrews Air Force Base was required in order to meet the mission of air defense in this area. He stated that it was a key air-defense base.

But all this and much more is contained in the report I am submitting. It is the consensus of the committee that the Department of Commerce should proceed as rapidly as possible to supply the second airport for Washington. Almost 6 years have passed since the enabling act was signed by the President, and in that period the need for the second airport has increased tremendously.

It is the hope of the committee that the Department of Commerce will promptly request of the Congress additional funds with which to proceed with the construction.

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation two lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon, pursuant to law.

EXECUTIVE REPORTS OF A COMMITTEE

Mrs. SMITH of Maine. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nominations of Gen. Walter Bedell Smith for a new 5-year term as a member of the National Security Training Commission; Lt. Gen. Cortlandt Van Rensselaer Schuyler to have the grade of general in his assignment as chief of staff to the Supreme Headquarters, Allied Powers in Europe; and of Brig. Gen. Harry Wells Crandall for appointment as Chief of Finance in the Army with the grade of major general. In addition to the above, there are 6 major generals and 20 brigadier generals in the Army Reserve, 9 major generals and 10 brigadier generals for temporary appointment in the Army, and special assignments of 1 admiral and 3 vice admirals in the Navy. Also included are the nominations of Adm. William M. Fechteler to be placed on the retired list with the rank of admiral and Gen. Anthony C. McAuliffe to be placed on the retired list in the grade of general. I ask that these nominations be placed on the Executive Calendar.

The PRESIDENT pro tempore. The nominations will be placed on the Executive Calendar, as requested by the Senator from Maine.

The nominations are as follows:

Walter Bedell Smith, general, United States Army, retired, to be a member of the National Security Training Commission;

Lt. Gen. Cortlandt Van Rensselaer Schuyler, Army of the United States (major general, United States Army), to be assigned to a position of importance and responsibility designated by the President;

Brig. Gen. Harry Wells Crandall, Army of the United States (colonel, United States Army), for appointment as Chief of Finance, United States Army, as major general in the Regular Army of the United States, and as major general (temporary), the Army of the United States;

Brig. Gen. Henry Kimmell Fluck, and sundry other officers, for promotion as Reserve commissioned officers of the Army;

Vice Adm. Robert P. Briscoe, United States Navy, for commands and other duties determined by the President, with the rank of admiral;

Vice Adm. William M. Callaghan, and Rear Adm. Carl F. Espe, United States Navy, for commands and other duties determined by the President, with the rank of vice admiral;

Adm. William M. Fechteler, United States Navy, when retired, to have the rank of admiral;

Gen. Anthony Clement McAuliffe, Army of the United States (major general, United States Army), to be placed on the retired list in the grade of general; and

Brig. Gen. Conrad Stanton Babcock and sundry other officers for temporary appointment in the Army of the United States.

Mrs. SMITH of Maine. In addition, as in executive session, from the Committee on Armed Services, I report favorably 1,832 nominations in grades below those of flag and general officers involving temporary and permanent appointments in the Army, Navy, Marine Corps, and Air Force. Included among these are the appointments as second lieutenants in the Army of the United States of 357 graduates of the United States Military Academy and also the appointment of a group of Military Academy cadets and Naval Academy midshipmen as second lieutenants in the Regular Air Force. All of these names have already appeared in the CONGRESSIONAL RECORD, so to save the expense of printing on the Executive Calendar I ask unanimous consent that they be ordered to lie on the Vice President's desk for the information of any Senator.

The PRESIDENT pro tempore. The nominations will lie on the desk, as requested by the Senator from Maine.

BILLS INTRODUCED

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

By Mr. WILEY:

S. 3869. A bill for the relief of Donald S. Beckwith; to the Committee on the Judiciary.

By Mr. CLEMENTS:

S. 3870. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, with respect to certain types of employment; to the Committee on Post Office and Civil Service.

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

By Mr. GREEN:

S. 3871. A bill to establish the principle of a basic single salary wage scale in the Canal Zone for civilian officers and employees

in the Federal Service; to the Committee on Post Office and Civil Service.

By Mr. DWORSHAK (for himself and Mr. WELKER):

S. 3872. A bill for the relief of Lorenzo Uturbe, Eusibio Asla, and Pedra Zabala; to the Committee on the Judiciary.

By Mr. DOUGLAS (for himself, Mr. MURRAY, and Mr. IVES):

S. 3873. A bill to provide for registration, reporting and disclosure of employee welfare and pension benefit plans; to the Committee on Labor and Public Welfare.

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

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

S. 3874. A bill to provide for the transfer and sale of certain lands of the Kaw Tribe of Indians located in the State of Oklahoma, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON:

S. 3875. A bill to amend section 4 (a) of the Vocational Rehabilitation Act, as amended; to the Committee on Labor and Public Welfare.

By Mr. LANGER:

S. 3876. A bill to amend the Refugee Relief Act of 1953; to the Committee on the Judiciary.

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

By Mr. MAGNUSON (by request):

S. 3877. A bill to promote the development and rehabilitation of the coastwise trade, to encourage the construction of new vessels, and for other purposes; to the Committee on Interstate and Foreign Commerce.

PARTICIPATION IN THE 1956 OLYMPIC GAMES

Mr. BUTLER. Mr. President, I submit for appropriate reference, a concurrent resolution relating to American participation in the Olympic Games. I ask unanimous consent that a statement, prepared by me, on the subject of the 1956 Olympic Games, together with the concurrent resolution, may be printed in the RECORD.

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

The concurrent resolution (S. Con. Res. 78) was received and referred to the Committee on Foreign Relations.

The statement, presented by Mr. BUTLER, is as follows:

STATEMENT BY SENATOR BUTLER

I rise to discuss an extremely important, but greatly underestimated and neglected aspect of our international relations—American participation in the Olympic Games.

I have made speeches before many groups concerning the active participation of volunteer, amateur American athletes in these great international sports classics every four years.

It is not my purpose to impose upon the valuable time of my colleagues by going into the subject too deeply at this time.

However, since I propose to introduce today a resolution for the consideration of the Senate, I would like to review briefly the current situation as it affects the participation of America's young people in the Olympic Games.

I am confident that my distinguished colleagues on both sides of the aisle know the spirit of the Olympic Games, why they are held, and what they seek to accomplish—that they are aware of the immeasurable amount of prestige these international athletic events have brought to our free way of life.

Our young people have enviable records of accomplishment in every field of athletic endeavor. They have been able to so distinguish themselves because they are athletes in the purest sense of the word.

They have voluntarily participated in these sports affairs.

They are amateurs.

They compete for the pure sport of it.

They participate for individual, personal achievement—not for pay, or to advance the political cause of the United States.

They religiously follow every requirement imposed by international Olympic rules and regulations.

Who among us can forget the celebrated case of James Thorpe?

Thorpe was an American Indian who participated in the Olympic Games at Stockholm, Sweden, in 1912. He won both the pentathlon and the decathlon. He was hailed as the world's greatest living athlete. In 1913, however, it was discovered that Thorpe had taken a small sum of money for playing baseball before the Olympics.

What happened to the "world's greatest living athlete" for accepting money and thereby theoretically removing himself from the ranks of the amateurs?

Bill Henry, on pages 121 and 122 of his book, "History of Olympic Games," writes—and I quote "* * * Thorpe was shorn of his glory by the officials of his own country, his trophies were awarded to the man who had won second place in the two events, and his records were expunged from the books."

Is not this adequate testimony to the dedication of Americans to the true spirit of the Olympic Games?

Need I offer any greater proof of the lengths to which American athletic officials will go to keep their records clean and honorable?

Another case in point is that of one of our great American athletes of the present day, Wes Santee.

The Wes Santee situation is still fresh in the memories of all sports-minded Americans, and, particularly, in the mind of my distinguished colleague from Kansas, Senator FRANK CARLSON.

Santee is a Kansan whom the people of that great State—and their representatives in this body, Senators SCHOEPPEL and CARLSON—can be rightly proud.

He was graduated from Kansas University and is now a member of the United States Marines. Santee was recently barred for life from his amateur standing by the American Athletic Union. This action makes it impossible for him to participate in this year's Olympic Games. This extremely harsh action—and some well-informed people believe it to be just that—was taken because he accepted more money for his participation in several AAU sponsored meets than the rules permit.

Santee was our best hope in the 1,500-meter or mile run at the Olympic Games to be held during November and December this year at Melbourne, Australia.

But, as in the case of Jim Thorpe, principle and the great Olympic ideal came first with American athletic officials.

Rightly or wrongly—for, I understand there is much merit in the arguments of those who uphold Santee—we have seriously threatened our own chances rather than violate in the slightest sense the underlying principles of the Olympic Games.

We have bent over backward—further, perhaps, than was necessary—to uphold principle.

I mention these cases only to prove that Americans have always—and, pray God, always will—chosen the honorable course; the only course which, in the final analysis, will preserve inviolate our sacred institutions.

There is a great body of irrefutable evidence, however, that the Soviets intend to use every devious and foul trick in the books to prostitute the spirit and ideal of the Olympic Games this year. This they intend to do to prove to the world that they are a superior race of men and women.

I will not further impose upon my colleagues at this time by going into that evidence. It was amply set forth in the CONGRESSIONAL RECORD, volume 101, part 9, page 11213.

As a result of a speech which I made a year ago in Baltimore on this same matter, I became the target of bitter attack by the Soviet newspaper Pravda, and by the Moscow radio. And so, I inserted in the RECORD an unclassified summary entitled, "Evidence of Professionalism in Soviet Sports," prepared by the Research and Intelligence Office of the United States Information Agency.

This article, which I commend to the attention of my colleagues, thoroughly demolishes any claims to honor and decency in the field of amateur athletics which the protesting Russians may choose to make.

Now I realize that in some quarters there has been increased agitation for the Government to step in and, in one manner or another, subsidize our athletes so that we can make a good showing in Melbourne.

There is talk in the House, I understand, that money from the President's Emergency Fund should be used for this purpose.

And Senator Magnuson of Washington, the distinguished Chairman of the Senate Committee on Interstate and Foreign Commerce on which I have the honor to serve, is proposing that we earmark a portion of the 10 percent Federal admissions tax on sports events to help finance our teams.

I do not disagree for one moment that more adequate finances should be forthcoming to finance our athletes.

I do believe, however, that we are treading on dangerous ground when we say that it should come from Government by whatever means. And, I say further, that finances are not our most immediate need.

Government subsidization of our athletes would make them official representatives of the American Government—which they are not.

They are free individuals.

They are, first of all and essentially, voluntary, amateur athletes representing only themselves or their teams.

They compete for personal achievement and the glorification of sportsmanship for its own sake.

They are not wards of the Government, nor are they propagandists for the party in power.

Young people participate in the Olympic Games not as apostles of American Republicanism, or as disciples of British Democracy, or as agents of Swiss Confederationism.

Pierre de Coubertin, who revived the Olympic Games, was insistent that the participants be ambassadors of the International Olympic ideal to their various countries, rather than the delegates of their nations to the International Olympic Games.

This is as it should be.

Therefore, our first and foremost concern should not be how many athletes we are able to send to Melbourne or how many events we are able to win.

In spite of much consternation in many quarters, we have always done amazingly well in both categories without Government intervention.

Rather, our first and foremost concern should be the preservation of the Olympic ideal.

I submit that that ideal cannot be preserved unless those who remain true to it are willing to band together and forbid Russia from participation. Let us not forget that the Soviets would destroy the Olympic Games—as they would any other free insti-

tution—when they no longer served the purposes of international communism.

And if it should prove impossible to prevent Russian participation in the Olympic Games, we should participate only under official protest of the shameful violations of the Olympic ideal by the Soviets.

The purpose of my concurrent resolution is to let the American people know that that is the sense of the United States Senate.

I urge my colleagues to choose the course of honor and give it their unqualified support.

The concurrent resolution (S. Con. Res. 78) submitted by Mr. BUTLER, is as follows:

Whereas the spirit of the International Olympic Games, held every 4 years and open only to amateur athletes of all nations, rules out the slightest taint of professionalism and commercialism on the part of participating athletes, and specific rules and regulations of the International Olympics Committee emphatically forbid such professionalism and commercialism; and

Whereas the Oympic committees of all non-Communist nations have, since the revival of the International Olympic Games in Athens, Greece, in 1896, conscientiously honored this fundamental precept and have abided by these rules and regulations; and

Whereas American athletic committees have scrupulously honored these precepts and consistently complied with these rules and regulations, even when such compliance seriously threatened our success in International Olympic competition, to wit: the case of Wes Santee, Kansas track star, who was stripped of his amateur ranking for life by the American Athletic Union for allegedly having accepted more money than the rules permitted for travel expenses to various track meets; and

Whereas there is ample proof, to wit: the testimony of International Olympics Committee president Avery Brundage, former Russian athlete and Russian Intelligence Officer Yuri A. Rastvorov, newspaper publisher William Randolph Hearst, Jr., and others, that Soviet Russia has expended billions of rubles in building up a mass army of professional athletes, who are not amateurs in any sense of the word, to participate in International Olympic competition, and that Soviet Russia is in various and sundry other ways flagrantly violating other basic rules of the International Olympic Games; and

Whereas Russian athletes are, in reality, only human weapons in the Communist conspiracy's cold-war arsenal to be ruthlessly used in the Soviet drive for supremacy in every phase of human existence; and

Whereas it would be tantamount to selling out our youth to pit them, without a protest and at a criminally unfair disadvantage, against Russian professionals in the Olympic Games to be held this year at Melbourne, Australia: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that American athletic committees should do everything humanly possible to effect the disbarment of Russian professional athletes from the 1956 Olympic Games, and that said committees should actively solicit in this undertaking the cooperation of all other participating nations outside the Iron Curtain; and, be it further

Resolved, That it is the sense of the Congress, that in the event such cooperation of non-Communist nations and/or such disbarment of Russian professional athletes from the 1956 Olympic Games shall have been found to be unattainable, the athletic committees of the United States should participate in the 1956 Olympic Games only under official protest of the wanton violation by Soviet Russia of the spirit and rules of the International Olympic Games, and that copies of this resolution setting forth the sense of the United States Senate and House of Representatives be sent to the officials in charge of United States participation in the Olympic Games.

STUDY OF RATIFICATION OF INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

Mr. MANSFIELD. Mr. President, on March 6, 1948, the Convention of the Intergovernmental Maritime Consultative Organization—IMCO—was signed at Geneva. As my colleagues here in the Senate know, IMCO is an international organization which would function under the United Nations as its specialized agency in the field of shipping. The United States ratified this Convention in July 1950.

The Organization will not come into being until ratification by 21 countries of which 7 must have 1 million gross tons of merchant shipping. To date only 17 countries have deposited their acceptances with the United Nations, in light of the recent withdrawal by Greece. Only 4 of the 7 nations with the necessary tonnage of shipping have ratified the Convention.

The Scandinavian countries have given notice that they will remain out of IMCO until there is a reorganization, they object to the economic sanction provisions. In addition there are a number of maritime nations who are remaining uncommitted.

The elimination of economic authority, would, according to all indications at hand, solve a number of the problems and the major maritime nations who are not now in IMCO would be willing to come in, giving the organization the necessary basic structure to begin an effective operation. The activities of the organization would be limited to technical and safety matters.

International action on a number of technical maritime matters has been deferred in recent years pending establishment of the IMCO facility. The modification of the IMCO Convention could result in rapid materialization of an intergovernmental maritime organization to function under the United Nations in the technical and safety fields.

In view of these circumstances I submit, for appropriate reference, a resolution authorizing the Senate Foreign Relations Committee to make a full and complete study of the ratification of the Intergovernmental Maritime Consultative Organization.

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

The resolution (S. Res. 268) was received and referred to the Committee on Foreign Relations, as follows:

Resolved, That the Senate Foreign Relations Committee, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study of the ratification of the Intergovernmental Maritime Consultative Organization (IMCO).

Whereas the United Nations Organization has recently announced withdrawal of the Instrument of Ratification of IMCO by the Government of Greece, and other maritime nations have previously recorded they could not participate in the IMCO as presently constituted;

Whereas 8 years have passed since the drafting of the IMCO Convention and it has been accepted by only 4 of the 15 countries having the largest merchant shipping tonnage, including the Government of the United States;

Resolved, That a study would appear desirable to ascertain whether the present ratification status of IMCO could be detrimental to the best interests of the United States; said study to be made by the Foreign Relations Committee of the United States Senate.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT RELATING TO CERTAIN TYPES OF EMPLOYMENT

Mr. CLEMENTS. Mr. President, I introduce, for appropriate reference, a bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, with respect to certain types of employment.

Under existing law any employee the duties of whose position are primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal law of the United States, attaining the age of 50 and completing 20 years of service who voluntarily retires from the service, can be paid an annuity computed in recognition of the hazardous type of service he has been called upon to perform. The Congress, in first enacting this provision, directed the agency affected, and the Civil Service Commission, to give consideration to the degree of hazard to which such employee is subjected in the performance of his duties rather than the general duties of the class of the position held by such employee. By administrative decision, psychiatric aides and correctional security officers in the Public Health Service hospitals treating mental and narcotic addiction cases have been denied the benefits of this provision. The bill I introduce would make it unequivocally clear that such persons engaged in detention-type activities should be included in this group for the purposes of computing retirement eligibility and benefits under the Civil Service Retirement Act.

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

The bill (S. 3870) to amend the Civil Service Retirement Act of May 29, 1930, as amended, with respect to certain types of employment, introduced by Mr. CLEMENTS, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

WELFARE AND PENSION PLANS DISCLOSURE ACT

Mr. DOUGLAS. Mr. President, I am about to introduce a bill and I ask unanimous consent to speak on it in excess of the 2 minutes allowed under the order which has been entered.

The PRESIDENT pro tempore. Without objection, the Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, on behalf of the Senator from Montana [Mr. MURRAY], the Senator from New York [Mr. IVES], and myself, I introduce, for appropriate reference, a bill to provide

for the registration, reporting, and disclosure of employee welfare and pension benefit plans.

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

The bill (S. 3873) to provide for registration, reporting, and disclosure of employee welfare and pension benefit plans, introduced by Mr. DOUGLAS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. DOUGLAS. This bill, Mr. President, has been drafted along the lines of the recommendations of the final report of the Subcommittee on Welfare and Pension Funds, which conducted an extensive investigation of this subject beginning in 1954, under the chairmanship of the Senator from New York, and continuing in 1955 and 1956 with the Senator from Illinois as chairman.

The findings and recommendations of the report were summarized briefly in the Senate by the Senator from Illinois on April 16, 1956, at the time of the transmittal of the report to the Senate.

These remarks appear on pages 5625 to 5627 of the CONGRESSIONAL RECORD.

REGISTRATION

The bill introduced today requires, in the first place, registration by all types of employee welfare and pension benefit plans covering 25 or more employees. This registration would provide basic, minimum data concerning each plan to permit its identification and classification.

REPORTING

For every plan which, with closely related plans, covers 100 or more employees, the bill, in the second place, requires the filing of annual reports. These reporting provisions are the real heart of the measure.

These annual reports would include full legal and financial data, as specifically provided in section 6 of the bill, and would be based upon an audit by an independent accountant. The bill requires, among other things, information concerning contributions, benefits paid, expenses, salaries and fees, reserves, and so forth. If benefits are provided by an insurance carrier, the required data includes premiums paid, claims incurred and paid, dividends, commissions, fees, retentions, and so forth. In the case of pension plans, or welfare plans which have a reserve fund, the report would include summary data concerning these reserves and their investment, and detailed information on (a) all investments in properties of any party in interest, (b) any investment in one security which exceeds 5 percent of the fund, and (c) any investment in one security which exceeds 10 percent of the outstanding securities of that issue.

SECURITIES AND EXCHANGE COMMISSION TO ADMINISTER

The agency charged with administration of the act under this bill would be the Securities and Exchange Commission, although the subcommittee found this allocation of responsibility its most difficult decision. This agency would be given discretion to require reporting by plans covering from 25 to 100 employees, if necessary to accomplish the objectives of the bill.

DISCLOSURE

Disclosure of the information in the annual report, in the third place, would be required by making copies available to beneficiaries and other interested parties at the office of the plan, and to the public generally, in the public documents room of the agency. In addition, summary data from the report as prescribed by the agency would have to be furnished to the beneficiaries.

ADVISORY COUNCIL

The bill sets up an Advisory Council drawn from insurance, banking, management, labor, related Government agencies, and the general public.

ENFORCEMENT

The administrative agency is empowered to make investigations and apply for court orders to secure compliance with the law. Criminal penalties are provided for those who willfully violate the law, who knowingly make false statements, and who embezzle moneys from any fund.

THREE-YEAR TERM

The bill provides that the act shall be effective for 3 years. The administering agency would be required to file, on or before January 1, 1959, a report giving its recommendations as to the continuance, simplification, or modification of the law. Congress would thus necessarily have a further opportunity, on the basis of 2½ years' experience to determine whether and in what form to make the protections of this bill a permanent part of our legal structure.

GENERAL CONCLUSIONS

Mr. President, I would only add at this time that the importance of this measure is clearly shown by the fact that over 75 million persons are now covered in some measure by employee welfare and pension programs. Annual contributions to them total more than $6.9 billion; twenty to twenty-five billion dollars in pension reserves have been piled up. Grave abuses and many opportunities for abuse have been revealed by our investigation, although the great majority of the plans seem to be honestly and responsibly administered.

Registration, reporting, and disclosure legislation under these circumstances seems a minimum protection that the Federal Government should provide for the millions of beneficiaries.

This is not a regulatory bill. It is only a disclosure bill. We who sponsor it hope that the healing qualities of sunlight on these plans will eliminate the abuses and make it unnecessary to go further.

I have been encouraged by the affirmative support for the general recommendations of our subcommittee from the leaders of organized labor and responsible editors. I hope, Mr. President, that management, banking, and insurance representatives will likewise give this necessary, protective legislation their careful study and understanding support.

For the information of Members on this subject, I ask unanimous consent that there be printed at this point in the RECORD an editorial entitled "Regulating Welfare Funds," from the Washington Post for April 17, 1956; an editorial entitled "Welfare Fund Laws," from the New York Times for April 21, 1956; and a news story and editorial from the AFL–CIO News for April 21, 1956.

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

[From the Washington Post of April 17, 1956]

REGULATING WELFARE FUNDS

The Senate Labor Subcommittee report on shocking abuses in the handling of welfare and pension funds comes to the inevitable conclusion that there must be Federal and State regulation. Before their merger, both the A. F. of L. and the CIO vigorously attacked the misuse of the funds and called for stringent self-regulation. But the Senate study makes it clear that self-regulation has not provided the protection required. These multi-billion-dollar funds are as important as life insurance to millions of persons, and they must have confidence that their investment is properly handled. The public also has a valid interest in the proper management of the funds because, like banks and insurance companies, they have become a powerful economic force.

The assets of the pension funds alone now total about $25 billion. These funds have mushroomed in the postwar period, and it is not surprising that in some instances they have been managed by inexperienced or unscrupulous persons. The committee gave the majority of the managers a clean bill of health, but even for them it is apparent that the best safeguard against abuse is full disclosure of the operation. This is the main point in the committee's recommendation. "We can't solve everything at once," Chairman PAUL DOUGLAS said. "But the requirement of complete public disclosure should result in those responsible for handling these vast funds being more careful and considerate of the beneficiaries' welfare."

President Eisenhower said last year that the standards prescribed for such funds are not adequate to protect and conserve them. Most responsible union leaders have come to the same conclusion. It remains for Congress to draft a bill in line with the recommendations made by the Douglas subcommittee. Congress should approve the measure before it adjourns, for there no longer is any doubt as to the need for public disclosure and supervision.

[From the New York Times of April 21, 1956]

WELFARE FUND LAWS

Governor Harriman has acted wisely in signing the Mitchell-Holling bill to curb the abuses of labor welfare funds. It is far from adequate to meet the situation, but at least it is a good beginning, and the operations it will activate will be useful in going further. The passage of this law will also help the cause by spurring action on the recommendation for a Federal law made public this week by the Senate subcommittee of which PAUL H. DOUGLAS is the chairman.

The New York State statute covers only those funds which are jointly maintained by employers and unions, excluding those solely administered by either the one or the other. Like the Douglas committee plan, it requires annual registration and reports of operations, but it leaves to the discretion of the superintendent of insurance or banking just what information will be required. On the other hand, it gives the superintendents wide powers of examination into the affairs of every fund covered, with authority to enjoin malpractices and to remove and punish offenders.

The new law also provides for the actual regulation of fund operations. It prohibits payment of commissions by insurance companies or brokers for fund business, forbids union officers to have any interest in insurance concerns and imposes on fund trustees full responsibility as fiduciaries. It doesn't, however, provide an advisory council.

Sound public policy requires that the Federal Government be primarily a factfinding and reporting agency and that regulation be left to the States, which can do it better, as these two measures provide. But each State law should cover all welfare and pension funds, without exception or discretion.

We urge Senator DOUGLAS to introduce and press for a bill to carry out the proposals of his subcommittee, and we applaud President Meany's assurance that such a measure will have the support of the AFL-CIO.

[From the AFL-CIO News of April 21, 1956]

MEANY BACKS FUND REPORT—FAIR PROBE IS PRAISED BY LABOR

ALF-CIO President George Meany gave strong endorsement to the main features of a Senate subcommittee report recommending strict accounting and full disclosure of all financial details of employee welfare and pension funds.

The Labor Subcommittee, headed by Senator PAUL H. DOUGLAS, Democrat, Illinois, was praised by Meany for its disclosure of the acts of corrupt individuals and its deeper revelation of commercial insurance practices and lax State supervision that opened the way for abuses.

CONSTRUCTIVE APPROACH

"This represents a constructive approach which has largely been lacking in previous investigations," Meany said.

He specifically endorsed Federal legislation designed to bring about full disclosure of the financial operations of all types of welfare and pension plans and declared that the standards recommended by the subcommittee's report appear to meet the criteria spelled out by the AFL-CIO merger convention.

The one specific exception Meany noted was the Douglas subcommittee's suggestion of the Securities and Exchange Commission as the Federal agency with which welfare and pension fund data must be filed.

The merger convention recommended the Labor Department as the agency for filing.

Meany said that the Eisenhower administration bill, introduced by request of Labor Secretary James P. Mitchell earlier this year, falls short of our objectives, principally because under its terms the Secretary would have excessive discretion to exempt favored corporations or groups from reporting on their funds and could otherwise weaken or water down the reporting and disclosure requirement.

Final judgment on the Douglas subcommittee's proposals would be reserved pending introduction of an actual bill, the AFL-CIO president said, but "we strongly urge the Congress to act promptly" on the recommendations and to "enact an adequate disclosure law during the present session."

The subcommittee report called for total disclosure to a Government agency and to all beneficiaries of the receipts, expenditures, and other financial facts about all types of welfare and pension funds.

This would include union-administered welfare funds, funds jointly administered by unions and management, and funds administered by management alone, whether or not the latter were negotiated by collective bargaining.

ABOUT $25 BILLION INVOLVED

Pension funds now involve total reserves of about $25 billion, DOUGLAS told a news conference, and welfare and pension fund receipts amount to more than $6.8 billion a year.

An issue of tax exemption is involved in each case, and this places on the Government a "grave responsibility" for the sound operation of all systems and "protection of the equities of the beneficiaries and the public interest," he said.

The subcommittee has no desire to replace State regulation of insurance companies with Federal regulation, although it strongly recommended revision of State supervisory practices.

"We do recommend Federal disclosure of the details of all funds, whether handled through a trustee arrangement or insurance companies. We want to let some sunlight on the operation of funds. A little sunlight is often a great help," DOUGLAS declared.

The subcommittee proposed that an independently audited report on the receipts, expenditures, benefits, and investments of each fund be filed each year with a Federal agency with criminal penalties for failure to report or for reporting falsely.

It also recommended that embezzlement from welfare or pension funds be made a Federal offense punishable by criminal penalties.

It recommended, in addition, that a summary report be provided personally to each individual who is a beneficiary, actual or potential, of any fund.

This element of compulsory filing and disclosure transcends the Eisenhower administration bill, under which the Secretary of Labor would have blanket authority to exempt any fund from filing and would not be compelled to publish the reports.

FOLLOW AFL-CIO RESOLUTION

The subcommittee recommendations generally follow the AFL-CIO convention resolution on welfare funds.

The convention went further than the Senate subcommittee, however, in specifically calling for amendment of State laws that now require payment of an insurance agent's commission even if an agent or broker gives no service in developing a plan financed through an insurance policy.

The subcommittee in nearly 2 years of hearings revealed examples of gross mismanagement and self-enrichment by a few union officials, abuses of propriety if not worse by some management officials, improper payment of fat fees by insurance firms anxious for business, and profiteering by some insurance firms.

Most of the pension and welfare funds, it found, follow "sound practices" and are the result of "conscientious and ingenious efforts on the part of industry, labor, insurance, and banking to bring benefits to scores of millions of employees at low cost."

Subcommittee members, in addition to Chairman DOUGLAS, were Senators JAMES MURRAY, Democrat, of Montana, IRVING M. IVES, Republican, of New York, and GORDON ALLOTT, Republican, of Colorado. ALLOTT filed a supplementary statement of views indicating reservations about the recommendation that management-financed funds, as well as all others, be compelled to file reports.

[From the AFL-CIO News, Washington, D. C., of April 21, 1956]

TO PROTECT THE WELFARE FUNDS

In an era when all too many congressional committees have resorted to headline hunting and vaudeville performances, the conduct of the Senate Subcommittee on Welfare and Pension Funds—headed by Senator PAUL DOUGLAS, Democrat, of Illinois—has been exemplary and constructive.

The committee has looked into the handling of these funds with an impartial and objective approach. It has looked not only at malfeasance and some bad practices by business firms but at the lessons to be learned from the great number of honestly administered welfare and pension funds.

It has found, for instance, that over 75 million Americans are directly covered or affected by the funds that have been developed in recent years. It has acknowledged the necessity of Federal legislation to insure their sound operation and to protect the rights and equities of individuals.

Average Americans who get their information from the daily papers are apt to have the seriously wrong impression that, because corruption makes news and honesty and integrity are rarely given public appreciation, all welfare funds are mishandled.

This misconception, to the extent that it is believed by sections of the public, is a serious danger, because millions of working Americans have benefited from the welfare and pension funds—in many cases established by unions and management through collective bargaining.

The AFL-CIO will strongly support most of the Douglas subcommittee recommendations. We have pointed out, in resolution and in speech, that welfare funds are a sacred trust, and that their handling must meet the highest ethical standards. Basic legislation designed to protect the workers' equities while leaving flexibility in the collective-bargaining area will be welcomed by decent unions, decent management, and the public.

AMENDMENT OF REFUGEE RELIEF ACT OF 1953

Mr. LANGER. Mr. President, I introduce, for appropriate reference, a bill to amend the Refugee Relief Act of 1953, Public Law 203, 83d Congress. This one bill, is in effect, a consolidation of S. 3570, S. 3571, S. 3572, S. 3573, and S. 3574, which I introduced on March 29, 1956, and of S. 3606 which I introduced on April 11, 1956.

Mr. President, a hearing was held on all six of these bills on May 3, 1956, and it is my thought that no further hearing need be held on the bill I am introducing today, since it makes no changes whatsoever. It is only a composite of the other six bills. This decision is, of course, subject to the concurrence of the other members of the Subcommittee on Refugees with whom I shall consult.

Mr. President, I am very sympathetic to the difficulties being experienced by the representatives of the voluntary agencies in working with this very difficult immigration law. I am also responsive to the wishes of these very dedicated representatives who have spent so much time and money in trying to bring refugees into the United States. So, Mr. President, when they petitioned me to introduce a "one-package bill," I agreed to do so, and this is it. If it will make their paths a little less rocky, I am glad to offer all these amendments in one bill. I reiterate that since a hearing has already been held on the other six bills and since this bill embodies those provisions only, I see no necessity for a further hearing.

I sincerely hope the bill which I am introducing today will have a happier fate than the other refugee bills.

I ask unanimous consent that the bill may be printed in the RECORD.

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

The bill (S. 3876) to amend the Refugee Relief Act of 1953, introduced

by Mr. LANGER, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That (a) section 4 (a) of the Refugee Relief Act of 1953 is amended by striking out paragraphs Nos. 1 through 10 thereof and inserting in lieu thereof the following:

"(1) Not to exceed 35,000 visas to German expellees residing in the area of the German Federal Republic or in the western sectors of Berlin or in Austria: *Provided*, That the visas issued under this paragraph shall be issued only in the German Federal Republic or in the western sector of Berlin or in Austria.

"(2) Not to exceed 40,000 visas to escapees residing within the European continental limits of the member nations of the North Atlantic Treaty Organization, the western sectors of Berlin, Austria, Turkey, Sweden, Iran, and Trieste: *Provided*, That such visas shall be issued only in the area or areas mentioned in this paragraph.

"(3) Not to exceed 2,000 visas to refugees who (a) during World War II were members of the armed forces of the Republic of Poland, (b) were honorably discharged from such forces, (c) reside on the date of the enactment of this act in the British Isles, and (d) have not acquired British citizenship.

"(4) Not to exceed 45,000 visas to refugees of Italian ethnic origin, residing on the date of the enactment of this act in Italy or in the Free Territory of Trieste: *Provided*, That such visas shall be issued only in the area or areas mentioned in this paragraph.

"(5) Not to exceed 35,000 visas to persons of Italian ethnic origin, residing on the date of the enactment of this act in Italy or in the Free Territory of Trieste, who qualify under any of the preferences specified in paragraph (2), (3), or (4) of section 203 (a) of the Immigration and Nationality Act: *Provided*, That such visas shall be issued only in Italy or in the Free Territory of Trieste.

"(6) Not to exceed 15,000 visas to refugees of Greek ethnic origin residing on the date of the enactment of this act in Greece: *Provided*, That such visas shall be issued only in Greece.

"(7) Not to exceed 12,000 visas to persons of Greek ethnic origin, residing on the date of the enactment of this act in Greece, who qualify under any of the preferences specified in paragraph (2), (3), or (4) of section 203 (a) of the Immigration and Nationality Act: *Provided*, That such visas shall be issued only in Greece.

"(8) Not to exceed 10,000 visas to refugees of Dutch ethnic origin residing on the date of the enactment of this act in continental Netherlands: *Provided*, That such visas shall be issued only in continental Netherlands.

"(9) Not to exceed 2,000 visas to persons of Dutch ethnic origin, residing on the date of the enactment of this act in continental Netherlands, who qualify under any of the preferences specified in paragraph (2), (3), or (4) of section 203 (a) of the Immigration and Nationality Act: *Provided*, That such visas shall be issued only in continental Netherlands."

(b) Section 4 of such act is amended by striking out subsection (c) thereof and inserting in lieu thereof the following:

"(c) Any allotments of visas provided in paragraphs (4) and (5), paragraphs (6) and (7), paragraphs (8) and (9) of subsection (a) of this section, shall be available bilaterally within each of the three ethnic groups therein defined."

(c) Section 4 of such act is amended by adding at the end thereof the following new subsection:

"(d) Any allotment of visas provided in this section which are unused by aliens who apply and for whom assurances are filed on or before October 31, 1956, shall be available for the issuance of nonquota immigrant visas during the years 1957, 1958, and 1959, to escapees as defined in subsection (b) of section 2 of this act, and to eligible orphans as defined in section 5 of this act, notwithstanding any other limitations contained in this act. Notwithstanding any other provision of law, visas may be issued under this subsection until December 31, 1959."

"(e) (1) Not more than 1,000 aliens in Austria, Germany, Greece, and Italy may be issued visas and be admitted to the United States under the terms and within the numerical limitations of this act irrespective of the fact that they are found ineligible to receive visas or inadmissible to the United States under section 212 (a) (6) of the Immigration and Nationality Act insofar as it relates to aliens afflicted with tuberculosis. No alien shall be issued a visa under the provisions of this subsection unless (A) it is shown that arrangements satisfactory to the Attorney General and the Surgeon General of the United States Public Health Service have been made that such alien, when admitted to the United States, will not become a public charge, and will not endanger the public health, and (B) such alien is a member of a family unit, consisting of qualified applicants for a visa under the provisions of this act, which he intends to accompany or follow to join in the United States. The provisions of section 7 (a) of act shall not apply to any alien receiving a visa under the provisions of this subsection, but the Administrator shall prescribe such regulations as may be necessary for a special assurance to satisfy the requirements of the provisions of this subsection.

"(2) No visa shall be issued under this subsection to any applicant unless special assurances as provided for in subsection (e) (1) of this section have been filed in his behalf with the Administrator on or before October 31, 1956.

"(3) Notwithstanding any other provision of law, visas may be issued under this subsection until December 31, 1957."

(d) Section 4 (a) (11) of such act is amended by striking out the following: "and only to refugees who are not indigenous to the area described in this paragraph."

SEC. 2. (a) Section 5 (a) of the Refugee Relief Act of 1953 is amended (1) by striking out "4,000," and inserting in lieu thereof "9,000", and (2) by striking out "10 years" and inserting in lieu thereof "14 years."

(b) Section 5 of such act is amended by adding at the end thereof the following new subsection:

"(d) Any visa issued under this section to any eligible orphan who has been lawfully adopted abroad by a United States citizen and spouse while such citizen is serving abroad in the United States Armed Forces, or is employed abroad by the United States Government, or is temporarily abroad on business, shall be valid until such time as the adoptive citizen parent returns to the United States in due course of his service or business.

"(e) Notwithstanding any other provision of law, visas may be issued under this section to eligible orphans until December 31, 1959."

SEC. 3. Section 7 (a) of the Refugee Relief Act of 1953 is amended (1) by inserting immediately after "citizen or citizens of the United States" the following: ", or by any voluntary agency recognized by the Department of State", and (2) by striking out the seventh and eighth sentences thereof and inserting in lieu thereof the following: "This subsection shall have no applicability to the alien eligible under paragraph (5), (7), or (9) of section 4 (a) of this act, if such alien provides satisfactory evidence that he will not become a public charge. No visa shall be issued under the allotment of 45,000 visas heretofore made by paragraph (4) of subsection 4 (a) of this act to refugees in Italy, or under the allotment of 15,000 visas heretofore made by paragraph (6) of subsection 4 (a) of this act to refugees in Greece, or under the allotment of 15,000 visas heretofore made by paragraph (8) of subsection 4 (a) of this act to refugees in the Netherlands, to an alien who qualifies under the preferences specified in paragraph (2), (3), or (4) of section 203 (a) of the Immigration and Nationality Act, until satisfactory evidence is presented to the responsible consular officer to establish that the alien in question will have suitable employment and housing, without displacing any other person therefrom, after arrival in the United States."

SEC. 4. Section 12 of the Refugee Relief Act of 1953 is amended by striking out "paragraph (6), (8), or (10)" and inserting in lieu thereof the following: "paragraph (5), (7), or (9)."

SEC. 5. Section 20 of the Refugee Relief Act of 1953 is amended to read as follows:

"SEC. 20. (a) No visa shall be issued under this act to any applicant unless assurances in his behalf have been filed with the Administrator on or before October 31, 1956.

"(b) Except as otherwise provided in this act, no visa shall be issued under this act after December 31, 1957."

PROVISION AND IMPROVEMENT OF HOUSING—AMENDMENTS

Mr. JOHNSTON of South Carolina submitted amendments, intended to be proposed by him, to the bill (S. 3855) to extend and amend laws relating to the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and for other purposes, which were ordered to lie on the table and to be printed.

FEDERAL-AID HIGHWAY ACT OF 1956—AMENDMENTS

Mr. NEUBERGER. Mr. President, I submit, for proper reference, an amendment to the bill (H. R. 10660) the Federal Highway Act of 1956. This amendment would authorize extension of Federal aid for highways to the Territory of Alaska on the same terms and conditions as the several States, Hawaii, and Puerto Rico, insofar as expenditure for projects on the Federal-aid primary, secondary, and urban systems is concerned.

The people of the Territory of Alaska have for many years sought inclusion of Alaska in the Federal-aid highway programs in order that a long-range, comprehensive highway program could be developed and carried out. The lack of highway construction over the years has substantially contributed to the slow development of Alaska and impaired its ability to raise revenues to contribute to highway construction.

H. R. 10660 will continue that discrimination. It permits initiation of a vast highway construction program over the 48 States, Hawaii, Puerto Rico, and the District of Columbia, but not in Alaska. Every section of our country and every segment of our population and economy will greatly benefit, but the Territory of Alaska will derive little benefit therefrom.

Hawaii and Puerto Rico will receive additional funds under H. R. 10660 with

which to prosecute an expanded highway program. The resident will be assessed additional taxes to help pay for those roads. The residents of Alaska will be assessed the same taxes, but they will pay for additional roads constructed elsewhere.

The Territory of Alaska is only included in H. R. 10660 as it relates to taxation, not as to provision of funds for highway construction.

Mr. President, Alaska is a large territory, about one-fifth the size of the United States. Distances between populated areas are great. Transportation is difficult and expensive. The natural resources of the Territory are extensive, but full development cannot be completed without an adequate highway system. There are at the present time less than 4,000 miles of highways of all types in Alaska.

There are many large defense installations located in the Territory of Alaska. These are considered vital to the security of our Nation. A system of connecting roads would be of vast benefit to full operation of these defense facilities.

The amendment I propose would place Alaska on the same basis as Hawaii and Puerto Rico. Because of the large area of Alaska, only one-half of such area would be used to determine the area factor in the apportionment of such funds. The Territory would contribute funds in an amount of not less than 10 percent of the Federal funds apportioned each fiscal year. The proposed amendment would transfer all road functions from various agencies to the Secretary of Commerce, thus permitting more orderly and economical operations.

Mr. President, an accelerated highway program is the key to the economic development of Alaska. The strategic location of Alaska makes an adequate highway system essential for national defense. The citizens of Alaska pay all Federal taxes, and in fairness they should benefit from the Federal Highway Act, especially since they must also pay the increased highway taxes.

I believe the inclusion of Alaska under the provisions of H. R. 10660 is equitable, will accelerate its economic development, and be of vital assistance to national defense, and I therefore submit my amendment to this effect.

The PRESIDENT pro tempore. The amendment will be received, lie on the table, and be printed.

Mr. BENNETT submitted amendments, intended to be proposed by him, to House bill 10660, supra, which were ordered to lie on the table and to be printed.

AGRICULTURAL ACT OF 1956—AMENDMENTS

Mr. WILLIAMS submitted amendments, intended to be proposed by him, to the bill (H. R. 10875) to enact the Agricultural Act of 1956, which were ordered to lie on the table and to be printed.

Mr. YOUNG submitted an amendment, intended to be proposed by him, to House bill 10875, supra, which was ordered to lie on the table and to be printed.

Mr. MARTIN of Pennsylvania submitted an amendment, intended to be proposed by him, to House bill 10875, supra, which was ordered to lie on the table and to be printed.

Mr. ANDERSON submitted amendments, intended to be proposed by him, to House bill 10875, supra, which were ordered to lie on the table and to be printed.

Mr. DANIEL submitted amendments, intended to be proposed by him, to House bill 10875, supra, which were ordered to lie on the table and to be printed.

Mr. BARRETT (for himself, Mr. O'MAHONEY, Mr. CASE of South Dakota, Mr. ALLOTT, Mr. DWORSHAK, Mr. MANSFIELD, Mr. HRUSKA, Mr. CURTIS, and Mr. MUNDT) submitted an amendment, intended to be proposed by them, jointly, to House bill 10875, supra, which was ordered to lie on the table and to be printed.

PROPOSED AMENDMENT OF THE CONSTITUTION, RELATING TO EQUAL RIGHTS FOR MEN AND WOMEN—ADDITIONAL COSPONSOR OF JOINT RESOLUTION

Mr. BRIDGES. Mr. President, on February 8, 1955, the Senator from Maryland [Mr. BUTLER], on behalf of himself and sundry other Senators, introduced the joint resolution (S. J. Res. 39) proposing an amendment to the Constitution of the United States relative to equal rights for men and women. I ask unanimous consent that my name may be added as an additional cosponsor of the joint resolution.

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

PRINTING AS SENATE DOCUMENT REPORT ON FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND (S. DOC. NO. 119)

Mr. BYRD. Mr. President, I ask unanimous consent that the report on the Federal Old-Age and Survivors Insurance Trust Fund, laid before the Senate on yesterday, be printed as a Senate document.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Virginia? The Chair hears none, and 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. BUTLER:

Statement prepared by him on the Polish Constitution.

Statement prepared by him on Israeli independence.

By Mr. JENNER:

Excerpt from Executive Report No. 8 of the Senate Committee on Foreign Relations, dated June 15, 1955, dealing with the obligation of the Soviet Union to remove its troops from Rumania and Hungary, following ratification of the Austrian State Treaty.

NOTICE OF CONSIDERATION OF CERTAIN NOMINATIONS BY THE COMMITTEE ON FOREIGN RELATIONS

The PRESIDENT pro tempore. As a Senator, and chairman of the Committee on Foreign Relations, the Chair desires to announce that the Senate received today the following nominations:

Theodore C. Achilles, of the District of Columbia, a Foreign Service officer of the class of Career Minister, to be Ambassador of the United States to Peru, vice Ellis O. Briggs.

Ellis O. Briggs, of Maine, a Foreign Service officer of the class of Career Minister, to be Ambassador of the United States to Brazil, vice James Clement Dunn, resigned.

The Chair gives notice that at the expiration of 6 days, these nominations will be considered by the Committee on Foreign Relations.

TRIBUTE BY HON. SCOTT W. LUCAS TO THE LATE SENATOR BARKLEY

Mr. CLEMENTS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a beautiful tribute which the Honorable Scott W. Lucas has written in memory of our beloved mutual friend and distinguished colleague, the late Honorable Alben W. Barkley.

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

SENATOR ALBEN BARKLEY

In the evening of life a great and good American, yea, the No. 1 voice of the Democratic Party, is silenced by the hand of death.

The once vibrant and gracious Veep has vanished, leaving the mortal flesh to sleep peacefully throughout the years of eternity.

In this fateful hour there are no ceremonies of pomp and splendor; all is still, save the mournful organ and the minister's moving voice.

So, the journey to the grave begins, moving across plains, mountains, and cities, midst the people he loved and who loved him.

And, at the journey's end, his everlasting place of rest is found in Kentucky soil—soil that made him—soil that he worshiped.

This noble and patriotic character leaves behind a record for God and country that has few parallels in American history.

God grant that more Barkleys may spring from Kentucky soil. Such men in American life are indispensable if the destinies of humanity are to remain free.

ONE HUNDRED AND FORTY-SECOND ANNIVERSARY OF NORWEGIAN INDEPENDENCE

Mr. THYE. Mr. President, Norwegians and people of Norwegian descent recognize May 17 as the "Syttende Mai," in commemoration of the signing of the constitution of Norway. Today marks the 142d anniversary of Norwegian independence.

As one who enjoys the distinction of Norwegian descent, and as a Member of the Senate who represents one-fourth of the Norwegian population of the United States, I pay tribute today to the country of Norway, its people, and the contribution it has made in world history.

During this period when the cause of freedom and independence is engaged in a struggle with totalitarian ideologies, Norway's contribution to the cause of freedom takes on added significance.

This relatively small nation during World War II resisted the invasion of people by the forces of totalitarianism.

As an instrument dedicated to world peace, Norway has contributed much to the accomplishments of the United Nations. It is also significant that the newly appointed Supreme Commander of the NATO forces in Europe, General Lauris Norstad, of Red Wing, Minn., is a descendent of Norway.

To one who knows these people as I do, it is not difficult to understand this deep desire to preserve the principles of freedom which were written into the Norwegian constitution in Eidsvold on May 17, 1814.

These are the people who conquered the seas and tilled the rugged land of Norway. They became steeped in the qualities of courage, integrity, and adventure. They were practical and hard-working people. Yet they were dedicated to the advancement of education, science, the arts, and the Christian faith.

From the time when the first group of Norwegian immigrants arrived in New York on October 9, 1825, the sons and daughters of Norway have contributed much to the United States. They did not take this new land for granted. They came to love it, and always sought to make it a better land by their contributions to society. They cleared the forests, and built homes with the timber; they opened and plowed the land as farmers; they established schools for their children, and erected churches which became a part of their living faith in God.

Some of these descendants will live forever within the pages of the books they wrote, by the engineering feats they performed in the field of construction, and by their achievements in all areas of community and national activity.

I am pleased to pay tribute on this "Syttende Mai" to Norway for the heritage she has bestowed, not only to those of us who trace our lineage to her fjords and fields, but to all people who champion the cause of independence and freedom throughout the world.

Mr. HUMPHREY. Mr. President, Minnesota is deeply proud of its citizens of Norwegian descent and conscious of our many ties with this sturdy Scandinavian nation which gave so many of its sons and daughters to America. Today, May 17, is Syttende Mai—the anniversary of Norwegian independence.

Americans everywhere, but perhaps Minnesotans to a special degree, join in congratulating our friendly neighbor across the Atlantic on more than 140 years of independence and steady strengthening of democracy. Through grave economic difficulties, shattering wars, and great temptations to follow the example of other nations who turned to dictatorship as a possible solution to their difficulties, Norway has proudly and decisively clung to democracy and freedom. Indeed, the people of Norway have made the ideals of democracy a living reality.

It is typical of the people of Norway that this rejection of the false god of totalitarianism has been in deed as well as in word. Long will we remember Norway's magnificent stand against the Nazis. And Norway's determined defiance of Soviet Russia during the years when the Communists were massing overwhelming numbers of troops and tanks and guns and aircraft along the borders of free Europe was an inspiration again to the free world. Norway's refusal to be intimidated by her gigantic neighbor, her forthright stand with the West in NATO, were of great significance in the forging of that great bulwark of western defenses.

This small nation represents a moral force far beyond the relatively small number of its people. Norway's example of democratic government continues to serve as an inspiration to freedom-loving people throughout the world. And with hundreds of millions of uncommitted people in the new nations of the 20th century, still undecided whether to follow the pattern of totalitarianism or to push on toward a working pattern of democracy, Norway's brave example gains renewed significance.

As an American, I am proud to have Norway as one of our greatest and stanchest friends. I take deep pride in the contributions which Norwegian immigrants have made to our country, and particularly to the State of Minnesota, where their sturdy commonsense, their sense of craftsmanship, their love of hard work, and devotion to personal freedom have molded so much of the character of Minnesota.

I reflect with great pleasure that my mother, Christine Sannes Humphrey, of Huron, S. D., was born in Christiansand, Norway, and came to America as an immigrant child. I am also proud to say that my mother's father was a Norwegian ship captain for 20 years before he homesteaded in this country.

But while there is to me a special personal element in this observance of Norway's Independence Day, I speak for all Americans in extending our warmest greetings and good wishes to the people of Norway—our old and greatly admired friends.

ASIAN-AMERICAN CONFERENCE ON CULTURAL RELATIONS

Mr. WILEY. Mr. President, the city of Washington is pleased to play host during this week not only to Indonesia's First Citizen, its distinguished President, Dr. Soekarno, but also it is host to a most interesting and valuable Conference on Cultural Relations between the peoples of South and Southeast Asia, and the United States.

The conference meetings in our Nation's Capital represent the climax of a 3-week tour of the United States by participants from 10 Asian lands. The tour is sponsored by the United States National Commission for UNESCO, at the invitation of the United Nations Educational, Scientific, and Cultural Organization.

Arrangements for the tour were made in cooperation with the American Council for Learned Societies; the Asia Foundation; Edward W. Hazen Foundation; Fund for Asia; Rockefeller Foundation; the universities of California, Louisville, Michigan, and Minnesota; Massachusetts Institute of Technology; the American Society of Composers, Authors, and Publishers, and others.

I believe that the increased understanding gained through this conference will prove most helpful, in ever improved relations between our peoples.

The great spiritual ideals which our own and other free peoples share, the common love of liberty and independence, the deep desire for a better way of life for all men and women—these are the truths which we and our friends should well explore.

Tomorrow it will be my pleasure, together with colleagues of the Senate and House, to be host at a luncheon get-together in which we will have the pleasure of meeting the Asian participants at firsthand, here on the Hill.

Friday evening, a party has been arranged in honor of our guests from the East, and thereafter, they will hear an address by Mr. Norman Cousins, editor of the Saturday Review. The Honorable Paul Hoffman, who did so outstanding a job as first head of the Economic Cooperation Administration will also be on hand for words of greeting to our friends.

The theme of the overall conference is Human Values and Social Change in South and Southeast Asia and the United States.

Each day's program for the conference has been a full one, both here in Washington and in other cities in which the conferees have visited.

We hope that our friends will return to their lands with a deep feeling of having contributed to better understanding of their lands in the United States, and, in turn, to having gained a better understanding of our land and its culture.

"Man does not live by bread alone," but by things of the spirit. The United States is not just the land of skyscrapers, automation, and convertibles. It is a land of deep cultural interest and attainment. And while there are obvious differences between our own and other less developed lands, we share a great common heritage, and we have a deep respect for the ancient, rich cultures of Asia: Like them, we are changing, evolving for the better. And like them, we want to know our neighbors better—our Buddhist, Moslem, Hindu, Christian, and all other neighbors of all faiths.

I ask unanimous consent that a list of our visiting friends from Asia be printed at this point in the body of the RECORD.

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

PARTICIPANTS IN THE CONFERENCE ON ASIAN-AMERICAN CULTURAL RELATIONS, SPONSORED IN WASHINGTON, D. C., BY THE AMERICAN COUNCIL OF LEARNED SOCIETIES AT THE REQUEST OF THE UNITED STATES NATIONAL COMMISSION FOR UNESCO

Burma: U Lu Pe Win, director of archeological survey, Government of Burma. Daw Mya Sein, lecturer in history, University of Rangoon.

Cambodia: Sam Sary, member, Royal Council, minister of education.

Ceylon: Dr. G. P. Malalasekera, professor of Pali and of Asian studies, University of Ceylon.

India: Dr. V. K. R. V. Rao, professor and director, Delhi School of Economics, University of Delhi.

Indonesia: Dr. Bahder Djohan, president, University of Indonesia, Djakarta.

Laos: Dr. Tay Keoluangkhot, director general, ministry of education, Vientiane.

Pakistan: Dr. M. M. Sharif, professor of philosophy, Islamia College, Lahore, Pakistan.

Philippines: Dr. Vidal Tan, president, University of the Philippines.

Thailand: Dr. Sukit Nimmanhemin, executive member, council of Chulalongkon University, Bangkok.

Vietnam: Dr. Nguyen Quang Trinh, rector, University of Vietnam, Saigon.

IMPRESSIONS OF RECIPIENT OF FULBRIGHT SCHOLARSHIP AWARD

Mr. HUMPHREY. Mr. President, among the Minnesota recipients of last year's Fulbright scholarship awards was Robert Scharlemann, of Lake City, Minn. He has just sent me a report on his impressions after a year in Heidelberg, Germany, and I think his comments are a valuable testimonial to the effectiveness of the Fulbright program.

I pause to note that, regrettably, the Department of State, with the cooperation and support of the Bureau of the Budget, and, obviously, of the President, have cut the Fulbright scholarship program. I think this is an unfortunate error, and I am am hopeful that when that program comes before the Senate for authorization and appropriation we will provide a sufficient amount properly to implement a furtherance of this very helpful and constructive educational endeavor.

I ask unanimous consent that Mr. Scharlemann's letter be printed in the RECORD at this point in my remarks.

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

DOSSENHEIM BEI HEIDELBERG,
HAUPTSTRASSE 67 BEI HOERNER, GERMANY,
May 8, 1956.

The Honorable HUBERT H. HUMPHREY,
Washington, D. C.

DEAR SENATOR HUMPHREY: This letter is to be a kind of acknowledgment and at the same time a kind of report. On June 8, 1955, almost a year ago, I received a letter from your office containing congratulations on my having received a Fulbright scholarship. I should like at this time, therefore, to do what I should long ago have done: to express my appreciation for your alertness.

At the same time you may be interested in my reactions to the Fulbright program and to my contacts and study here at the University of Heidelberg. A summary of those reactions would be one word: wonderful. (Or, as the German teenagers say: prima.) Wonderful enough, in fact, to have caused me to apply for a year's renewal of the scholarship—a request which the Commission had, alas, to reject. But to describe it as wonderful is still being too vague. So I shall try to be more explicit:

1. It has made me understand the United States better. This is true not only because the constant questioning that one is subjected to leads to a searching for information that one would otherwise not look for. It is true, rather, because just living and speaking with people on all topics, important and trivial; just being able to walk the streets of their cities and to observe; just being able to see the country and countryside in which they grow up; just being able to read in their newspapers of happenings in the States as though they were foreign news—all of this makes it possible to see the United States, to see ourselves, in such a way that normally would be impossible. One can only wish that all our Secretaries of State would at some time have spent a couple of such years in a foreign country. It might lead to a saner foreign policy.

2. It has made me understand Americans better. This is true, in the first place, because Europe provides the opportunity of closer acquaintance with the tradition and the culture from which we stem. It is true, in the second place, because contact with Europeans has made me aware of the significant (and, in my opinion, healthy) singularity of the attitude of Americans to tradition: they are interested in it but not bound by it. Not bound by it—that, I fear, is a freedom that Europeans long for but still miss. And if, in this connection, one has to blush at much of American tourism, one can feel rather happy at the behavior of American students here. On the whole, their contribution to good will and understanding has been considerable, as far as I (as one of them) am able to judge.

3. As a theology student, I have gained a new insight into the dangers as well as the strengths that theology can have in the life of a country and its people. It is always difficult to make clear that theology is not supposed to be something divorced from the problems of life and that theologians are not supposed to be ivory-tower scholars who argue about the velocity of angels while other people are about earning an honest living. My own research this year ("The Relationship Between the Doctrine of the Holy Spirit and the Doctrine of Grace in Christian Theology") may sound as abstruse as one can get theologically; but it does have significance for even something like the Voice of America broadcasts. (If it were only a device for exercising my skill in making theological or philosophical distinctions, I should have had a guilty conscience for accepting a Fulbright grant.) The danger, as one can, to be sure, see it in Germany too, is that theology become too abstruse and irrelevant. Yet the fact that resistance to Hitler's barbarism came from the German church; i. e., that it was theologically sparked, is a heartening reminder of the strength of a theology that in time of crisis can make giants of pygmies and heroes of students.

But let this be enough. Once again, thank you for your letter of last June. And may the Fulbright program live long.

Yours sincerely,

ROBERT SCHARLEMANN.

DISCRIMINATION BY SAUDI ARABIA AGAINST AMERICANS OF JEWISH FAITH

Mr. HUMPHREY. Mr. President, 3 months ago on the Senate floor I raised the issue of discrimination by the Government of Saudi Arabia against Americans of Jewish faith. Since that time this issue has been receiving increased attention at home and abroad. On various occasions both President Eisenhower and Secretary Dulles have admitted and defended this Government's acquiescence in these discriminatory practices. I should like to repeat today my condemnation of an unalterable opposition to our official position on this matter.

Recently, Rabbi Max A. Shapiro, of Temple Israel, in Minneapolis, Minn., delivered a lecture on this subject entitled "A Matter of Principle." I should like to commend that lecture to the attention of my colleagues. It is an accurate historical review of similar incidents in American history when nations with whom we had treaty obligations denied equal protection and equal privileges, under the law, to Americans of other religious faiths.

I am happy to note that in other instances, going back to the earliest days of this country, back to the days of President Buchanan, back to the early 1800's and 1900's, our Government has stood for principle, and has either abrogated a treaty, or has insisted that the laws of other nations be amended so that Americans could be treated on the basis of equity and equality.

This is a fundamental principle. Our Constitution provides that there shall be no discrimination on the basis of religious affiliation.

Mr. President, I think it is about time the Congress of the United States paid more attention to some of the executive agreements, and, indeed, some of the treaty obligations, into which we have entered, which permit the kind of religious discrimination and second-class citizenship for American citizens to which I have referred.

I ask unanimous consent that the lecture by Rabbi Shapiro be printed in the RECORD at this point in my remarks.

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

A MATTER OF PRINCIPLE—ASPECTS OF UNITED STATES POLICY IN THE MIDDLE EAST

It is not my purpose this evening to talk to you about the crisis in the Middle East—the significance of the Baghdad Pact—the effect of the new cease-fire agreement, or whether war is inevitable despite all that has occurred. All this you can obtain in the newspaper accounts and in magazines from sources far more authoritative than I.

What I do propose to consider is a matter of principle—a matter of principle relative to the relation of our country to Saudi Arabia.

On February 24, Secretary of State Dulles appeared before the Senate Foreign Relations Committee. He was questioned on American policy in the Near East. He made a number of remarks indicative of the attitude of the State Department in the Near East crisis—remarks which bear some scrutiny.

In answering questions about Arabia's discrimination against American Jews in particular and Jews in general, Mr. Dulles made the singular statement that animosity was present because the Arabs credited the Jews with the assassination of Mohammed. Where or how he arrived at that conclusion is not known—whether this was a carryover from an inner conviction of the crucifixion story is hard to tell—but that it was completely erroneous is most evident. For the Koran, the holy scripture of the Arab world, describes in great detail the natural death of Mohammed, and it is there for all to see. When Mr. Dulles learned of the factual inaccuracy of his testimony, he had the official record corrected, deleting the assertion that the Jews had killed Mohammed. The statement was made to read that Arab animosity goes back to the time of Mohammed—some 1,300 years ago.

This attitude of justification of Arab discrimination against Jews evinced a number of protests from the American Jewish community, but it was a second statement

made by Dr. Dulles to which I want to call your attention at this time.

On questioning by Senator HUMPHREY, the Secretary of State admitted that no Americans of Jewish faith have been assigned to service at Dhahran, the United States airbase in Saudi-Arabia. This, he explained, was in pursuance of an Executive agreement of 1951, an agreement which does not require congressional action. On further questioning he indicated that we as a nation tolerate such discrimination "in order that this country and the Arab States may get along together to mutual advantage." "We hope," he stated, "that there can be greater moderation and greater tolerance, but we cannot prescribe it from abroad or expect to bring it about suddenly."

This raises some interesting and provocative questions. Are Americans, who happen to be Jews, placed in a second-class category because of their religion? Is our Government, because of pressure from an outside source, abrogating a basic principle of American democracy? Is our State Department more interested in expediency than principle? Are the rights of American citizens expendable items to be bargained away on the international trading counter?

And if all this is so, should we as a group protest? Should we call undue attention to ourselves; shall we jeopardize American strategic and economic interests merely to preserve basic American rights and principles? Or do we remain silent, for this, too, shall pass away?

Let us look at the record.

In 1851 the American Minister to Switzerland signed a general treaty with the Swiss Confederation establishing the rights of the citizens of each country to travel and sojourn in the other. Specifically it stated that the citizens of both countries "shall be admitted and treated upon a footing of reciprocal equality." Now the Swiss Confederation consisted of a number of cantons, each governed by its own constitution, some of which subjected the Jews to severe restrictions and disabilities; and when 5 years later, in 1856, a Mr. A. H. Goodman, an American Jew, was threatened with expulsion from one of the cantons, he appealed to Theodore Fay, the American Minister. Mr. Fay found that, under the provisions of the treaty, he was powerless to help.

But the case became known to the general American public. Jews in America held protest meetings. Editorial comments in the newspapers backed them up. Christians everywhere came to their support. An American principle was at stake. A committee headed by Rabbi Isaac M. Wise, the outstanding leader of Reform Judaism, was dispatched to meet with President James Buchanan to make protest. President Buchanan promised to do his utmost in the situation.

From the exchanges that followed between the two governments, it was evident that the Swiss cantons would have to amend their basic laws if American Jews were to have the same rights within their borders as other Americans. The United States pressed the issue, President Lincoln even going so far as to appoint a Jew as consul to Zurich. In 1874 the Swiss Confederation adopted a new constitution which erased all distinction between religions.

A similar situation developed in our relations with Russia during the 19th century.

In 1832 the United States concluded a treaty of commerce and navigation with Russia. This agreement specified that American citizens might enter and reside in that country subject to local laws and ordinances. As you know, the 1800's were years of vast Russian persecution against the Jews, and Russia taking her stand on the proviso that Americans were subject to local laws and ordinances, asserted the right to subject American citizens of Jewish faith to the same restrictions that she imposed on her own Jewish subjects.

Nothing was done until 1866 when a specific incident arose. An American Jew, Theodore Rosenstraus by name, was denied the right to acquire real estate in the city of Kharkov because he was a Jew. This appeal for diplomatic aid coupled with the appeal of another American Jew who was banished from St. Petersburg because of his religion set off a series of diplomatic exchange between the two countries.

The United States took the position, based on a note by Secretary of State Blaine, in 1881, that "it could not accept any construction of the existing treaty that discriminated against any class of American citizens on account of their religious faith." Although the Russians maneuvered and replied that "it was the desire of the Emperor to show all possible consideration to American citizens," new cases in the controversy continued to crop up. In 1893, the news that Russia was refusing to grant visas to American Jews precipitated resolutions in Congress calling upon the President to put an end to such religious discrimination.

The exchange of notes between the two governments continued. In 1907, however, the new Secretary of State, Elihu Root, issued a new note, a note that abdicated the American position to Russian demands. This pronouncement stated that all Americans who had been former Russian subjects could not expect American protection should they return to Russia for any purpose.

There was a vigorous outcry of protest and demand from the American Jewish community. The demand was that the treaty of 1832 be revoked, and a new treaty made, a treaty in which there would be no ambiguity as to the complete equality of the American Jewish citizens.

Our Government did not want to accede. It pointed out the importance of the far eastern trade with Russia. At a conference with representatives of the B'nai B'rith, the American Jewish Committee and the Union of American Hebrew Congregations, President Taft read a prepared paper to the effect that the abrogation of the treaty would do more harm than good. It would not only hurt the country, it could harm the Jews. Large investments in Russia would be jeopardized. Even war might ensue.

But the matter had now been taken up by the American public. It was a matter of principle not investments. The Constitution not only proclaimed the equality of each citizen but demanded no distinction among citizens because of religion. In accordance with this, the United States could not possibly maintain a treaty in which these principles were ignored by the other side.

The protests to the treaty on this matter of principle grew. A national citizens committee headed by two prominent Americans, Andrew D. White, a former Russian Ambassador, and William D. McAdoo, a prominent lawyer, was formed to press the issue. State legislatures passed resolutions calling for abrogation of the treaty. The pressure mounted and mounted. Finally in 1911, the House of Representatives voted, 300 to 1, that the treaty be annulled. Before the measure could reach the Senate, the United States Government terminated the agreement.

Which brings us to the matter in question. What is the situation in regard to Saudi Arabia? We do not have a treaty in the general terms of the Swiss or Russian agreements. The only provision in the agreement that bears upon our problem is a detailed exposition of a standard principle in international law whereby any state can exclude the nationals of any other state. We as a Nation have the right, and we exercise that right, to scrutinize the credentials of all members of foreign missions who come to this country.

On the surface there is no breach of the agreement when Americans unfavorable to the Arabian Government are refused admittance, or when our Government, in order to avoid embarrassment and unnecessary paper work does not submit the names of such persons when it presents a list of the members of our military or diplomatic mission. There is no breach of the agreement, no breach of the contract, but there is a moral breach. It is the same moral violation that existed in the situation with Switzerland and with Russia.

A lie is not necessarily verbal. Discrimination is not only an overt act. A lie can be told by silence. Discrimination can be practiced by innuendo, by a shrug, by a wink of the eye.

And in the case of our agreement with Arabia, discrimination is being practiced by inference. I know Dahran, the Arabian airbase. I was there in 1944. No American soldier cherishes duty in that heat and sand. But this is a matter of principle: American citizens are being placed in a second class category because of their religion.

In the matter of military or diplomatic personnel, the Arabian Government has placed a blanket rejection on all American Jews. It limits visas to Americans for business purposes only. And these violations are not unrecognized by our State Department—Mr. Dulles has stated: We hope the situation will change "but we cannot prescribe it from abroad."

We cannot dictate it, it is true. We cannot prescribe it, it is true. But we need not subscribe to it.

When we did not subscribe to this policy in the case of Switzerland, the policy was altered. When we did not consent to it in the case of Russia we terminated our agreement. Are we so changed today? Are we so devoid of principle today?

I know that conditions are different. I know that we are now engaged in a vast cold war. I know that we are concerned with investments, with making friends, with security.

But we are not merely a body of investors. We are not merely intent upon making friends. We are not merely a Nation out to encircle and entrap Russia. We are a country of free men.

Our greatness is built on our freedom. Our freedom is moral, not material. We as a people have a great passion for gain. We should have a deeper passion for the rights of man. The principles on which this country was founded and nurtured are not incompatible with great material prosperity. But we should be unwilling to have prosperity, we should be unwilling to have great gain, if citizens must be shunted for it—if they must lose the rights which belong to every American. The cost is far too high. The price is far too great.

JOINT USE OF COLUMBIA RIVER WATERSHED BY THE UNITED STATES AND CANADA

Mr. NEUBERGER. Mr. President, few domestic questions concerning water development are more crucial than the necessity for the United States and Canada to work out mutually satisfactory plans and agreements for the joint use of the great Columbia River watershed, which belongs geographically to both nations.

I ask unanimous consent to have printed in the body of the RECORD three illuminating and nonpartisan articles on this critical problem written by Mr. Peter Inglis, associate editor of the Vancouver, B. C., Daily Province, and published in that newspaper for April 23, 24, 25, and 26, 1956.

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

[From the Vancouver (B. C.) Province of April 23, 1956]

COLUMBIA RIVER CRISIS: 1. THE PROBLEM—THE CLASH ON THE COLUMBIA—WILL CANADA OR UNITED STATES GROW?

(By Peter Inglis)

(First of three articles)

SEATTLE.—Summing up after nearly a full day of debate, Mr. Leon J. Ladner, Q. C., of Vancouver, brought it down from the legal stratosphere to its earthy essentials:

"Competition for power is really the issue."

And, sitting on the sidelines, President Norman A. MacKenzie of the University of British Columbia murmured to a neighbor an even tenser summary:

"What it's really about is: Who grows?"

Mr. Ladner, Dr. MacKenzie and a half dozen other Canadian legal experts had come down to the University of Washington late last week for a Pacific Northwest regional meeting of the American Society of International Law to thrash out a number of the legal aspects of Canadian-American relations and, in particular, those of the program billed as "Diversion of Columbia River waters." (Actually it went a good deal further than that.)

The United States State Department and the Canadian Department of External Affairs took the discussion seriously: both had asked for a verbatim transcript, and a court reporter recorded it all.

If you want to regard it strictly as a debate, you can say that the Canadians won hands down—chiefly because they had done their homework better than most of their American colleagues.

But you could argue that it was something a good deal bigger than a contest of opinions. You might even claim, without exaggerating much, that it was a first serious step toward creating the atmosphere for an amicable settlement of a situation in which, in the words of Senator RICHARD L. NEUBERGER of Oregon in a recent report to the Committee on Insular and Interior Affairs of the United States Senate, "failure to reach agreement on a mutually beneficial program * * * would threaten the gravest crisis in modern United States-Canadian relations, as well as incalculable economic loss to both countries."

Certainly at the start both sides were firmly entrenched in fixed positions behind their respective interpretations of international law but by evening were approaching a meeting on the common ground of the good sense and friendship of their two countries.

At this point it might be well to take a look at the background of the Columbia River issue—a look which some of the American participants in the discussion had not taken closely enough (one of them even seemed to think that the proposal of the Kaiser interests to generate power on the Columbia in British Columbia for use in an aluminum smelter in the United States was still in the cards; he was unaware that it had been killed stone-cold dead long since by the Canadian Parliament's famous bill 3).

Very much condensed, the background goes like this:

The United States today is drawing some 7 million kilowatts, or about 9,300,000 horsepower, of hydroelectric power from the Columbia basin. It expects to need about double that amount within 10 years.

The American investment in existing power plants in the basin is about $1,500,000,000. New plants now under construction represent another $1 billion, and a further $2 billion worth are on the drawing boards, with the funds already authorized.

The plants now existing and under construction represent just about the full potential of the river as it is today. The projected construction requires a system of up-river storage to retain the surplus flow during floods and the months of heavy runoff (today wasted out to sea) and to release it during the seasons of lower water.

One of the principal means of storage would be the projected Libby Dam on the Kootenai River in northwestern Montana. The Kootenai starts life as the Kootenay in British Columbia, runs south to the international border; loops through Montana and the northeastern corner of Idaho, crosses back into British Columbia (picking its terminal "y" up again) and eventually joins the Columbia at Castlegar, some 20 miles north of the boundary. The dam would back a vast volume of water into Canada; the flooding would be 150 feet in depth at the boundary.

The water thus stored would drop only a modest 360 feet through the existing small dams on the West Kootenay in Canada, but would then fall through a head of nearly 1,300 feet on its way through the Columbia River dams in the United States. That is to say, each ton of water originating in Canada and stored in Canada would release nearly four times as much energy in the United States as in Canada.

The Libby Dam project, authorized by the United States Congress, was put before the International Joint Commission to secure the necessary Canadian approval. The Canadian section of the Commission proposed that the United States pay Canada substantially for the upstream storage, here and elsewhere, from which the United States would derive great downstream benefits. The United States section of the Commission claimed the Canadian figures were much too high.

Failing agreement on American payment for what was, in effect, Canadian power potential, the chairman of the Canadian section, Gen. A. G. L. McNaughton, who is also an engineer, came up with a proposal of his own for Canadian use of that potential.

He proposed to divert a large part of the flow of the headwaters of the Kootenay into Columbia Lake from which the Columbia River rises; to dam the Columbia either at Downie Creek or, more probably, at Little Dalles, just north of Revelstoke, and to divert about one-fourth of its flow (augmented by the Kootenay) through a 7-mile tunnel under the watershed into the Fraser Basin, where it would flow through Shuswap Lake, the South Thompson and the Thompson into the Fraser.

This would add between 2 million and 3 million horsepower to the power potential of the Fraser Basin and would be of immense value in meeting British Columbia's fast increasing energy requirements. (In its submission to the Gordon Commission on Canada's economic prospects, the Province estimated that its power consumption would increase by 457 percent between 1955 and 1975.)

The American members of the International Joint Commission, under Len Jordan, former Governor of Idaho, argued that this project would ruin the downstream American development of the Columbia. The Canadians maintained that it would not reduce the flow across the international border. (That the diversion of the Kootenay would make the Libby Dam project impossible was incontestable, but outside the mainstream of argument.)

There was an element of a certain wry humor in this situation. On the one hand the Americans were arguing that in the matter of storage upstream Canadian water was of relatively little importance—indeed, they launched a fairly intensive propaganda campaign, which still continues, to persuade Canadians that cheapening steam power and potential atomic power would make the water become steadily less valuable, so they had better let it go now. On the other, they contended that the diversion of the same water would ruin some $2 billion of power planning.

The deadlock in the International Joint Commission became so serious that Prime Minister St. Laurent raised it at his White Sulphur Springs meeting with President Eisenhower a month ago. On April 9 he said in the House of Commons that "there was a feeling that the Chairmen of the two sections (of the Commission) had publicly expressed views so diametrically opposed to each other that there was little probability of their making the kind of progress we would hope would be made" and that in his talks with Mr. Eisenhower "it was left that the matter would be further discussed between our Department of External Affairs and the Department of the Secretary of State."

Where do we go from here? To an agreed solution or to the International Court of Justice at The Hague? I shall discuss that choice tomorrow.

[From the Vancouver (B. C.) Province of April 24, 1956]

COLUMBIA RIVER CRISIS: 2. THE LAW—A DISTASTEFUL TREATY THAT REBOUNDED

(By Peter Inglis)

(Second of three articles)

SEATTLE.—I wrote yesterday that there was a certain wry humor in the American position toward Canada in the Columbia River argument—that on the one hand the river's water, when stored on Canadian soil for downstream use in the United States, is of trivial value; on the other, when a Canadian proposes to divert some of it into the Fraser it becomes of critical necessity to American power development.

There is a touch of the same sort of irony in the origins of the Boundary Waters Treaty of 1909, the hub around which the legal argument revolved, sometimes acrimoniously, in the Canadian-American round-table debate at the Pacific Northwest regional meeting of the American Society of International Law here late last week.

Article II of the act, which is its core in this instance, reads in part:

"Each of the high contracting parties reserves to itself or to the several State governments on the one side and the Dominion or provincial governments on the other * * * the exclusive jurisdiction over the use and diversion, whether temporary or permanent, of all waters on its side of the line which in their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs. * * *"

The irony is that the first section, which repeats the so-called Harmon Doctrine that a country has absolute control of everything within its borders, was put in at the insistence of the United States Government and against considerable Canadian resistance; the second, providing legal recourse against the effects of this policy, was a reluctant sop from the United States to Canada.

Today, in the Columbia case, the United States is loudly protesting a proposal to divert a part of the river's flow in Canada, and American legal experts at the round table here were talking darkly of legal recourse going all the way to an injunction to prevent the diversion being carried out.

In 1909, in the matter of some minor Canadian-American rivers, the shoe was on

the other foot. Prime Minister Sir Wilfrid Laurier, explaining to Parliament why he had felt compelled to accept a distasteful treaty, said:

"Was it not wiser, then, under such circumstances to say: Very well, if you insist upon that interpretation you will agree to the proposition that if you do use your powers in that way you shall be liable to damages to the party who suffers. At the same time we shall have the same power on our side, and if we choose to divert a stream that flows into your territory you shall have no right to complain, you shall not call upon us not to do what you do yourselves, the law shall be mutual for both parties."

(For this quotation, as for much other material in these articles, I am indebted to a masterly brief prepared by Mr. Leon J. Ladner, Q. C., of Vancouver, of which he was able to read only part at the meeting here.)

Thus what was sauce for the goose half a century ago has now become sauce for the gander.

And the gander doesn't like it.

The American position on the legal aspects of the Columbia argument was put by Mr. Elwood Hutcheson of Yakima, Wash., who quoted extensively from—and appeared to be speaking on behalf of—ex-Governor Len Jordan of Idaho, the chairman of the United States section of the International Joint Commission.

His argument, much condensed, was that:

First. The United States had an overriding need of Columbia water for power generation, irrigation of an eventual 1 million acres, its atomic program (the Hanford Atomic Works use an immense volume of water for reactor cooling), and navigation; furthermore, a diversion into the Fraser would endanger fisheries in which the United States has an interest.

Second. In the 1909 treaty "diversion" means only normal uses of water, and not a major alteration of the river's flow, and applies only to individuals, not governments.

Third. Legally, equitably and morally Canada has no right to divert a quarter of the Columbia's flow because of the common-law riparian doctrine which guarantees water to downstream users and also because of the arid-lands doctrine, developed during the settlement of the West (and actually conflicting with the riparian doctrine) of prior appropriation, or "first in time, first in law," which protects water users from future encroachments.

Fourth. The wording covering legal recourse mentions only "private parties" with a small "p" and not the High Contracting Parties, with capitals, who have overriding rights.

5. In any case, under the international-law principle of "rebus sic stantibus"—that a treaty only has force while the circumstances remain unchanged—the 1909 treaty can be abrogated.

6. Failing all this, the treaty itself provides that it can be terminated on a year's notice.

The Canadian legal position, set out by Prof. C. B. Bourne, of the University of British Columbia, with such remarkable skill that he was loudly applauded by Americans to whom what he was saying was thoroughly distasteful, goes this way:

1. The language of the Boundary Waters Treaty is absolutely clear, and hence so is the Canadian right to divert Columbia water.

2. Even if the Harmon doctrine embodied in the treaty is rejected (as it is by most countries) the alternative is an agreement based on apportionment of benefits—in other words, the countries sharing possession of a river must also share the benefits from it, which makes the test of a diversion its reasonableness—and the proposed diversion is reasonable.

3. The diversion would not injure any downstream interests and the question of compensation does not arise.

4. If the question were to arise, however, the Boundary Waters Treaty gives Americans the same rights as, and no more than, Canadians; in this case the rights are defined by the British Columbia Water Privileges Act of 1892, which provides that only licensed users of water are entitled to compensation, and it is highly unlikely that the courts would interpret an American right of prior appropriation as the equivalent of a license issued by the British Columbia controller of water rights.

5. The prior appropriation doctrine invoked by the Americans applies only to actual use of water; it does not apply to plans to use water in the future; declaring the intention to build dams, or even having them under construction, is not prior appropriation.

6. As far as the Government of the United States is concerned, its only claims for compensation from Canada would be political, not legal; it is extremely unlikely that an international court would uphold them.

Here were two fixed positions, and if the countries involved had been different the argument might have been left there deadlocked.

However, the people facing each other across the table were neighbors and friends. They began to look for a compromise.

[From the Vancouver (B. C.) Province of April 25, 1956]

COLUMBIA RIVER CRISIS: 3. THE SOLUTION—JOINT DEVELOPMENT WOULD BENEFIT BOTH

(By Peter Inglis)

(Last of three articles)

SEATTLE.—As Mr. Leon J. Ladner, Q. C., of Vancouver, observed at the close of the Columbia River roundtable of the American Society of International Law, it would be an absurdity to think of Canada and the United States taking a dispute to the International Court of Justice or to consider the possibility of the United States abrogating a treaty after the two countries have observed it for nearly half a century.

By then, however, the discussion had drifted a long way away from the technicalities of the Boundary Waters Act and of Canadian rights to divert part of the river's flow, and had descended to practical commonsense.

A notable contribution came from Mr. Cameron Sherwood, onetime assistant United States attorney for the western district of Washington, who regretted that both sides had already taken insular positions and feared that if each proceeded independently both would suffer.

He argued for some sort of joint Canadian-American authority through which the two countries could share the full use of the river.

He was backed up by Mr. R. P. Parry, chairman of the Idaho Joint Commission for the Columbia River Compact.

Mr. Parry offered that compact, which has successfully reconciled what once seemed to be the irreconcilable interests of the States of Washington, Oregon, and Idaho, as a pattern for a joint Canadian-United States development and use of the Columbia.

The Columbia Basin, he argued, was a single unit, divided only artificially by the international boundary; to extract its full potential, planning must be applied to it as a whole. Doing otherwise, Canada would lose more power than she could gain by any diversion.

He proposed hydraulic and electrical integration of the two countries' shares of the basin—in other words, joint use of water and joint apportionment of the power derived from it.

With this latter point, the real nub of any settlement of the Columbia dispute had at last been reached; British Columbia must receive its fair share of the power the river creates, and in practice that means a share of the power developed by the $1,500,000,000 worth of dams now in service on the American section of the river, the $1 billion worth under construction, and the additional $2 billion worth now projected.

Strangely, nobody at the roundtable pointed out that the solution creates a new problem:

Today British Columbia's needs for power are relatively small compared with those of the American States in the Columbia Basin. But they are unlikely to remain so. The British Columbia Government's submission to the Gordon Economic Commission foresaw a nearly fivefold increase in the province's power consumption between 1955 and 1975, and this would alter the proportionate Canadian and American shares of Columbia power under any pooling arrangement.

This question had to wait until after the end of the roundtable before it was tackled.

The tackler was Prof. Maxwell Cohen, who holds the chair of international law at McGill and who had flown from Montreal to speak at the annual world affairs symposium dinner, held in conjunction with the international law meetings.

He said flatly it could be done, and his views are worth quoting in full:

"The entire Columbia River problem lends itself superbly not only to regional joint planning but to regional joint management.

"The only way we can assure the maximum utilization of the resources is by a commonly designed and agreed-on operation.

"This means something corresponding to a supranational or binational authority, and lessons might well be learned from the European steel and coal community, which has handled a much more difficult task.

"The only difficulty is that during the first period of operation the United States will need more power than Canada.

"It must be clearly understood, however, that as Canada's needs increase her allocation must rise, and the United States can have no vested interest in the first temporary allocation.

"The United States can compensate for this by preparing at the very same time supplementary sources of power originating in the United States such as, first, a more efficient utilization of the United States section of the Columbia and, second and more important, the development of atomic energy sources that are likely to come to fruition in the next 15 to 25 years."

In other words, American power for Canada, not Canadian power for the United States.

A visionary solution?

I thought so. But the Americans at the conference—many of them the hardheaded legal representatives of public bodies and private corporations with vested interests in the fullest development of the Columbia, seemed unanimous in their approval; the Seattle Times applauded Professor Cohen in a lead editorial.

And there it stands.

The disagreement that arose first from American refusal to accept Canada's terms for Canadian upriver storage of water for American turbines, and was accentuated by a Canadian proposal to divert the Kootenay into the Columbia and part of the Columbia's flow into the Fraser, has been taken out of the hands of the International Joint Commission and transferred to the ministerial and diplomatic level.

And here in Seattle a number of Canadians and Americans of good will have given the problem its first complete airing—with the department of external affairs and the State Department both asking for verbatim transcripts.

Perhaps this is a start toward settling potentially "the gravest crisis in modern United States-Canadian relations" (to quote Senator RICHARD NEUBERGER's report to a com-

mittee of the United States Senate) in the way that has become traditional on this continent—by friendly agreement, not by conflict.

[From the Vancouver (B. C.) Province of April 26, 1956]

THE SEATTLE TIMES SAYS: "SHARE THE COLUMBIA'S RESOURCES"

As a footnote to the series of articles about the Columbia River debate, we reprint an editorial from the Seattle Times commenting on a Canadian proposal for settling what might become a serious dispute.

"A Canadian law professor has proposed an eminently reasonable method of approaching a solution of the dispute between his country and the United States over Columbia River power resources.

"Influential figures in the Canadian Government want to divert much of the upper Columbia flow into the Fraser River and thus keep the power in Canada. United States members of the International Joint Commission say that such action would infringe upon this country's vested rights.

"Maxwell Cohen, who holds the chair of international law at McGill University, Montreal, says many points might be made on both sides. But foregoing a lawyer's natural inclination to develop legal issues, he suggests a broader ocmmonsense approach: Why shouldn't the two friendly countries agree on a joint development plan?

"Cohen indicated that his first thought was toward a form of supranatural authority, somewhat similar to the plan under which nations of Western Europe have pooled iron and coal resources. This method might not be acceptable, but some form of effective cooperation should be sought.

"The basic fact is that the Canadian portion of the Columbia River, if harnessed by storage dams, will provide millions of kilowatts of additional power—partly in Canada, partly in the United States. If the water should be diverted to the Fraser River, the cost would be tremendous. The Fraser River fisheries would be endangered. Essentially the same number of added kilowatts would be produced as if the stored waters were permitted to flow down the Columbia River route. But all the added kilowatts, under the diversion plan would be produced in Canada.

"Canada clearly is entitled to reasonable payment, in dollars or kilowatts or both, if its upstream storage facilities are developed in a manner which adds substantially to power production at plants on the United States section of the Columbia. If the two countries approach the problem on the basis of a development plan that will utilize the full power potential at the lowest development cost, it should not be too difficult to reach an acceptable formula for sharing costs and power.

"This would be infinitely preferable to permitting the dispute to become acrimonious, leading the two countries to the World Court, and perhaps getting a decision that would satisfy neither."

PEACEFUL USES OF ATOMIC ENERGY

Mr. BUTLER. Mr. President, to conserve the time of the Senate, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared, relating to the peaceful uses of atomic energy.

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

STATEMENT BY SENATOR BUTLER

It was my good fortune to be able to attend the International Conference on the Peaceful Uses of Atomic Energy, conducted under the auspices of the United Nations last August.

You will recall that this Conference was held as the first step to implement President Eisenhower's program to harness the atom for the peaceful uses of mankind. Secretary General of the United Nations, Dag Hammarskjold, in his opening remarks to the Conference on August 8, 1955, said, "Let us not fail to recall on this occasion that it is to the initiative taken by the President of the United States in the General Assembly of the United Nations in December 1953 that we owe the origins of this Conference." We can all take pride in President Eisenhower's leadership in this new field of human endeavor.

The Atomic Energy Act of 1954 makes it possible for us to share our basic knowledge concerning the atom with the scientists of other countries. Today's technology is based on our accumulated heritage; the scientific knowledge contributed by mathematicians, scientists, and scholars from earliest times living in many countries of the world. Each new discovery provides material for further research to extend our boundaries into the unknown. Sharing our research in this new field is the greatest contribution we can make toward enabling all the peoples of the world to use this great potential source of energy for the benefit of mankind.

Toward this end we have furnished technical libraries of nonclassified data on nuclear energy and its applications to 44 countries under the atoms-for-peace program. They include Italy, Spain, Australia, Sweden, Greece, Egypt, Burma, Denmark, Austria, the Philippines, Finland, Turkey, the Netherlands, New Zealand, Portugal, Peru, South Africa, Israel, Norway, India, Argentina, France, Japan, Brazil, the Council for European Nuclear Research (Switzerland), Chile, Republic of China, Dominican Republic, Haiti, Lebanon, Pakistan, Switzerland, Thailand, Uruguay, and the United Nations Library in Geneva. Additional libraries will be presented to Ceylon, Korea, Luxembourg, Guatemala, Costa Rica, Iraq, Venezuela, and Iceland.

The library was developed by the Technical Information Service of the Atomic Energy Commission. It occupies 300 feet of library shelving and weighs approximately 1,000 pounds. It consists of about 10,000 Atomic Energy Commission research and development reports, 34 bound volumes of scientific and technical texts on nuclear theory, and 11 bound volumes of abstracts of some 50,000 reports and articles published in this country and abroad. The library will be kept current and additional reports will be supplied as they are issued.

This program will make it possible for those foreign students, who come to the United States to study nuclear theory at the Argonne National Laboratory in Chicago, to continue their research after they return to their own country.

On March 28, Ambassador Henry Cabot Lodge, Jr., presented the library to the United Nations in New York. This is a further contribution to the program launched by President Eisenhower before the General Assembly of the United Nations in December 1953, now made possible by the Atomic Energy Act of 1954 enacted by the Republican 83d Congress.

Obviously, no classified material or information on atomic weapons will be included in these libraries. Our interest is only to further the peaceful uses of atomic energy. Ambassador Lodge stated that we expect to receive similar information for libraries in this country from those nations which are the recipients of our gifts.

I append at this point the text of Ambassador Lodge's statement on this occasion.

STATEMENT BY AMBASSADOR HENRY CABOT LODGE, JR., UNITED STATES REPRESENTATIVE TO THE UNITED NATIONS, AT THE PRESENTATION OF THE ATOMIC ENERGY LIBRARY TO THE UNITED NATIONS

When speaking of atomic energy, we have become accustomed to talking in terms of reactors and megatons, kilograms of fissionable materials, and millions of dollars for equipment and research. Today we are talking only of books—but books are the bedrock of scientific progress.

The library which the United States Government has the honor of presenting to the United Nations today contains 45 volumes of information on basic research in atomic energy as well as many thousands of articles and technical reports published in this country and abroad. There are also many thousands of cards which index and describe all the nonclassified literature of the Atomic Energy Commission.

This library will be kept up to date by the Atomic Energy Commission as new material becomes available.

In a statement made on the floor of the General Assembly on November 5, 1954, I announced that the United States was prepared to make available to other countries the vast amount of documentation on atomic energy that was already freely published—totaling more than 200,000 pages of information. I suggested that we would be able to give 10 libraries containing these documents to countries interested in using them.

Since that time, not 10 but more than 40 countries have requested these libraries; 33 have already been presented and the others are on their way. Several more have been given to regional and international organizations interested in atomic energy development.

Our only request in return is that other cooperating nations send us their collections of official nonsecret papers to be placed in appropriate libraries in the United States.

The United States program of using the atom for man's betterment rather than for his destruction has proceeded along two lines of action; making facilities available and making information available. As President Eisenhower has said, our purpose is to spark the creative and inventive skills, to put them to work for the betterment of the conditions under which men must live. The President has also stressed this must be a joint effort—"a continued partnership of the world's best minds."

For these reasons, it is a pleasure for me today to present to the United Nations headquarters this library, symbolized by this one volume, for the use of the United Nations Secretariat and the delegations of member countries.

AUTHORIZATION FOR THE COUNTY OF CUSTER, MONT., TO CONVEY CERTAIN LANDS TO THE UNITED STATES

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 3254) to authorize the county of Custer, State of Montana, to convey certain lands to the United States, which was, on page 2, after line 13, insert:

SEC. 2. The Secretary of the Interior is hereby authorized to sell to the city of Miles City, Mont., under the terms and conditions of sections 2, 3, and 6 of the act of June 16, 1950 (64 Stat. 233), as amended, any portion of the lands conveyed to the United States under section 1 of this Act which the Secretary determines is excess to the needs of the Department of the Interior.

Mr. MURRAY. Mr. President, the Committee on Interior and Insular Affairs, having considered the amendment

of the House, reports favorably thereon and recommends that the Senate concur in the House amendment.

I so move.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

AGRICULTURAL ACT OF 1956

The Senate resumed the consideration of the bill (H. R. 10875) to enact the Agricultural Act of 1956.

Mr. ELLENDER. Mr. President, I express the hope that the Senate will be able to complete action on the bill today. I can see no reason for extended debate, especially since the Senate debated the vetoed bill, H. R. 12, at great length, and most of the provisions of the pending bill are taken from H. R. 12.

To begin with, the pending bill, as it came from the House Committee on Agriculture, was substantially the same as the bill which the President vetoed, with the exception of two Titles—Titles I and V. Title I of H. R. 12 dealt with 90 percent of parity price supports, reinstating the dual parity formula, and a few other minor provision. Title V of H. R. 12 would have provided two-price systems for wheat and rice. As I have said, those two titles of the original bill which was vetoed by the President were eliminated. The resulting bill, as reported to the House by the House Committee on Agriculture, was essentially the same as H. R. 12, as adopted in conference, without, of course, titles I and V.

On the floor of the House several amendments were adopted. Those amendments were carefully considered by the Senate Committee on Agriculture and Forestry, which eliminated three of them.

The first one was to extend the acreage reserve program to grazing lands, and all field crops designated by the Secretary. As Senators will recall, when the Senate version of H. R. 12 was considered several weeks ago an effort was made to place grazing lands in the program; that proposal was voted down. Also an amendment was offered to include other crop lands in the acreage reserve program, which would have had the effect of placing in the acreage reserve program any crop whose production was found by the Secretary of Agriculture to be in excess of domestic consumption requirements. As I recall, that amendment was proposed to the Senate by the Senator from Maine [Mr. PAYNE] and other Senators from the northeastern section of the United States. The general objective of the amendment was to permit potato growers and the producers of other similar nonbasics to participate in the acreage reserve program of the soil bank. The House saw fit to place a similar amendment in the bill. The Senate Committee on Agriculture and Forestry struck that provision from the bill.

In order to implement its broadened acreage reserve program, the House increased the authorized appropriation for acreage reserve purposes from $750 million to $800 million. The Senate committee reduced that authorization to the original amount of $750 million, since our bill omits the authority for including grazing lands and field crops in the acreage reserve.

An amendment adopted on the floor of the House extended to all agricultural commodities the prohibition on leasing Government lands for agricultural production. The Senate Agriculture Committee interpreted that amendment to mean that it would have prevented the grazing of cattle, sheep, and other animals. As a result, the committee struck that provision from the House bill, and reinstated the original language of that section—language contained in the vetoed bill. This language, instead of applying the prohibition to all agricultural commodities, confined its application to price-supported crops. Thus on all Government lands, the prohibition against planting and use will apply only with respect to price-supported crops.

The Committee on Agriculture and Forestry sought to give to the President everything he asked for in regard to the soil bank, wth one exception. That one exception was the authority to make advance payments. I shall discuss that point in a moment.

Since the President, through his Secretary of Agriculture, had fixed price supports at levels ranging from 82.5 percent to 86.2 percent of parity on basic crops, it was felt that it would be an idle gesture if we attempted in committee to reinstate higher price supports. Therefore the committee contented itself with the rigid price-support system fixed by the Secretary of Agriculture and suggested by the President in his veto message.

As I have said on several occasions, it was my considered judgment that in order to take the sting out of his veto message, the President suggested that price supports be raised and made rigid administratively, instead of their being fixed legislatively in the manner Congress sought to fix them.

It has been said that the price supports announced by the President are fair as to all commodities. I challenge that statement, and I am sure that many other Senators, as well as many farmers, will also challenge the statement. The Benson-Eisenhower program of administratively-fixed rigid price supports does not treat all basic commodities fairly, equally, or on the same terms. The program is a lopsided, one-sided program. It is an election-year monstrosity.

As I shall point out in a prepared statement in a few moments, corn received treatment that was far better than that accorded any other basic crop; in fact, corn was treated better than any other crop. It will be remembered that the biggest ruckus with respect to the farm bill was raised in the commercial corn area. Yet, as a matter of fact, I do not know of any other section of the farm bill which caused the Committee on Agriculture more trouble, and on which it spent more time, than the corn and small-grain provisions of the bill.

I presume that because of the discontent which existed in the commercial corn area, with respect to income, support levels, and acreage allotments, the President saw fit to raise the support price on corn in the commercial area from 81 percent of parity to 86.2 percent, or to $1.50 a bushel. That level was to apply to those commercial corn farmers who complied with acreage allotments. However, as to all other corn produced in the commercial corn area—that is, where the farmer did not comply with his acreage allotment—the President, through his Secretary of Agriculture, administratively fixed a price support of $1.25 per bushel. This was done for the first time in the history of our present price-support law.

As a result, in the corn area we have an anomaly. Those farmers who abide by acreage allotments will receive a support price of $1.50 a bushel, or 86.2 percent of effective parity. Those who do not comply will receive $1.25 a bushel, or about 75.7 percent of modernized parity—which is the equivalent of 71.8 percent of effective parity. By virtue of this double-barreled approach—one applied only to the commercial corn area—it is my humble judgment—and I imagine the judgment of many other Senators, as well as many farmers—that corn has received highly preferential treatment. The committee discussed the advisability of giving similar treatment to all other commodities. However, in fear that doing so would result in another veto, the committee decided to retain the system of price supports as fixed, or to be fixed, by the Secretary of Agriculture in accord with the President's veto message. Let me turn now to the advance payments scheme which was suggested by the President. The bill does not authorize advance payments for soil-bank participation. In this respect, the Senate committee follows the House bill. The majority of our committee felt that such payments would be unwise, impractical, and basically unsound.

For my own part, I consider the pay-in-advance proposal only an agricultural will-o'-the-wisp—something which appears attractive when viewed from afar, but which disappears when approached for close examination.

We have been told that the pay-in-advance scheme would increase farm income. Nothing could be further from the truth. Advance payments would not represent extra income. That is a matter of pure logic. Since soil-bank payments would be based upon the money a farmer might have netted had he planted his land instead of placing it in the soil bank, the most he might receive would be a payment equal to his net income had he planted those acres. Thus, any attempt to becloud the issue by declaring that soil-bank payments this year for participation in the soil bank next year will increase income, is pure and simple hokum.

For any such payment received in advance by a farmer in 1956 he would get that much less in 1957. I do not believe it to be either commonsense or sound policy for Congress to offer American farmers a political lollypop this year, at the expense of paying for the lollypop next year.

The farm price program we formulate this year must be a program based upon our best judgment as to what is sound

policy, not merely what is the most expedient election-year policy. It must consider the future, as well as the present. Nineteen fifty-seven will bring its own share of farm problems; there is neither excuse nor necessity for compounding next year's problems by putting off until then the problems we should face today. The American farmer has never asked his Government for anything but fair and equitable treatment. That is what he expects; that is what we must give him.

Title I of the bill provides for a soil bank consisting of an acreage reserve and a conservation reserve. The acreage-reserve program would be applicable to wheat, cotton, corn, peanuts, rice, various kinds of tobacco, and feed grains. It would not be applicable to grazing lands or to field crops to be designated by the Secretary, as was provided by the House bill. There are no acreage allotments for grazing lands or for field crops generally. Acreage-reserve programs for them would have presented many problems. The conservation-reserve program would be applicable to all cropland, including lands devoted to crops, such as tame hay, which do not require annual tillage.

Acreage-reserve payments would be required to be made as soon as compliance with the acreage-reduction requirements of the program had been determined, and could not be made before that time. Conservation-reserve annual payments could begin as soon as the producer had set aside his land and taken all practicable steps to establish the conservation use on it.

In that connection, Mr. President, I wish to say that we wrote into the report a provision that a farmer who desired to place some of his land in the conservation reserve could do so and receive payment therefor, provided he has set the land aside, and provided he shows a clear intention not to use the land to produce crops. In the event such farmer desired to plant certain of his land in trees, and if the trees were available, they could be planted immediately; if not, the land could be set aside. In that case the farmer would be entitled to receive conservation-reserve payments. We felt that he should not be in any way punished because he might not be able to get sufficient grass seed for the acreage set aside or a sufficient number of trees to plant on the acres he set aside. Let me read the language in the report to which I refer. It is found on page 6:

Subject to section 105 (b) it is intended that the Secretary shall have authority under the Soil Bank Act to provide for making payments to producers prior to their compliance with all the terms and conditions of the program for the year for which the payment is made. Thus, it would be permissible for the Secretary in contracts entered into under the conservation-reserve program for any year to provide that all or a part of the annual payment (provided for in sec. 107 (b) (2)) to which a producer would be entitled for compliance with the conservation-reserve program for such year would be made when the producer certifies that the cropland which he has agreed to devote to a conservation use had actually been devoted to such use or that he has actually set aside such cropland for such conservation use and has taken all practicable steps to establish the conservation use on the cropland so set aside. Under section 111, the Secretary is specifically authorized to furnish producers materials and services to assist them in establishing the conservation use provided for in their contracts. It is also intended that the Secretary shall have authority to make cost-sharing payments under section 102 (b) (1) in a similar manner for use by a producer in defraying that part of the cost to be incurred by the producer in establishing the conservation use which the Secretary has agreed to bear.

So, Mr. President, with that language in the report, declaring our intention, it is my judgment that the Secretary of Agriculture can, if he so desires, put the soil-bank program into effect this year, without any question.

Conservation reserve cost-sharing payments could be made as the work progresses, or the Secretary could furnish materials or services for such work, or make payments to suppliers furnishing such materials or services.

I may say, Mr. President, that the soil-bank provisions have not been basically changed. Virtually the same language incorporated in the original bill—the bill vetoed by the President—is contained in the bill now before the Senate. So I can see no need to spend very much time in rehashing and rediscussing that portion of the bill. Consequently, I again express the hope that debate on this bill will not be too extensive.

Title II of the bill treats of surplus disposal and provides for—

First, the orderly liquidation of CCC stocks of agricultural commodities. It is in almost the identical language which was incorporated in the bill vetoed by the President. For the sake of the record, I shall gloss over and point out the various provisions under title II of the bill.

It provides further for—

Second, submission by the Secretary to Congress of surplus disposal, food stamp, and food stockpiling programs.

Third, reinclusion of $1\frac{11}{16}$ inch and longer cotton in the 45.7 million pound import quota now applicable to cotton stapling $1\frac{1}{8}$ inch up to $1\frac{11}{16}$ inches.

Fourth, sale for export of current CCC stocks of extra long staple cotton.

Fifth, sale at competitive prices for export of a sufficient quantity of cotton to reestablish the United States share of the export market.

I shall explain that program in detail a little later, Mr. President, because in that section of the bill the Senate committee made changes as compared with the provisions which were in the original bill as passed by the Senate. It is known as the Eastland amendment.

Sixth, agreements with foreign countries to limit their exports of agricultural commodities and products to the United States.

Seventh, additional annual appropriations of $500 million to supplement section 32 funds.

Eighth, transfer to the supplemental stockpile of materials acquired by CCC through barter for agricultural commodities.

Ninth, duty-free importation of strategic materials acquired by CCC through barter.

Tenth, authority to pay $15,000 per annum to an agricultural surplus disposal administrator.

Eleventh, authority to use CCC funds to pay ocean freight costs on donations under title II of Public Law 480, or section 416 of the Agricultural Act of 1949.

Twelfth, a bipartisan commisison to recommend means of increasing industrial use of agricultural products.

That section was phrased in the same language contained in the original bill, with some exceptions which I shall point out a little later.

Thirteenth, donation of food commodities to Federal penal institutions and to State correctional institutions for minors.

Fourteenth, denial of price support or other benefits for surplus agricultural commodities grown on certain future Federal irrigation or drainage projects.

Fifteenth, payment by CCC of processing costs on food commodity donations under section 416 of the Agricultural Act of 1949.

The only differences between this title and title III of H. R. 12 are as follows:

First. Section 203 was not contained in House Resolution 12 which was vetoed by the President; however, it is very similar to a provision contained in House Resolution 12 as it first passed the Senate. It would direct the Commodity Credit Corporation to offer cotton for export at prices not in excess of those charged by other exporting countries and, during the marketing year beginning this August, at prices not in excess of the minimum prices charged under the export program announced August 12, 1955. The experience of recent weeks demonstrates that only nominal amounts of cotton will be sold under the present export program. Competitive pricing is the key to increased cotton exports, and American cotton must be permitted to move freely into world trade.

This provision, coupled with authority included in the House bill permitting the President to impose import quotas on foreign-made textiles, could result in considerably reducing the carryover of cotton in the United States, without injury to domestic users of cotton—provided, of course, the programs are administered in accord with the intent of Congress.

Mr. President, Senators will recall that recently an effort was made to sell surplus cotton under Secretary Benson's vaunted surplus disposal program. What the Secretary of Agriculture did was to place a floor—a fixed price—under which the cotton could not be sold. The original intent was to sell that cotton at world prices; by the time the State Department got through with the program, the cotton was offered at prices substantially above world prices.

The purpose of this amendment is to prohibit the Secretary of Agriculture from placing a floor price above the world market on surplus cotton he sells for export.

That is the essential difference between the original Eastland amendment

and the provision which we have incorporated in the pending bill.

In other words, the next time the Secretary of Agriculture attempts to sell surplus cotton on the world market, he will have to permit the cotton to be sold at world prices, whatever those prices may be. He is, in effect, prohibited from placing an arbitrary floor under the price of cotton.

The second change among the 15 different subjects which I mentioned a moment ago was in section 209. That section remains substantially the same as it was in the conference report, except that it omits the language designating the committees of Congress to which proposed legislation recommended by the Commission on Increased Industrial Use of Agricultural Products would be referred.

It will be remembered that the provision, in a measure, had the effect of changing the Senate and House procedure as to the reference of bills. When the so-called Curtis amendment was reinstated in the bill, that part with reference to bills being referred to committees, and also other procedure to be followed, was stricken, so that any bill introduced must now be referred under normal procedure.

Title III of the bill relates to marketing quotas and acreage allotments, and is similar to title IV of H. R. 12. It provides for:

First. Extending to the 1956 and 1957 wheat crops, the surrender and reapportionment provisions which were applicable to the 1955 crop.

Second. Minimum national and State cotton acreage allotments in 1957 and 1958 equal to those for 1956. A slight change was made in that provision, and I shall explain this item a little later.

Third. Mandatory minimum cotton acreage allotments in all counties, including counties making farm allotments on a history basis, and the allotment of an additional 100,000 acres among States and counties on the basis of their needs for additional acres to provide minimum allotments to farms entitled thereto, and to provide fair allotments to other farms. That provision is effective only in 1957 and 1958 and is the same as that passed by the Senate when it considered H. R. 12.

Fourth. Minimum national and State rice acreage allotments in 1957 and 1958 equal to those in 1956. This provision is identical with the one in that first bill, with the exception that we have now added the year 1958. It will be recalled, as I shall explain more fully a little later, that the vetoed bill contained a 2-price plan for rice, and in that 2-price plan the acreage for 1957 was frozen. The pending bill provides a 2-price plan for rice, as I shall indicate later, but it is not mandatory; it is left to the Secretary of Agriculture to impose it if he desires to do so.

Let me state at this point, Mr. President, that the purpose of the cotton and rice acreage freezes provided in this bill is to preclude further drastic reductions in cotton and rice acreage, thus precluding at least in part, any more of the disastrous income-cutting which mandatory acreage cuts have heaped upon the heads of producers of these commodities in recent years. The acreage freeze is, in effect, a method by which we hope to put a floor beneath income of the producers of rice and cotton. We have applied the freeze to both State and national allotments for good reason. This application was not made to mitigate against the interests of cotton farmers in any State: rather, it is in the bill because the very purpose of the acreage freeze requires that it be there.

Since the acreage freeze has been imposed as purely an emergency measure, it would frustrate the very purpose of that freeze to permit shifts in cotton acreage from one State to another. Our desire was to assure farmer A in State X that his cotton acreage allotment, for example, would remain as nearly the same in 1957 and 1958 as it is today. With an acreage freeze in effect, it would be grossly unfair for farmer A in State X to have his acreage further reduced in 1957 and 1958 in order to increase the acreage of farmer B in State Y. With the freeze in effect, permitting acreage to shift from State to State, it would, to all intents and purposes, increase the income of some farmers, while the income of others would be reduced.

As I stated a moment ago, a formula has been incorporated in the pending bill whereby cotton acreage would be increased by 100,000 acres in order to assist small farmers. That was done in order to give to small farmers what we determined to be a fair, minimum amount of acreage.

We have felt, and I hope the Senate will agree, that since an acreage freeze is to be imposed as an emergency measure—and such a freeze is obviously necessary—then it should be a complete freeze. It should not permit one farmer to benefit from that freeze at the cost of another farmer in another State. To do so would frustrate the entire purpose of both the cotton and rice acreage freezes.

Fifth. An increase in the marketing penalty for peanuts from 50 to 75 percent of the support price;

Sixth. Six percent interest on peanut marketing penalties and a lien on the crop for such penalties;

Seventh. Preservation of the acreage history for allotment purposes of farms foregoing the planting of their allotments during the period 1956 to 1959; and

Eighth. Price support levels and requirements for corn in the commercial area during the years 1956 through 1959, and for corn outside the commercial area and other feed grains in 1956 and 1957.

The provisions I have just mentioned under items 5, 6, and 7 are the same as those which were incorporated in the bill vetoed by the President.

As to item 8, in the light of the changes made by the Secretary of Agriculture administratively in regard to the price supports on corn, the Senate committee saw fit to make an effort to place the producers of small grains on at least a somewhat equal footing with the corn producers.

The provisions dealing with corn and feed grains were among the most difficult provisions to work out in the consideration of H. R. 12 and also in the consideration of the current bill. It was the purpose of Congress in H. R. 12 and of your committee in considering H. R. 10875 to provide price supports for each of the feed grains which would bear a fair and normal relationship to the support prices for the others, particularly for corn, which is the principal feed grain. The committee's recommendations have been designed to reflect the changed circumstances which have resulted from the actions of the administration since Congress passed H. R. 12.

In the President's message announcing his veto of H. R. 12, a new, revised program of rigid price supports for 1956 was announced. Under this new program, corn producers in the commercial corn area were the beneficiaries of rank favoritism. The entire program was a program by corn, of corn, and for the benefit by corn. Other feed grain producers were shabbily treated. Their competitive position was imperiled; the only logical end-result of the veto-message price support schedule, as announced, would have been to provide a bonanza for corn farmers in the commercial area—both compliers and noncompliers.

In his veto message of H. R. 12, the President objected to the feed grain price support provisions of that bill on the grounds that they would increase feed prices and distort price relationships. At that same time he stated that administrative action would be taken to raise the support price of corn, the principal feed grain, from $1.40 or 81 percent of parity—which had previously been fixed—to $1.50, or 86.2 percent of parity, and that the corn price support for non-cooperators would be raised from zero to a price to be announced. Since the veto message, the support price to cooperators has been fixed at $1.50, and the support price to noncooperators has been fixed at $1.25. The support price to producers outside the commercial area has been raised from $1.05 to $1.12½.

The committee saw no justification for fixing the support price for a farmer who is subject to acreage allotments, but does not comply with them, on the basis of a support level of $1.25, and fixing the support price for the farmer across the road who is not subject to acreage allotments on the basis of a support level of $1.12½.

The committee has, therefore, left the price for producers in the noncommercial area at 82½ percent of the level in the commercial area as prescribed by the House bill. This would result in a price of $1.237, which corresponds closely to the $1.25 price for noncooperators. The committee also felt that increasing the price support level for corn from 81 percent to 86.2 percent of parity, and increasing the price support available to noncooperators from zero to $1.25, would certainly result in distortion of the price relationships between corn and the other feed grains, unless corresponding increases were made in support levels for the other feed grains. The price of $1.25 fixed by the Secretary for noncooperators is equal to 75.7 per-

cent of the modernized parity price for corn, and the committee therefore fixed the 1956 support prices for the feed grains—that is, barley, oats, rye, and grain sorghums—at 76 percent of parity. Since support at $1.25 for noncooperators does not depend upon compliance with acreage allotments or whether an acreage reserve program is in effect for corn, the support price for 1956 for the feed grains would also be made available without regard to compliance with acreage requirements or soil-bank participation, and without regard to whether an acreage reserve program is in effect for corn.

In other words, we sought to give the producer of small grains a fair deal. In light of the fact that the President saw fit to have his Secretary of Agriculture administratively fix support prices for corn—I would say arbitrarily—at $1.50 in the commercial area for those farmers who remain within their allotted acreages, or $1.25 where the sky is the limit and they can plant as much as they want, we thought it was only fair to treat the producers of other feed grains in a similar fashion.

The formula I have just indicated would be effective for 1956 only. What prompted us to come to that conclusion was that because of the lateness of the season, it is now impossible to establish base acres for small feed grains.

The committee also considered the feed grain situation with respect to 1957. It will be recalled that the bill which the President vetoed provided for price supports for small-grain producers, conditioned on their planting only 85 percent of their base acreage. We have changed that, as I shall indicate, so as to place the producers of corn, both in the commercial area and in the noncommercial area, and all the small feed grain producers, in the same boat, we have accorded them, as nearly as we could, the same treatment.

For 1957 the bill would fix the support price for each of the commodities—barley, oats, rye, and grain sorghums—at a percent of parity 5 percentage points below that at which corn is supported in the commercial area. That was the same figure which was incorporated in the original bill. To obtain this price, feed grain producers would have to comply with acreage requirements and soil bank participation requirements similar to those for corn. Instead of being required to keep within 85 percent of their feed grain base acreage, as provided by H. R. 12 and the bill as passed by the House, they would be required, under the bill as it would be amended by the committee amendments, to keep within 100 percent of their feed grain base acreage.

That base acreage would be established by the Department of Agriculture, using the average plantings of those who produced small grains for the years 1955, 1954, and 1953.

If support were made available in 1957 to corn producers not complying with acreage requirements or soil bank participation requirements, support would have to be made available to feed grain producers not complying with similar requirements applicable to feed grains. In other words, it is another effort to place corn and feed grain producers in the same boat.

In such case the noncompliance support price for each feed grain would be required to be fixed at a level bearing the same relationship to the compliance feed grain support price as the noncompliance corn support price bore to the compliance corn support price. If noncompliance corn support prices were not made available in 1957, the Secretary would not be required to establish noncompliance feed grain support prices, but he would have the authority to establish such prices if he saw fit.

Section 308 (a) of the bill requires corn producers to comply with base acreage and soil bank participation requirements whenever base acreages are in effect for corn, and makes acreage allotments ineffective for 1956. Section 103 (b) (1) of the bill as it passed the House provided for base acreages for corn for each year for which an acreage reserve program is in effect. While the committee felt that an acreage reserve program can and should be made effective for 1956, the Secretary has indicated that he may not be able to institute such a program this year. Under the language of the House bill, if a program were not instituted, corn producers apparently would not be subject to any acreage restrictions in 1956; and the committee therefore recommended an amendment to section 103 (b) (1) to provide for a base acreage for corn for 1956 without regard to whether there is an acreage reserve program for corn for 1956.

Mr. President, the effect of this is simply to tell the corn farmers that if they desire the $1.50 price fixed by the Secretary for 1956, they will have to comply with acreage allotments based upon a national acreage of 51 million acres, instead of the present 43.3 million acres.

It will also be necessary for compliance that the farmer place in the soil bank the equivalent of 15 percent of his base acreage—in the conservation reserve if there should not be an acreage-reserve program in 1956—or, if he desires, and the Secretary should proclaim an acreage-reserve program, then the 15 percent could be taken out of his base acreage and put in the reserve acreage. But, I repeat, that would be only in case the Secretary of Agriculture should proclaim an acreage-reserve program.

The proviso inserted in section 308 (a) by the House, and retained by the committee, would permit the Secretary to provide price supports for corn producers not complying with base acreage and soil bank participation requirements.

Under the bill as passed by the House, the feed-grain price-support provisions for 1956 would be applicable only if an acreage-reserve program were in effect for corn. Since the Secretary has indicated a possibility that there might not be an acreage reserve for corn in 1956, the committee recommended an amendment, which would make these provisions applicable whether an acreage-reserve program were in effect for corn or not.

Aside from the treatment of feed grains, the only differences between title III of H. R. 10875 and H. R. 12, as passed by the Congress, are as follows:

First. Section 302 provides for apportionment of the 1957 and 1958 cotton-acreage allotments among the States in the same proportion that they shared in 1956.

Second. The provision contained in title V of H. R. 12, providing for a minimum national acreage allotment for rice for 1957 and its apportionment among the States in the same proportion that they shared in 1956, has been transposed to this title, and extended to 1958.

Title IV of the bill, which deals with forestry, provides for assistance to States for tree planting and reforestation, and for forest-product price reporting and research. Both sections of this title were passed by the Senate as part of H. R. 12, but the price-reporting and research provision was omitted from H. R. 12 as it came from conference. So the committee simply reinstated that amendment, which was offered by the distinguished Senator from Minnesota [Mr. HUMPHREY].

Title V of the bill provides for a two-price plan for rice, including a redefinition of "normal yield" necessary to facilitate its administration. This redefinition or "normal yield" was done at the suggestion and request of the Department; that is to say, the Department suggested that it would be best to include that language. The two-price plan is similar to that contained in H. R. 12, except that it would be discretionary, rather than mandatory.

Mr. President, there has been much talk about the two-price plan approach. It is now time for us to see how it works. Rice, which is a crop produced in only a few States, would be a guinea pig. In my humble judgment, if the two-price system should be applied and if there should be no interference in its operation from the State Department, it might open up a new avenue by which we can dispose of a great deal of these crops that we shall produce in the future, and thus in a measure recover our lost export markets.

This title would not be applicable in 1956, but could be made applicable for the years 1957 and 1958, or for the years 1958 and 1959 if the Secretary determined that the initiation of such a program was administratively feasible and in the best interests of rice producers and the United States.

Mr. President, as I have indicated, the two-price plan for rice is purely discretionary. The committee was advised that it might not be possible to put the two-price plan for rice into effect during 1956. The Secretary is given authority to put the rice program into effect for the years 1957 and 1958 or for the years 1958 and 1959 if he sees fit.

Title VI of the bill provides for—

First. Price support at competitive levels for cottonseed and soybeans if price support is made available for either. That provision was incorporated in the original bill.

Second. Freezing the transitional parity price for corn, wheat, and peanuts during 1957 and 1958 at 95 percent of their old parity prices; and

Third. A study of methods for improving the parity formula.

The provision for freezing the transitional parity price is the only provision in this title which was not contained in H. R. 12 as it passed the Congress.

Mr. President, it is my hope that the bill reported by the committee will be passed quickly and without change. It does not include all the provisions which I should like to have it contain, but considering what the President has done administratively in the past few weeks, this bill will assist—if administered as the Congress intends—in reducing production, and reducing surpluses without further depressing farm income.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Louisiana may yield to me at this time without losing the floor, for the purpose of permitting me to suggest the absence of a quorum and to propose a unanimous-consent agreement.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there objection? The Chair hears none, and it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I have at the desk a proposed unanimous-consent agreement. I ask that it be read.

The PRESIDING OFFICER. The clerk will read as requested.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Friday, May 18, 1956, at the conclusion of routine morning business, during the further consideration of the bill (H. R. 10875) to enact the Agricultural Act of 1956, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed agreement?

Mr. ELLENDER. Mr. President, reserving the right to object, I wonder whether it can be understood that since consideration of the bill will continue on tomorrow, we shall debate the bill today only until perhaps 5 or 6 p. m. Many Senators have dinner engagements.

Mr. JOHNSON of Texas. Mr. President, if the proposed agreement is entered into, I shall give the Senator from Louisiana assurance that the Senate will not sit later than 6 p. m.; and then the Senator from Louisiana can keep his engagement and the majority leader can keep his.

Mr. ELLENDER. Very well.

The PRESIDING OFFICER. Is there objection to the proposed agreement? Without objection, the proposed agreement is entered.

ORDER FOR RECESS UNTIL 10 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I give notice that the Senate will meet at 10 a. m. and will complete action on the bill tomorrow, if it is at all possible to do so.

Mr. BENDER. At what time?

Mr. JOHNSON of Texas. We shall convene at 10 a. m., and shall remain through the evening, if necessary.

Mr. BENDER. Very well.

JOINT MEETING OF THE TWO HOUSES—ADDRESS BY THE PRESIDENT OF INDONESIA

Mr. JOHNSON of Texas. Mr. President, before the Senate takes a recess so that it may go to the Hall of the House of Representatives to hear an address to be delivered by the President of Indonesia, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Pursuant to the order heretofore entered, the Senate will now stand in recess, subject to the call of the Chair, and will proceed to the Hall of the House of Representatives, to hear an address to be delivered by the President of the Republic of Indonesia.

Accordingly (at 12 o'clock and 24 minutes p. m.), the Senate took a recess, subject to the call of the Chair.

The Senate, preceded by the Secretary, Felton M. Johnston; the Sergeant at Arms, Joseph C. Duke; and the Vice President, proceeded to the Hall of the House of Representatives to greet and to listen to the address to be delivered by His Excellency President Sukarno of the Republic of Indonesia.

(For the address delivered by the President of Indonesia, see House proceedings in today's RECORD.)

At 1 o'clock and 40 minutes p. m., the Senate returned to its Chamber, and reassembled when called to order by the Presiding Officer (Mr. DOUGLAS in the chair).

AGRICULTURAL ACT OF 1956

The Senate resumed the consideration of the bill (H. R. 10875) to enact the Agricultural Act of 1956.

Mr. ELLENDER. Mr. President, I should like to propound a unanimous-consent agreement, as follows:

I ask unanimous consent that the committee amendments to the pending bill be agreed to en bloc, and that the bill as so amended be considered as original text for the purpose of amendment.

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

Mr. ELLENDER. I yield.

Mr. JOHNSON of Texas. As I understand, under the unanimous-consent agreement proposed by the Senator from Louisiana, the right of any Senator to offer an amendment to any section of the bill will be preserved. Is that correct?

Mr. ELLENDER. The Senator from Texas is correct.

Mr. JOHNSON of Texas. That is customary.

Mr. BUSH. Mr. President, reserving the right to object, I should like to inquire whether the proposed agreement is agreeable to the Senator from Vermont [Mr. AIKEN].

Mr. ELLENDER. I am sure it will be. It is the customary agreement which is entered into.

Mr. JOHNSON of Texas. It is customary.

Mr. ELLENDER. If the Senator from Vermont objects, I will withdraw it.

Mr. BUSH. On that basis, I shall not object.

The PRESIDING OFFICER. Without objection, the unanimous-consent agreement is entered into, and the committee amendments are agreed to en bloc.

The amendments of the Committee on Agriculture and Forestry, agreed to en bloc, are as follows:

On page 3, line 21, after the word "the", to strike out "1956"; in line 22, after the word "crops", to insert "and to the extent he deems practicable for the 1956 crop"; on page 4, line 5, after the word "respectively" to strike out "and such other field crops as the Secretary may designate"; on page 5, line 6, after the word "occurs" to strike out "within" and insert "not later than"; in line 8, after the word "Secretary.", to strike out "In addition to the foregoing the Secretary is authorized and directed to formulate and carry out during the years 1956, 1957, 1958, and 1959 an acreage reserve program for grazing lands under which farmers or ranchers will be compensated for reducing their acreages of grazing lands and making a corresponding reduction in livestock units below a representative period designated by the Secretary. All the provisions of this title not inconsistent therewith shall apply to the grazing lands acreage reserve program."; on page 6, line 17, after the word "apply" to insert "to the termination of any contract"; on page 7, line 1,

after the word "established" to insert "for 1956 and"; on page 8, line 16, after the word "feed" to strike out "grain" and insert "grains"; on page 10, line 9, after the numerals "1956" to insert "(if such a program is in effect for such year)"; in line 11, after "(a)", to strike out the comma and "including grazing lands."; in line 17, after the word "acreage" to strike out "allotments," and insert "allotments or"; in line 18, after the word "acreages", to strike out "or other standards,"; on page 12, line 17, after the word "exceed", to strike out "$800,000,000" and insert "$750,000,000"; in line 22, after the figures "$23,000,000", to strike out "grazing lands, $50,000,000;" and insert "and"; in line 23, after the figures "$45,000,000", to strike out the semicolon and "and other crops, $50,000,000"; on page 13, line 6, after the word "farm" to strike out "acreage," and insert "acreage"; on page 14, line 9, after the word "do", to strike out "no" and insert "not"; on page 22, line 12, after the word "reimburse", to strike out "and" and insert "any"; on page 30, line 11, after the word "of", to strike out "agricultural commodities" and insert "price supported crops"; on page 33, after line 2, to insert:

EXPORT SALES PROGRAM FOR COTTON

SEC. 203. In furtherance of the current policy of the Commodity Credit Corporation of offering surplus agricultural commodities for sale for export at competitive world prices, the Commodity Credit Corporation is directed to use its existing powers and authorities immediately upon the enactment of this act to encourage the export of cotton by offering to make cotton available at prices not in excess of the prices at which cottons of comparable qualities are being offered by other exporting countries and, in any event, for the cotton marketing year beginning August 1, 1956, at prices not in excess of the minimum prices (plus carrying charges, beginning October 1, 1956, as established pursuant to Section 407 of the Agricultural Act of 1949) at which cottons of comparable qualities were sold under the export program announced by the United States Department of Agriculture on August 12, 1955. Cottons of qualities not comparable to those of cottons sold under the program announced on August 12, 1955, shall be offered at prices not in excess of the maximum prices prescribed hereunder for cottons of qualities comparable to those of cottons sold under such program, with appropriate adjustment for differences in quality. Such quantities of cotton shall be sold as will reestablish and maintain the fair historical share of the world market for United States cotton, said volume to be determined by the Secretary of Agriculture.

On page 34, line 6, to change the section number from "203" to "204"; in line 19, to change the section number from "204" to "205"; on page 35, line 6, to change the section number from "205" to "206"; on page 36, line 4, to change the section number from "206" to "207"; in line 12, to change the section number from "207" to "208"; on page 37, line 18, to change the section number from "208" to "209"; on page 39, line 22, to change the section number from "209" to "210"; on page 40, line 10, to change the section number from "210" to "211"; on page 41, line 23, to change the section number from "211" to "212"; on page 42, line 19, after the word "section" to insert "and the provisions of section 344"; in line 23, after the numerals "1956" to insert "and such national allotments for 1957 and 1958 shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956"; on page 45, line 20, after the word "prescribed" to strike out "percentages" and insert "percentage" on page 47, line 1, after the word "minimum" to strike out "State"; in the same line, after the word "for" to strike out "1956"; in line 2, to strike out the word "Crop"; after line 2, to strike out:

SEC. 304. Section 353 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding to subsection (c) a new paragraph (5) to read as follows.

And in lieu thereof to insert:

SEC. 304. Section 353 (c) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof the following:

In line 22, after the word "acreage.", to strike out the quotation marks "; at the top of page 48, to insert:

"(6) The national acreage allotments of rice for 1957 and 1958 shall be not less than the national acreage allotment for 1956, including any acreage allotted under paragraph (5) of this subsection, and such national allotments for 1957 and 1958 shall be apportioned among the States in the same proportion that they shared in the total acreage allotted in 1956."

On page 49, line 19, after the word "future" to insert "State, county, and"; on page 50, at the beginning of line 14, to insert "(if such program is in effect"; on page 51, line 19, after the word "law", to strike out "for each of the years 1956 and 1957 in which an acreage-reserve program will be in effect for corn," and insert "(1)"; in line 22, after the word "for", to insert "the 1956 crop and, if an acreage-reserve program is in effect for corn, for the 1957 crop of"; on page 52, line 1, after the word "area" to insert "(2) the level of price support for the 1956 crop of each of the commodities, grain sorghums, barley, rye, and oats, shall be 76 percent of the parity price for the commodity,"; in line 4, after the word "and", to insert "(3) if an acreage-reserve program is in effect for corn,"; at the beginning of line 6, to insert "the 1957 crop"; in line 8, after the word "for", to strike out "each such" and insert "the"; in line 14, after the word "of", to insert "the 1957 crop of each of"; in line 23, after the word "of", to strike out "85 percent of"; on page 53, after the word "area", to strike out "Notwithstanding any other provision hereof, the Commodity Credit Corporation shall make available price support for the 1956 crop of grain sorghums, barley, rye, and oats at the levels announced prior to the enactment of this subsection, and for the 1956 crop of corn produced outside the commercial corn-producing area at 75 percent of the level for corn produced in the commercial corn-producing area, to any producer who meets the requirements of eligibility therefor but who does not meet the additional requirements for price support prescribed by this subsection." and, in lieu thereof, to insert: "Notwithstanding the foregoing provisions of this section—

"(1) if price support for the 1957 crop of corn is made available to producers in the commercial corn producing area not meeting the requirements of subsection (a) of this section, price support shall be made available for the 1957 crop of each of the feed grains (corn produced outside the commercial area, grain sorghums, barley, rye, and oats) to producers not meeting the foregoing requirements of this subsection at a level bearing the same relationship to the level of price support to producers of such feed grain who meet such requirements as (i) the level of price support for corn to producers in the commercial corn producing area not meeting the requirement of subsection (a) bears to (ii) the level of price support for corn to producers in such area who meet such requirements; and

"(2) if price support for the 1957 crop of corn is not made available to producers in the commercial corn producing area not meeting the requirements of subsection (a) of this section, price support for the 1957 crop of each of the feed grains (corn produced outside the commercial area, grain sorghums, barley, rye, and oats) may, nevertheless, be made available to any producer who does not meet the requirements of this subsection at such level, not in excess of the level of price support to producers who meet such requirements, as the Secretary determines will facilitate the effective operation of the price support program."

On page 56, after line 15, to insert:

FOREST PRODUCTS; PRICE REPORTING; RESEARCH

SEC. 402. (a) For the purposes of improving the management and use of forest resources and in order to provide farmers and other owners of small forest properties with current information on markets and prices and to aid them in more efficiently and profitably marketing forest products, the Secretary of Agriculture is hereby authorized and directed to establish a price reporting service for basic forest products, including but not limited to standing timber and cut forest products such as sawlogs and pulpwood.

(b) The price reports made by the Secretary under subsection (a) shall be as to such species, grades, sizes, and other detail, and shall be made at such intervals, but at least quarterly, as he deems appropriate. Such reports shall be by State or forest regions or by such other areas as the Secretary considers advisable, and may, in his discretion, be made as to one or more areas in advance of other areas.

(c) In connection with the gathering of price information and the dissemination thereof, the Secretary is authorized to cooperate with the State foresters or other appropriate State officials or agencies, as well as with private agencies, and under such conditions and terms as he may deem appropriate.

(d) The Secretary of Agriculture shall make a study of price trends and relationships for basic forest products such as sawlogs and pulpwood and within 2 years from the date of enactment of this act shall submit a report thereon to the Congress.

(e) In the conduct of research activities under the act of May 22, 1928 (45 Stat. 699), and the act of August 14, 1946, title II (60 Stat. 1087), the Secretary of Agriculture is directed to conduct and stimulate research and investigations aimed at developing and

demonstrating standards of quality, collecting and disseminating useful market information, and developing methods for increasing the efficiency of the marketing and distribution processes for forest products as a means of increasing returns to farmers and other owners of forest properties.

(f) The Secretary of Agriculture is authorized to issue such regulations as he deems appropriate in carrying out the provisions of this section.

(g) There are hereby authorized to be appropriated for the purposes of this section such sums as may be necessary.

On page 58, after line 8, following the amendment just above stated to insert:

TITLE V—CERTIFICATE PROGRAM FOR RICE

SEC. 501. Title III of the Agricultural Adjustment Act of 1938, as amended, is amended (1) by changing the designation thereof to read as follows: "Title III—Loans, Parity Payments, Consumer Safeguards, Marketing Quotas, and Marketing Certificates"; (2) by changing the designation of subtitle D thereof to read as follows: "Subtitle E—Miscellaneous Provisions and Appropriations"; and (3) by inserting after subtitle C a new subtitle D, as follows:

"Subtitle D—Rice Certificates

"Legislative Findings

"SEC. 380a. The movement of rice from producer to consumer is preponderantly in interstate and foreign commerce, and the small quantity of rice which does not move in interstate or foreign commerce affects such commerce. In order to provide an adequate and balanced flow of rice in interstate and foreign commerce and to assure consumers an adequate and steady supply of rice at fair prices it is necessary to regulate all commerce in rice in the manner provided in this subtitle. These findings are supplemental to and in addition to the findings contained in section 351 of this act.

"Effective Date and Termination

"SEC. 380b. Sections 380c through 380g (c) shall be effective beginning with the first crop of rice, subsequent to the 1956 crop and prior to the 1959 crop, for which the Secretary determines and proclaims that the initiation of a program under this subtitle is administratively feasible and in the best interests of rice producers and the United States. Unless extended by law, the provisions of this subtitle shall not apply to rice of any crop following the second crop for which a program is in effect under sections 380c and 380g (c).

"Rice Primary Market Quota

"SEC. 380c. Not later than December 31 of each year, the Secretary shall determine and proclaim the primary market quota for rice for the marketing year beginning in the next calendar year. The primary market quota shall be the number of hundredweights of rice (on a rough rice basis) which the Secretary determines will be consumed in the United States (including its Territories and possessions and the Commonwealth of Puerto Rico) or exported to Cuba, during such marketing year. In making this determination the Secretary shall consider the historical consumption in these markets of rice produced in the United States and any expected enlargement in such consumption predicated upon population trends, increased per capita consumption, and other relevant factors.

"Apportionment of Primary Market Quota

"SEC. 380d. (a) The primary market quota for rice shall be apportioned by the Secretary among the several States on the basis of the average yield per acre of rice in each State during the three years immediately preceding the year for which the quota is proclaimed (or in the case of the apportionment for 1957, during the two years preceding such year) multiplied by the acreage allotment of such State for such year.

"(b) The State primary market quota shall be apportioned by the Secretary among farms on the basis of the acreage allotment established for each farm multiplied by the normal yield per acre for the farm.

"Review of Primary Market Quota

"SEC. 380e. Notice of the primary market quota shall be mailed to the operator of the farm to which such quota applies. The farm operator may have such quota reviewed in accordance with the provisions of sections 363 to 368, inclusive, of this act.

"Price Support

"SEC. 380f. (a) Notwithstanding any other provision of law, the Commodity Credit Corporation shall make price support available to cooperators through loans, purchases, or other operations on any crop of rice for which a program is in effect under sections 380c through 380g (c) at such level, not less than 50 percent or more than 90 percent of the parity price therefor, as the Secretary determines will not discourage or prevent the exportation of rice produced in the United States.

"(b) Section 101 of the Agricultural Act of 1949, as amended, shall not apply to price support made available on rice of any crop to which this section is applicable, but all the other provisions of such act, to the extent not inconsistent with this subtitle, shall apply to price support operations carried out under this section.

"Certificates

"SEC. 380g. (a) The Secretary of Agriculture shall for each marketing year issue certificates to cooperators for a quantity of rice equal to the primary marketing quota for the farm for such marketing year, but not exceeding the normal yield of the acreage planted to rice on the farm. The certificate shall have the value specified in subsection (e) of this section.

"(b) The landlord, tenants, and sharecroppers on the farm shall share in the certificates issued with respect to the farm in the same proportion as they share in the rice produced on the farm or the proceeds therefrom.

"(c) The provisions of section 385 of this act shall be applicable to certificates issued to producers under this section.

"(d) The Commodity Credit Corporation shall issue and sell certificates to persons engaged in the processing of rough rice or the importing of processed rice. Each such certificate shall be sold for an amount equal to the value thereof, as specified in subsection (e) of this section.

"(e) The value of each certificate issued under this section shall be equal to the difference between 90 percent of the parity price of rice as of the beginning of the marketing year for which the certificate is issued and the level of price support for rice which is in effect during such marketing year, calculated to the nearest cent, multiplied by the quantity of rice for which the certificate is issued. Any certificates not used to cover the processing of rice or the importation of processed rice pursuant to sections 380k and 380l of this act shall be redeemed by the Commodity Credit Corporation at the value thereof.

"Inventory Adjustment Payments

"SEC. 380h. To facilitate the transition from the price support program currently in effect to the program provided for in this subtitle, the Commodity Credit Corporation shall make inventory adjustment payments to all persons owning rough rice located in the continental United States as of the beginning of the marketing year for the first crop of rice for which a program is in effect under sections 380c through 380g (c): *Provided, however,* That such payments shall not be made with respect to rice of such crop, imported rice, or rice acquired from Commodity Credit Corporation. The amount of such payment per hundredweight shall be the amount by which the estimated average price paid producers during the marketing year for the preceding crop exceeds the estimated average support price for the first crop for which a program is made effective. There are hereby authorized to be appropriated such sums as may be necessary to make payment to Commodity Credit Corporation for expenditures pursuant to this section.

"Rice Set-Aside

"SEC. 380i. All rough and processed rice in the inventories of Commodity Credit Corporation as of 60 days after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), not exceeding 20 million hundredweight of rough rice or its equivalent in processed rice may be transferred to and be made a part of the commodity set-aside of rice established pursuant to section 101 of the Agricultural Act of 1954.

"Exemptions

"SEC. 380j. The provisions of this subtitle shall not apply to nonirrigated rice produced on any farm on which the acreage planted to nonirrigated rice does not exceed 3 acres, and the provisions of sections 380c through 380g (c) shall not apply to rice produced in Puerto Rico or Hawaii.

"Processing Restrictions

"SEC. 380k. (a) Each person who on or after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), engages in the processing of rough rice in the United States shall, upon processing any quantity of rough rice, acquire certificates issued under section 380g of this act in an amount sufficient to cover such quantity of rough rice.

"(b) The requirements of subsection (a) of this section shall not be applicable to the processing in Puerto Rico or Hawaii of rough rice grown in Puerto Rico or Hawaii, respectively.

"(c) Upon the exportation from the United States to any country other than Cuba of any processed rice with respect to which certificates were acquired in accordance with the requirements of subsection (a) of this section or section 380l, the Commodity Credit Corporation shall pay to the exporter an amount equal to the value of the certificates for the rough rice equivalent of such processed rice.

"Import Restrictions

"SEC. 380l. Each person who, on or after the beginning of the marketing year for the first crop for which a program is in effect under sections 380c through 380g (c), imports processed rice into the United States shall acquire certificates issued under section 380g of this act covering the rough rice equivalent of such processed rice.

"Regulations

"SEC. 380m. The Secretary shall prescribe regulations governing the issuance, redemption, acquisition, use, transfer, and disposition of certificates hereunder.

"Civil Penalties

"SEC. 380n. Any person who violates or attempts to violate, or who participates or aids in the violation of, any of the provisions of sections 380k or 380l of this act, or regulations prescribed by the Secretary for the enforcement of such provisions, shall forfeit to the United States a sum equal to three times the market value, at the time of the commission of such act, of the product involved in such violation. Such forfeiture shall be recoverable in a civil suit brought in the name of the United States.

"Reports and Records

"SEC. 380o. (a) The provisions of section 373 (a) of this act shall apply to all persons, except rice producers, who are subject to the provisions of this subtitle, except that any such person failing to make any report or keep any record as required by this section or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $2,000 for each such violation.

"(b) The provisions of section 373 (b) of the act shall apply to all rice farmers who are subject to the provisions of this subtitle.

"Definitions

"SEC. 380p. For the purposes of this subtitle—

"(a) 'cooperator' shall have the same meaning as under the Agricultural Act of 1949, as amended.

"(b) 'processing of rough rice' means subjecting rough rice for the first time to any process which removes the husk or hull from the rice and results in the production of processed rice.

"(c) 'processed rice' means any rice from which the husk or hull has been removed and includes, but is not limted to—

"(1) whole grain rice,

"(2) second head milled rice,

"(3) screenings milled rice,

"(4) brewers milled rice,

"(5) undermilled rice or unpolished rice,

"(6) brown rice,

"(7) converted rice, malekized rice, or parboiled rice, and

"(8) vitaminized rice or enriched rice.

"(d) 'United States' means the several States, the Territories of Hawaii and Alaska, the District of Columbia, and the Commonwealth of Puerto Rico.

"(e) 'exporter' means the consignor named in the bill of lading under which the processed rice is exported: *Provided, however,* That any other person may be considered to be the exporter if the consignor named in the bill of lading waives his claim in favor of such other person.

"(f) 'rough rice equivalent' means the quantity of rough rice normally used (as determined by the Secretary of Agriculture) in the production of a particular quantity of processed rice, but shall not be more than 100 pounds of rough rice for each 68 pounds of processed rice.

"(g) 'import' means to enter, or withdraw from warehouse, for consumption."

On page 67, after line 20, after the amendment just above stated, to insert:

Normal Yield for Rice

SEC. 502. Paragraph (13) of section 301 (b) of the Agricultural Adjustment Act of 1938, as amended, is amended by (1) redesignating subparagraph (E) as subparagraph (G); and (2) striking out subparagraph (D) and inserting in lieu thereof the following:

"(D) 'Normal yield' for any county, in the case of rice, shall be the average yield per acre of rice for the county during the 5 calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields. If for any such year data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, taking into consideration the yields obtained in surrounding counties during such year and the yield in years for which data are available, shall be used as the actual yield for such year.

"(E) 'Normal yield' for any farm, in the case of rice, shall be the average yield per acre of rice for the farm during the 5 calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations issued by the Secretary, taking into consideration abnormal weather conditions, trends in yields, the normal yield for the county, the yields obtained on adjacent farms during such year and the yield in years for which data are available.

"(F) In applying subparagraphs (D) and (E), if on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield for any year of such 5-year period is less than 75 percent of the average, 75 percent of such average shall be substituted therefor in calculating the normal yield per acre. If, on account of abnormally favorable weather conditions, the yield for any year of such 5-year period is in excess of 125 percent of the average, 125 percent of such average shall be substituted therefor in calculating the normal yield per acre.

And, on page 69, after the amendment just above stated, to insert:

TITLE VI—MISCELLANEOUS

Price supports—cottonseed and soybeans

SEC. 601 (a) Title II of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 203. Whenever the price of either cottonseed or soybeans is supported under this act, the price of the other shall be supported at such level as the Secretary determines will cause them to compete on equal terms on the market."

(b) The amendment made by this section shall take effect with the 1956 crop.

Transitional parity for basic commodities frozen during 1957 and 1958

SEC. 602. Section 301 (a) (1) (E) (ii) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1301 (a) (1) (E) (ii), is amended by inserting after "full calendar years" the following: "(not counting 1956 or 1957 in the case of basic agricultural commodities)." The Secretary shall make a thorough study of possible methods of improving the parity formula and report thereon, with specific recommendations, including drafts of necessary legislation to carry out such recommendations, to Congress not later than January 31, 1957.

COMMENTS ON VISIT AND ADDRESS OF PRESIDENT SUKARNO, OF INDONESIA

Mr. HUMPHREY. Mr. President, a very few moments ago we listened to a remarkable address by the President of Indonesia. I wish to say that I was deeply moved by his address. It was excellent, it was profound, and I think it was a lesson or an education and experience for Members of Congress in being permitted to hear directly from one of the great leaders of a free country a statement as to the attitudes of the peoples of Asia, their reflections and observations on the principles and the practices for which America stands.

Mr. President, the Congress, the Capital, and the country today are welcoming President Sukarno, of Indonesia. Within a few hours after his arrival here yesterday, President Sukarno had already won the esteem of Washingtonians. His personal friendliness and skill as an ambassador of good will are qualities which have impressed all of us on first acquaintance, just as they must have impressed little 5-year-old Richard Peterson, of Duluth, Minn., who engaged President Sukarno in a well-publicized curbstone interview downtown yesterday.

But President Sukarno himself has described his present mission as something more than a good-will visit. At the airport yesterday, his first words were:

I have come here to confirm or to modify the impressions of your country which I have collected for so many years.

I have come here to America to learn something from America—not in the first place from America merely as a country—merely as a nation, merely as a people, but from America as a state of mind, from America as a center of an idea.

Mr. President, I think it would be well for all Americans to reflect for a considerable period of time on this description and definition of America—America as a state of mind, a state of values; America as the center of an idea.

I am sure President Sukarno was referring to the idea of human freedom and the constant and continuous emancipation of human beings in their talents, their abilities, and their capacities.

Mr. President, let us hope that the ideas of freedom, independence, human dignity, and progress which have so long been the goals of this Nation will be confirmed for President Sukarno in everything that he hears and sees during the 19-day tour of the United States on which he is about to embark.

Mr. President, 3 editorials and 2 articles concerning Dr. Sukarno's visit which have come to my attention during the last 24 hours seem to me to reflect especially well the warmth of our welcome to our distinguished visitor. The editorials appeared in the Washington Post and Times Herald yesterday, in the Washington Star yesterday, and in the New York Times this morning. The articles appeared in the Washington Star last night.

I ask unanimous consent that these items be printed in the RECORD at this point in my remarks.

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

[From the Washington Star of May 16, 1956]

DR. SUKARNO'S VISIT

It is interesting, and perhaps even significant, that President Sukarno of Indonesia has chosen to come to the United States on the first official visit he has ever made away from his homeland. But it is not really surprising that he has done this. For he has long been a great admirer of our American system, and his most favored heroes are Paul Revere, Thomas Jefferson, and Abraham Lincoln. More than that, as another measure of what he thinks of our way of life, it is worth noting that primarily because of his influence his country's constitution, along with its 1945 declaration of independence, is patterned after ours in both letter and spirit.

These are points that should receive due consideration in any effort to evaluate Indonesia's position in relation to the free world and the world of communism. Ever since achieving full sovereignty in 1949, when the Dutch colonial rule came formally to an end, the country has grown increasingly neutralist, and its Communists—who rank fourth in political strength in the islands—have seemed to be worming themselves into more and more power. What is reassuring, however, is that 54-year-old Dr. Sukarno—an enormously popular and highly talented

leader—is an anti-Red whose devotion to individual and national liberty has been proved over and over again. And the same holds true for all the key members and elements of his government.

After his 3-day stay here in the Capital this week, Dr. Sukarno, together with his large and distinguished official party, will spend about a fortnight visiting various parts of our country. As the George Washington of one of the world's most populous nations (80 million people)—a nation whose 3,000 islands are immensely rich in natural resources—he will have ample opportunity to talk with and to Americans representing all walks of life. This promises to be a mutually beneficial experience, one that should help diminish any misunderstandings that may exist now between us and the Indonesians, particularly regarding the general nature of our Government's foreign policy as it bears upon Asia and such issues as colonialism.

As for formal negotiations, there will be none, but President Sukarno undoubtedly will exchange views with our top officials on a number of political and economic matters. In that respect, as well as in others, his trip here can do much to strengthen relations between his country and ours. In any case, Washington and the United States as a whole, valuing both his and Indonesia's friendship, have reason to feel honored by his visit, and he and his party can be sure of a hearty welcome wherever they travel among us.

[From the Washington Post and Times Herald of May 16, 1956]

PRESIDENT SUKARNO

Greetings to the George Washington of Indonesia on his arrival in Washington on a state visit. President Sukarno (he has no given name) has been his country's chief ever since it became independent of the Dutch. This relationship began a decade ago, yet Sukarno seems a permanent fixture. This is because he will always be regarded as the father of the Indonesian revolution. He and his Vice President, Mohammed Hatta, signed a declaration on August 7, 1945. Nobody except the Dutch knew them then. And the Dutch knew them only as thorns in their side whom they had to keep off-and-on in jail as dangerous agitators. In the last 10 years Sukarno, in his plain black Moslem cap and white drill coat, has demonstrated a familiarity as one of the most colorful personalities of the new Asia.

Fifty-six years old, he is the son of a Javanese schoolmaster and Balinese mother. By profession he is an engineer. But in his twenties he found he had a voice of singular enchantment to convey the message of freedom which burned in his youthful heart. To his deep-voiced oratory he joined a gift of organization, and by 26 he had founded and was the first chairman of the Indonesian Nationalist Party. His influence spread like wildfire among the Javanese.

Sukarno still has the power to set fire by his magic words. The art of his speaking lies in his skillful use of slogans, generally his own, and the light and shade which he imparts to his histrionics. He is always a show unto himself—thus appealing to the gaiety as well as the passion of the simple people. Nobody has his intimate knowledge of the problems of the peasantry, not only in Java but elsewhere in the archipelago. His is the self-avowed "gospel of the common man," and his towering standing was sufficient to end the disparateness between the Javanese and the Sumatrans when he became President.

Sukarno is not a common man, however, in his tastes and inclinations. Not so well educated as some of his fellow revolutionaries, he still is versed in literature and the arts. He quotes Shakespeare copiously, even to the common man, and he is a devoted admirer of Jefferson and the American Declaration of Independence. He was responsible for the introduction of the national red-white flag with its rampant and unchained bull in the center; he also wrote the national anthem. Intoxication has now worn off Indonesian freedom, and responsibility may now be the preoccupation of the Indonesian leaders. We hope Sukarno and his hosts will learn something from each other in the exercise of great authority.

[From the Washington Star of May 16, 1956]

BOY, 5, FINDS SUKARNO HAS WARM HEART

Indonesia's President Sukarno wasted no time today in establishing himself as an official visitor with a heart.

Only minutes after he had arrived in the District, Dr. Sukarno asked the driver of his automobile to stop a short distance from the reviewing stand across from the District Building.

While police and secret-service men milled around and newsmen watched with surprise, the Indonesian President got out of the car and strode over to the curb where 5-year-old Richard A. Peterson, of Duluth, Minn., was waving an Indonesian flag. Grinning, Dr. Sukarno stopped to shake hands with the boy, who smiled warmly back.

Suddenly, young Richard noticed photographers crowding in for closeups. Self-consciously, in the manner of all 5-year-olds, he squatted down on the curb and dug his knuckles into his eyes.

Dr. Sukarno sized the situation up in an instant. He went back to the car, took his own son, Guntur, 12, by the hand, and went back to where Richard was crouching in confusion.

With another child in the act, Richard's trouble disappeared. The two boys shook hands, and the Indonesian President and his son continued, on foot, to the reviewing stand.

The notables on the stand straightened up to receive their distinguished visitor, but the time was not quite yet. Dr. Sukarno spotted a motherly looking woman among the spectators on the sidewalk. He walked over, took her by the hand and kissed her on the cheek.

"This is an Indonesian kiss," Dr. Sukarno told the startled woman, Mrs. Leonore Coon, of 1228 I Street NW.

Mrs. Coon was flustered, but not too flustered to reply, "Oh, no, that was an American kiss."

Dr. Sukarno smiled, turned away and proceeded to the reviewing stand. The reception got underway at last.

[From the New York Times of May 17, 1956]

WELCOME TO DR. SUKARNO

The esteem in which the United States holds the newly independent nations which have recently risen from colonial rule to sovereignty is illustrated again by the warm welcome given yesterday in Washington to President Sukarno of Indonesia and his party. They have come at the invitation of President Eisenhower on what is both a state visit and a goodwill mission and will be guests of this Nation for the next 3 weeks.

As Secretary Dulles has emphasized, there is a basic bond of sympathy between the United States and a country like Indonesia, if only because of their similar colonial antecedents. How thoroughly President Sukarno is aware of this common bond is shown in his opening speech at the Bandung conference, in which he hailed the American War of Independence, as the first successful anti-colonial war in history.

Indonesia is so new a country that, as was the case of the United States during its early history, it is bending backward to guard against any infringement of its independence. For that reason it is following a neutralist policy of nonalinement with any power group, and President Eisenhower has expressed undertsanding and respect for that policy. For the same reason, Indonesia has fought shy of extensive American aid.

It is gratifying that President Sukarno and his party have come to the United States to take a first-hand look at this country and its people, and that, in Dr. Sukarno's words, they will seek "real understanding and friendship" between their country and ours. They will find that the United States will glady reciprocate.

[From the Washington Star of May 16, 1956]

SUKARNO GIVEN WARM SALUTE BY DIGNITARIES—INDONESIAN PRESIDENT WILL OBSERVE UNITED STATES AS "CENTER OF AN IDEA"

President Sukarno of Indonesia arrived at National Airport at 11:42 a. m. today and observed:

"I have come to learn something from America * * * from America as a state of mind * * * as a center of an idea."

He was met at National Airport by Vice President NIXON, Secretary of State Dulles and Adm. Arthur W. Radford, chairman of the Joint Chiefs of Staff. He was flown on the last leg of his trip, from Hawaii, in President Eisenhower's personal plane, the Columbine. With the Indonesian President was a large party, including his son, Guntur, 12.

President Sukarno, dressed in a "personal uniform" and wearing the national headdress, a high-crowned, brimless velvet cap called a kopiah, smiled a greeting to the welcoming dignitaries and told Mr. NIXON in excellent English that he had a "pleasant" trip. After hearing the national anthems of Indonesia and America and taking a 21-gun salute, the guest reviewed an honor guard of Army, Navy, Air Force and Marine units.

NIXON RECALLS VISIT

In a formal welcoming speech Mr. NIXON recalled having met Dr. Sukarno in Indonesia 2½ years ago.

"You, like our own George Washington, led your people from colonialism," the Vice President said. Mr. NIXON said he hoped this visit would strengthen the bond of friendship between the two countries.

"I am very happy to be in Washington today," Dr. Sukarno replied in an extemporaneous speech in English.

"I am grateful for the invitation President Eisenhower and the American Government rendered to me. I am also grateful for the kind reception here.

"I have come to America to see your country with my own eyes. I have come to observe the great achievements of the great American Nation.

"A STATE OF MIND

"I have come here to confirm or to modify the impressions of your country which I have collected for so many years.

"I have come here to America to learn something from America—not in the first place from America merely as a country—merely as a nation, merely as a people, but from America as a state of mind, from America as a center of an idea.

"I carry with me the greeting of the Indonesian people to you. I carry with me the thanks of the Indonesian people to you for all the assistance you gave us for the national reconstruction period."

President Sukarno rode in a cream-colored Chrysler convertible with Mr. NIXON to the Lincoln Memorial. Then the car drove down spectator-lined Constitution Avenue to the reviewing stand in front of the District Building, where District officials extended a welcome.

MORRIS EXTENDS WELCOME

Dr. Sukarno was welcomed in the name of the District by Edgar Morris, chairman of the

citizens' reception committee, and Robert E. McLaughlin, president of the District Board of Commissioners. The Commissioner presented him with the key to the city.

The Indonesian President thanked everyone for the hospitality of the city and added, "A man's life is unpredictable indeed."

He recalled:

"I am the son of poor parents. My father was a small teacher whose salary was 25 guilders a month—that is $10 in American money.

"Thirteen years of my life I have passed in prison and exile. Just now I am being honored by you, received by you with great hospitality. * * * I have been only 1½ hours in Washington, but I feel quite at home."

After the District's greeting Dr. Sukarno went to the White House.

When the procession reached the White House, President Eisenhower walked briskly down the front steps to clasp Dr. Sukarno's hand.

The two Presidents and Dr. Sukarno's son posed for pictures before entering the White House for luncheon.

The visiting President and his party went to Blair House after the luncheon. Tonight at 8 Dr. Sukarno will attend a state dinner given by Mr. and Mrs. Nixon at the Pan American Union.

Invited to the White House luncheon, in addition to Dr. Sukarno, were 14 members of his party and 45 American officials of the highest rank.

On the guest list were Mr. Nixon; Chief Justice Warren; Secretary Dulles; United States Delegate to the United Nations Henry Cabot Lodge, Jr.; Secretary of Commerce Weeks; Secretary of Labor Mitchell; Secretary of Health, Education, and Welfare Folsom; Budget Director Percival F. Brundage; Lewis L. Strauss, Atomic Energy Commission Director; Allen W. Dulles, Central Intelligence Agency Director; John B. Hollister, International Cooperation Administration Director; and State Department officials, including Assistant Secretary of State Walter S. Robertson.

Guests from Capitol Hill included House Speaker RAYBURN; the dean of the Senate, WALTER GEORGE, of Georgia; Senate Republican Leader KNOWLAND; Senate Majority Leader JOHNSON; and Democratic and Republican Representatives.

The Indonesian guests in addition to Mr. Sukarno were the Ambassador to Washington, MoeKarto Notowidigdo, and these Indonesians who accompanied their President Sukarno here:

Roeslan Abdulgani, Minister for Foreign Affairs; Zainul Arifin, first deputy chairman of the Indonesian Parliament; Dr. Wirjono Prodjodikoro, chief justice; A. K. Pringgodigdo, chief of the President's Cabinet; Sanusi Hardjadinata, Governor of West Java; and Vice Air Marshal Suryadarma, air force chief of staff.

Also the Honorable Suwirjo, president director of the Indonesian Industrial Bank; Dr. Johnnes Leimena, member of Parliament; Sutarto Hadisudibjo, member of Parliament; Colonel Nazir, commander of naval bases in Java; Col. J. F. Warrouw, commander of the 7th Army Division; Dr. Ouw Eng Liang, physician to the Indonesian President; and Lieutenant Colonel Sugandhy, aide de camp to the Indonesian President.

Mr. Sukarno (he has no first name) comes at the invitation of Secretary of State Dulles, who visited him in the Indonesia capital, Djakarta, last autumn.

He will be shown every attention while he is here. It is felt in official circles that if he is favorably impressed with what he sees of Western life it may dilute somewhat the anti-Western bias that 300 years of Dutch rule has instilled in the hearts of him and his countrymen.

ACCOMPANIED BY FOREIGN MINISTER

The 4-day stay is a visit of state and there is no agenda drawn up. Mr. Sukarno is accompanied, however, by his Foreign Minister, who at a stopover in Singapore expressed the view that United States aid would be most welcome to the young republic. Indonesia has greater natural resources than any other country of southeastern Asia but is desperately poor in the way of educated or technically trained people.

Mr. Sukarno, who speaks to Indonesians as their Bapak (father), is the founder and the leader of the country's dominant political group, the Nationalist Party, which won the first parliamentary election recently held in Indonesia.

A coalition government of which Ali Sastroamidjojo, former Indonesian Ambassador to the United States, is Prime Minister has been formed. It is made up of the Nationalist Party, the Moslem Party, and the Moslem Teachers' Party. No Communists, Western observers were relieved to see, have been taken into the cabinet, although they won approximately 15 percent of the seats in the newly formed 270-member house of representatives.

The resurgence of the Communist Party in Indonesia, the third largest republic in the world, has been a matter of grave concern in the West. In 1948 they attempted a military coup, to free Indonesia from President Sukarno. The movement was smashed and its leaders executed.

REDS AIDED BY MOSCOW

But the party pulled itself together and with financial aid from Peiping and Moscow began to organize again. Some of its financial strength is derived from contributions made by members of Indonesia's dominantly Chinese financial interests.

The first government of Mr. Sastroamidjojo, which operated with Communist support, supposedly gave the Reds considerable respectability in Indonesia. Communists now dominate the largest labor union, talk in nationalist terms, ride with the prevailing tides. They polled one-fifth of the total vote cast in the recent elections.

The results of a second election, to determine the membership of Indonesia's first constituent assembly, have not yet been announced. Until they meet, the stature and tenure of President Sukarno's office will not be ascertained.

Now, he is an immensely popular leader of 80 million people, a superb orator whose prestige is felt throughout the neutralist world of southeastern Asia. Western critics have expressed concern that Mr. Sukarno's anticommunism has never been as vigorously stated as his anticolonialism. This attitude, however, seems understandable in a man who spent some 7 years in Dutch jails.

His slogan: "One people, one country, one language," sparked the long fight for Indonesian independence which was climaxed with a proclamation of independence (signed by him and Hatta) issued on August 17, 1945. At the same time, Mr. Sukarno declared himself president. He was unanimously elected to the office when the Dutch gave up the fight in 1949.

After the Bandung Conference a convocation of Asian-African leaders which was held in April 1955, Red China's premier, Chou En-lai, was cordially entertained by the Indonesians and, with the Indonesian premier, issued a joint statement promising "close cooperation in order to strengthen the mutual understanding and friendly relations between the two countries."

Mr. Sukarno opened the Bandung Conference with a reference to the anniversary of the ride of Paul Revere. He is a serious student of American history who has found ideals, it is said, in Washington and Jefferson.

The State Department is hopeful that meetings with President Eisenhower and other officials may instill a similar admiration for present-day American leaders.

Tomorrow he will visit Mount Vernon, address a joint meeting of Congress, visit the National Gallery, the Washington, Jefferson, and Lincoln Memorials.

Mr. HUMPHREY. Mr. President, as one Member of Congress, as a Senator, I personally extend the hand of fellowship to our distinguished visitor, and say that I trust the wish he expressed in his address, the hope which he so brilliantly stated, that there may be an enduring friendship between the United States of America and the Republic of Indonesia, may be realized in our time as well as in the days to come.

HOW LONG CAN THE FAMILY FARMER STAY ON THE FARM?

Mr. SYMINGTON. Mr. President, as we know, this year the Senate has devoted more time to the consideration of the farm problem than to any other single issue. It is the No. 1 domestic problem facing our country today.

In this connection, Mr. President, I read with a great deal of interest a recent article in the Saturday Evening Post by Winifred Bryan Horner of R. F. D. No. 1, Columbia, Mo., entitled, "How Long Can We Stay on the Farm?"

I wrote Mrs. Horner, and I ask unanimous consent that my letter, together with her reply, be printed in the RECORD at this point.

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

APRIL 16, 1956.

Mrs. DAVID (WINIFRED BRYAN) HORNER,
Rural Free Delivery, Route 1,
Columbia, Mo.

DEAR MRS. HORNER: It has been a long time since I have read an article with as much interest as I did yours, How Long Can We Stay on the Farm?

May I offer my congratulations to you for its content, as well as the way you have so ably expressed the problem and the thoughts incident thereto.

Inasmuch as I have recently gone on the Senate Agriculture Committee, it would be a privilege to talk to you and your husband sometime when I am back in Missouri. I hope it can be arranged when convenient to you.

Again, congratulations on the magnificent piece of work, and good luck to you and yours.

Sincerely,

STUART SYMINGTON.

APRIL 22, 1956.

Mr. STUART SYMINGTON,
The United States Senate,
Washington, D. C.

DEAR MR. SYMINGTON: My husband and I are overwhelmed at the response we have received from my article in the Post, How Long Can We Stay on the Farm? Most of the letters have been from other young farmers thanking us for telling their story, which I attempted to do in an honest, straightforward and unhysterical way.

Of all the letters we received we were most grateful for yours of April 16, because we felt it represented a sincere interest in our problem. We would like to talk to you anytime you are in Missouri, and would arrange our schedule to suit your convenience.

You will not find us ready with an easy solution to the farming problem, since any

of us who is acquainted with the problems knows that there is no easy solution. However, we do know many of the problems, particularly the ones in our area, and if we can be of service to you in any way by answering questions or supplying information we would consider it a privilege to be able to help. If you would like we could arrange a meeting for you with 2 or 3 farmers from the Missouri area, who, like us, are not waving any flags, but are concerned with the long-term economic and social welfare of agriculture.

We would like very much to have an opportunity to talk with you any time that you might suggest.

Very sincerely,

WINIFRED BRYAN HORNER,
(Mrs. David A.)

Mr. SYMINGTON. Mr. President, when Secretary of Agriculture Ezra Taft Benson appeared before the Senate Agriculture Committee on April 19, I asked the Secretary if he had read this fine article. He said he had not, so I suggested that he, or a member of his staff, take the time to read it. In fact, I commend this article to all nonfarmers whether they be working people, bankers, businessmen or public servants.

I hope the Secretary has read it since then, because this article presents vividly the problems faced by our farmers today.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article entitled "How Long Can We Stay on the Farm?" written by Mrs. Winifred Bryan Horner and printed in the Saturday Evening Post of April 14, 1956.

I respectfully recommend it to all Members of the Senate, because Mr. and Mrs. Horner are the type of persons who should be able to make a success in any field of endeavor.

They are qualified and dedicated young farmers in whom American agriculture and America itself have a great stake. Yet their problem, as well as that of hundreds of thousands of other family farmers, is well stated in the title of the article, "How Long Can We Stay on the Farm?"

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

HOW LONG CAN WE STAY ON THE FARM?

(By Winifred Bryan Horner)

I know how the last buffalo must have felt before they put him on the nickel, because we, too, belong to a species that is becoming extinct. We are one of the young farmer families who, in the changing agricultural economy of this country, are caught in the current price squeeze. We don't have to read the newspapers to know that. In our record books the story is clear to anyone who can add, subtract or see red.

We are the displaced persons of the year. In the midst of an abounding prosperity, we are facing our own private depression. While nonfarm income has gone up 68 percent since 1947, the farm income has dropped 38 percent. Apparently our economy is burdened with surpluses of corn, wheat, rice, cotton and farmers. No one yet has suggested that we plow under the farmer, but it seems to follow that some of us should get out of the business. There is a happy theory that this process will naturally leave only the efficient farmer.

Who really is staying on the farm? In rare instances it is the young man who has inherited or married into a going farm concern. Frequently, it is the incompetent worker who cannot go elsewhere. It is the untrained farmer with less than a high-school education who is seldom drawn to the city anyway. His alternatives are limited and the attractions are not overwhelming. He'd rather be poor in a house with a view from a hilltop than to look through a cracked windowpane in an overcrowded flat.

In most cases, the person who is staying in agriculture is the older man who paid for his farm during the golden era of agriculture, 1939 to 1951. This man, with an unmortgaged $50,000 operation, can supply his income needs with a less than 5-percent return on his capital and nothing for his labor.

The young farmer down the road with a similar $50,000 enterprise is necessarily faced with a mortgage on which he must make an annual 5-percent interest payment to the banker. And if he is capable and college-trained, big business is leaning over his pasture fence waving an attractive pay check. This is the farmer who is abandoning agriculture—the competent, well-trained man under 40 who can double or triple his income by going into another field.

How can the present farm economy possibly hold this young man? And what will agriculture's future be without him?

We have been farming for 10 years. With a background of three generations of lawyers, engineers, and teachers, my husband grew up in St. Louis with an ambition to farm. In college, I worked on my A. B. degree with one eye on my books and the other on Dave. He ranked in the upper 1 percent of his class and graduated in agricultural engineering. We went into farming knowing that it was a business of high risk, keen competition, and low return. We did not expect to become wealthy. We were willing to forego a big salary in return for a 100-acre backyard for our children, the independence of being our own bosses and the beauty of a greening field on a sunny day. With adequate training, at least average brains, and a willingness to work hard together, we expected to make a decent living and a good life.

We invested our original capital of $7,500 in a milk cow and 130 acres of fertile but hilly land near Columbia, Mo. The 4 years' on-the-farm training to which Dave was entitled as a veteran was the boost we needed to get started. The VA instructor provided good technical help and the $90-a-month allotment guaranteed our eating in spite of our mistakes and allowed us to reinvest the farm income in livestock and machinery. A farmer is all in one—capital, labor, entrepreneur. At this point, we were mostly labor, but we were gaining some badly needed experience.

After 5 years in the hills, we were ready to branch out. The city shine was pretty well rubbed off. We had accumulated many blisters and calluses and a fair supply of know-how and capital. We figured, and agricultural economists agreed, that our small capital would return more if we concentrated it on modern, efficient machinery and more livestock, instead of trying to stretch it to cover land investment as well. With this idea, we sold our farm at a good price and entered into an owner-tenant arrangement that is customary in the Midwest. We supplied the machinery and labor. Our partner supplied the land. The livestock was owned jointly, and the profits were split 50–50.

From our point of view, the success of the partnership depended on the productivity of the land. With the same machinery, Dave's labor could produce crops five times as efficiently on flat, fertile ground as it could on hilly, infertile land. We also felt that the landowner must share with us a healthy interest in the farm dollar as a part of his living income. A wealthy man whose farm is a weekend hobby or an income-tax deduction is often very hard to rent from profitably because he is not interested in the immediate productivity of his farm in terms of dollars and cents.

After 2 years of fairly successful tenancy, we felt we were ready to go back into land investment in a modest way, and we needed a permanent home for our growing family. I had been making loud, clucking noises like a broody hen that wants a nest for her chicks—a 4-year-old, a 2-year-old and one on the way. In addition to the 245-acre farm that we purchased at this time, we continued our existing tenant arrangement and later took over operation of another farm for which we paid a flat annual cash rent. By this time we were in high finance, not as to profits but in the staggering number of figures involved in the bookkeeping. To help keep the records straight we had a separate checking account for each farm, and I found it a temptation, when our own balance got low, to embezzle a little for groceries from one of the others. A habit which the bookkeeper deplores and maintains will land me behind bars.

Dave sees the farm situation from all angles. During the day, he is the laborer and he cusses the "damn capitalists." After supper, he works over the books and mutters about the hired help. At 11 he goes to bed and nurses a managerial ulcer.

So now we are operating 600 acres of land, part of which we own and most of which we rent from others. We are beginning to hurdle one of the toughest obstacles of modern agriculture—to compete, you have to mechanize; to mechanize, you have to have acreage enough to warrant the machinery investment. You can't afford the land investment without the machinery; you can't afford the machinery without the land. By this time, the size of our operation both requires and justifies our considerable investment in modern machinery, and our crop work is almost entirely mechanized.

We had started with a team of half-broken horses that were thrown in on the purchase of our original farm. Our change from the muscle-and-blood type of horsepower was to a 1930 model tractor. On cold mornings Dave built a corncob fire under it to get it started. His theory, which seemed fairly sound, was that if it wouldn't start, he might as well burn it up anyway.

To stock this size operation with the kind of cattle we would like would require a considerable cash outlay. So we have had to increase our cattle herd slowly through the process of simple reproduction and not-so-simple borrowed money. We borrowed the money to buy a cow, which produced a calf, which produced a check, which paid for part of the cow. If this process would proceed without any hitches for 10 years, 4 cows would normally produce a herd of 41 cows, 20 yearling heifers and the accumulated income from 81 steers. Ain't nature grand? What isn't mentioned is that cows get kidney infections or Bang's disease, or they get baling wire in their stomachs and stretch out their mortgaged heads and die leaving you holding the note. The calves sometimes don't get born just because ma was too choicy in her sex life. On the farm, the reluctant lady is finished off in short order—hamburger.

In livestock farming, we learned never to underestimate the importance of the bull. This may seem like an obvious statement, but I am talking about his economic potential to the herd. The qualities of a good cow are reproduced in one calf once a year. The bull is reproduced in our herd 30 to 35 times each year. Consequently, whenever there's any extra cash, it goes into the purchase of a better bull with more steak on his southwest quarter.

Our savings account is on the hoof. No matter how short the ready cash, we keep the best heifer calves for the permanent herd and market only the steers and undergrade females. My first thought, when the bills get pressing, is to cash in some of those dol-

lars in the pasture, but Dave regards them as our "steak" in the future. Like any good stockman, he knows each cow and never misses a sore eye on "Huntsdale Heifer," a barbed wire cut on "Bones" or a slight limp in "Old Cow's Second Calf." Today we have one of the better smaller herds of grade cattle in the county. Our bull won the blue ribbon in the commercial-cattle class at the fair and our pen of five calves took second place.

After 8 years, our acreage had increased fivefold, representing a $60,000 land investment, although only a small portion of this was our own capital. Our machinery had increased from 1 team to a $6,000 line of equipment. Our cattle had increased from 1 milk cow to 35 good-quality Hereford cattle. Most important, like any sound businessman, Dave had learned to produce a good product. Our calves sold as "good-to-choice" feeders. Our crop yields were above average for our county. Our record looked good and we felt confident we were operating on a safe margin and could withstand a normal weather hazard or a reasonable drop in the market.

That was in the fall of 1951. One year later we were $4,200 poorer. In September, 1951, we had 30 head of cattle worth about $300 apiece, a herd investment of $9,000. In September, 1952, the $300 cow had dropped to $160. The cattle were worth $4,800. Today the same cow has gone down to $110.

Other commodities have followed. In February, 1948, a bushel of corn on the free market was worth $2.80. Last fall it marketed for 95 cents. At the same time the cost of producing a bushel of corn has steadily increased. The tractor to plow the field now costs $800 more; the corn picker $400 more. The taxes on our 245-acre farm have almost doubled since 1948. Since 1947, farm income, in terms of what it can buy, has decreased 45 percent.

Close on the heels of falling prices, in 1953 and 1954 we had two record-breaking droughts. Water became our most valuable resource. We knew that our house water supply would be inadequate during dry periods, but decided that the $2,000 for a deep well could be better invested in livestock and machinery, and we could have water hauled when necessary. We failed to anticipate that the bank account and cistern would go dry at the same time. I improvised a suds saver for the automatic washer out of a barrel, a piece of hose and a few scientific principles. No one turned on a faucet without due consideration, and baths were at a minimum, a state of affairs which delighted the children.

One evening, without thinking, I mentioned to some guests from town that it cost 5 cents every time we flushed the toilet. That night, after they went home, I found a neat stack of nickels in the bathroom.

But personal inconveniences were nothing compared to the tragedy of seeing our crops and pastures burn up before our eyes. In the summer of 1954, the view from our windows was desolate and our account books looked just as bleak. The cost of gasoline, seed and fertilizer to put in our crop was about $2,000. Our gross income on what was left of the crop was $275—a cash loss of $1,725. Return on land and machinery investment, nothing. Return on about 500 hours of Dave's labor, nothing. What's this thing they call a minimum wage?

Have you ever tried to work out a budget on an income of minus $2,000? It was at this point that Dave, like most of the farmers in our area, had to get a job off the farm. We gnawed our living expenses to the bone, but we couldn't cut out the three meals a day. As it turned out, Dave couldn't escape the weather. For 6 months he worked for an air-conditioning company—the mechanical approach. Now he is a meteorologist with the United States Weather Bureau—the scientific approach. At present he is putting in 40 hours a week at the Weather Bureau and 40 on the farm.

We have managed to survive our greatest natural hazard—weather. The unseasonable frosts of Michigan and Minnesota, the wet spells of Iowa, the droughts and dust storms of the Midwest are the farmer's calculated risks. But, can we now survive the hazards peculiar to the present agricultural economy? Can we continue to pay $3,000 for a tractor and use it to produce corn that sells for only 95 cents a bushel? We are faced today with the problems of widely fluctuating prices and constantly rising costs, coupled with the unpredictable regulations out of Washington, where the farmer is tossed around like a hot potato in the political kitchen.

Farmers have pitifully poor public relations. Most nonfarming people have no conception of what we are facing, like the sweet young thing who cocked her head brightly and asked Dave, "Grasshoppers? Now let's see. Are they good or bad?"

Dave, like most thinking young farmers, realizes that we cannot hope to find an answer until we can make our problems clear and meaningful to the factory worker, the business executive, the city dweller, and particularly to the men who frame our laws in Washington. The existing farm organizations, in most cases, put forth sincere and undaunted efforts to accomplish this. But in order to be truly effective, they need a greatly increased membership of well-informed and interested persons. Too many farmers underestimate the importance of their organization and fail to relate their own participation to its success. Farmers are still poorly organized in an otherwise highly organized society, and we suffer for it. Dave has spent long hours working in our local farm bureau. We feel that this time is as important to our financial future as the hours he spends on the tractor, perhaps more so. Our lives are invested in that future.

We have seen our contemporaries leave, one by one. Some go fast, in a cloud of disgust, selling everything behind them. Most ease out slowly. First they get a good job off the farm. Then the farm work comes to a standstill because they don't have time for both. Then it's lonesome for the family, and pretty soon they are looking at a ranch house in the suburbs.

We know these people well. We know what they are facing. Most of these men are young, competent, and vitally interested in the problems of agriculture. They follow the latest scientific developments in good farming practices. They are informed on agricultural legislation and active in policy making through their local farm organizations. They have willingly done without the frills of modern living because they were convinced of the rightness of their way of life and the importance of their work. They had been steadily doing a good job, enlarging their operations, branching out, increasing their productivity. These are the young men who, in the present change, are leaving the farm. We believe that our education and experience are your investment, because we are your stock in the future of agriculture.

With 81 percent of the farm operators now over 35, it's getting pretty lonesome for the young couples these days. At most rural gatherings, you can count the farmers under 30 on 1 hand. When we bought our first farm at the age of 23, they called us those kids that bought the Martin place. Ten years later we're still "those kids." In our occupation there's nothing younger coming up, and until there is, we'll always be the youngsters in the crowd.

Where are the bright young men of agriculture? There are plenty of graduates from our agriculture colleges, but they are going into the Extension Service, research or the commercial aspects of farming. Many of them would rather work the soil, but can't manage the $40,000 to $75,000 investment that economists figure is required to finance an efficient farm operation. What if a $50,000 investment were required in other occupations? In 20 years' time, who would heal our sick; who would teach our children; who would interpret our laws? What is going to happen to farming? Who, then, will operate our farms?

We are vitally concerned and wish to be a part of the agricultural future of this country. We feel that our work of producing food is important and we know that we have the training and experience to do it well. We want to stay in farming. We like the life for our family. But we have a continuing obligation to provide our children with a decent standard of living, good medical care, and adequate educational opportunities. Bills mount up, reminding us of more immediate obligations.

Once again, Dave and I are faced with a decision. Our expenses are increasing. Our income is decreasing. Our indebtedness is mounting. Can we afford to stay in farming? That is our problem. But the problem facing this country today is that agriculture needs us for its future.

THE PROBLEMS OF THE SMALL FARMERS

Mr. SYMINGTON. Mr. President, the Weekly Record of New Madrid County, Mo., recently published some figures that speak eloquently about the problems of the small farmer in one of Missouri's richest agricultural areas.

Based on reports filed with the Farmers Home Administration, 99 farm borrowers had an average net farm income in 1955, after living and operating expenses, of only $65. In the preceding year, the average net income was $396.

Ironically, the farmer suffered this drop in net income despite the fact that his gross income rose from $4,679 in 1954 to $5,468 in 1955.

Average operating expenses rose from $2,405 to $3,240, and average living expenses rose from $1,210 in 1954 to $1,295 in 1955.

Mr. President, I ask unanimous consent that the article from the New Madrid County Weekly Record of April 27, 1956, be printed at this point in the RECORD.

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

RECORDS SHOW FARM NET INCOME DECLINE; PRODUCTION UP BUT PROFIT DOWN LAST YEAR OVER 1954

Well-kept records of 99 New Madrid County farmers show that their average net farm income, after all current family living and farm operating expenses were paid, was only $65 in 1955, as compared with an average net of $396 the preceding year.

That great decrease in net came in spite of the fact that both their production and gross income was up in 1955 over the preceding year.

The figures came from records of 99 farmer borrowers of the New Madrid County Farmers Home Administration, both landowner and renter type.

Average size of the farms increased from 89 acres to 102.6 acres in the period covered and per acre production on those farms was up for cotton and corn, but down a trifle for beans. They averaged 530 pounds of cotton in 1955 against only 444 pounds in 1954. Corn produced a 38.75 bushel average last year against the preceding one, but bean

production was only 17.23 bushels in 1955, while in 1954 it was 18.72.

Gross income for the average farmer covered by the FHA records was $5,468 last year against $4,679 in 1954.

Cause of the decrease in net income was the continuing rise in farmer costs as shown by the figures of average expenses.

Family living expenses were up only a trifle, from $1,210 to $1,295, but farm operating expense jumped from $2,405 in 1954 to $3,240 last year, and capital purchases increased from $668 to $868.

Living expenses include food, clothing, medical, and other family costs; operating expenses are seed, fertilizer, labor, and small implements used in production of the crop, and capital purchases include major items, such as tractors and other large farm equipment.

DISCRIMINATORY TAX PROPOSAL IN HIGHWAY BILL

Mr. NEUBERGER. Mr. President, on May 17, 1956, State Representative Loran L. Stewart, of Cottage Grove, Oreg., testified before the Senate Finance Committee on H. R. 10660, the Federal highway bill that is now before Congress.

Representative Stewart, who served on the 1954 Oregon State Highway Legislative Interim Committee and as chairman of the Oregon House Ways and Means Committee in the 1955 legislative session, has pointed out a very discriminatory feature of the highway bill.

This discriminatory feature would increase the tax on gasoline and rubber used by trucks that travel a good share of their mileage off the public highways and on private roads, maintained by the lumber industry, in the forests where logs are gathered to the mill where the timber is processed.

Mr. President, under the Oregon weight-mile tax on trucks, a refund is made on the gasoline tax paid when the trucks travel over private roads. The experience with this State legislation in Oregon has been good, and I believe that it deserves careful study in the enactment of Federal gasoline and rubber taxes.

The lumber industry is vitally important to the economy of the Pacific Northwest. I feel that taxes which discriminate against so important an industry should not prevail.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD the statement given this morning by State Representative Stewart before the Senate Committee on Finance.

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

FEDERAL HIGHWAY ACT OF 1956—H. R. 10660

(Statement of Loran L. Stewart in behalf of the National Lumber Manufacturers Association before the Senate Committee on Finance, May 17, 1956)

Mr. Chairman, gentlemen of the committee, I am Loran L. Stewart, of Cottage Grove, Oreg. I am president of the Bohemia Lumber Co., located east of Cottage Grove, Oreg. We are a small company; we do not own any timber of our own and are entirely dependent upon the United States Forest Service and the Bureau of Land Management for our supply.

I am director of the Industrial Forestry Association and a member of the West Coast Lumbermen's Association of Portland, Oreg., both of which are organizations of loggers, forest owners and lumber manufacturers in the Douglas fir region. I am here representing my own area and also the National Lumber Manufacturers Association, a nationwide organization of the lumber industry. With your permission, I would like to file for the record a statement prepared by the National Association on the revenue features of H. R. 10660, the highway bill, as it affects logging and off-highway use of logging trucks.

I have had the good fortune of being a member of the Oregon State Legislature for the last three sessions. In two of them I was a member of the house highways committee as well as the highway interim committee. At the present time I am chairman of the house taxation committee, so I am somewhat familiar with both highway and tax problems in the State of Oregon.

Highways are one of our important assets and we in Oregon have bonded ourselves to the limit of our capacity for construction of important highways, and we are still short of the necessary transportation facilities. We in Oregon, and I am certain the lumber and logging industry of the Pacific Northwest and the United States, are wholeheartedly in accord with an improved highway system. We also recognize that an expanded highway construction program is going to cost a great deal of money and someone must pay the bill. We should bear our fair share of the cost because we will benefit proportionately in marketing our products.

But there is a feature of this highway bill that gives wholly inadequate consideration to the problems of our industry and which on its face is highly discriminatory and inequitable. As I understand the intent of this bill from reading the House committee's report, the highway user will pay the cost of building the proposed highways through higher taxes on motor fuels, tires and trucks. This idea seems to be brought out clearly by the fact that gasoline used in boats and airplanes is exempted from the tax increase and, as indicated in the committee report, the tax will not apply to operation of mammoth trucks used exclusively off the highways. It would be consistent with this approach that all equipment used off the public highways should be exempt from the tax increases, or allowed refunds to the extent that taxes are imposed and paid; also equitable allowance should be made for the fact that trucks operate both on and off the highways.

I estimate that over three-fourths of the logging trucks in the Pacific Northwest are off-highway users during some portion of their trip from the loading point in the woods where logs are assembled to the point where they are dumped in the millpond or mill yard. The tax increases and the new taxes proposed in this bill will fall heavily upon our industry and particularly upon the small independent contractor engaged in logging. The bill in its present form is highly discriminatory because—

1. It taxes us for use of our own trucks over our own roads which we have already built and paid for.

2. Notwithstanding that loggers will pay highway use taxes under this bill, they will have to continue to build and maintain thousands of miles of roads annually at their own expense.

Since the Federal Government seems to be embarking for the first time on the highway use theory of taxation recognized in many States, what our industry is seeking before this committee is recognition from the start that nonhighway use—that is, operation of motor vehicles over privately-owned, privately-built or privately-maintained roads—should not be subject to highway use taxes. My own State of Oregon recognizes this principle.

May I diverge here to explain the workings of the pertinent part of the Oregon law? It is based fundamentally on two principles: First, the privilege tax which is, in effect, the license fee. Any truck or car that travels a mile or 100,000 miles on our highways is subject to this tax. A completely off-the-highway vehicle does not pay this tax because it is not privileged to use the highways. Second, the "use" tax which takes two forms: One, the gasoline tax which in effect says the more miles you use the highways, the more tax you pay. Two, the weight-mile tax which applies to heavier vehicles. The scale of this tax is graduated from the lowest weight to the highest weight vehicles, so in effect the more weight they carry, the more money they pay to use the highways. I believe, gentlemen, that this is exactly what this bill is attempting to do—the more gasoline or rubber used, that is, the more miles traveled, the higher the taxes.

Now let me explain a little of the mechanics of the operation of our use tax. Gasoline used in vehicles not operating on public highways is not subject to the gasoline use tax. If a logging truck operates over 10 miles of private roads and over 10 miles of public roads, the operator can apply for a refund on the gasoline consumed over the private roads, based on proportionate mileage, and on records that the Secretary of State requires him to keep.

The weight-mile tax I spoke of, which is also a use tax, is based on the same principle. If a logging truck operates over 10 miles of private road and over 10 miles of public road, it pays the weight-mile tax only on the mileage traveled over the public road. The mileage and trip records are kept on forms prescribed by the Public Utilities Commissioner, who makes periodic audits to see that proper payment is made.

Now, gentlemen, this has proved to be a relatively easy system to administer. Let me give the history of a test that was performed to determine the accuracy of collections and the extent of evasion, if any. In 1954, the Oregon State Highway Interim Committee, of which I was then a member, wanted to determine the operation of the weight-mile tax in Oregon. The committee hired an independent out-of-State organization, the Stanford Research Institute, to examine the records and results. They spent about 4 months in Oregon making various checks in cooperation with State police, highway officials and other agencies. After a very detailed analysis, they found that Oregon was losing on the first direct return 3.4 percent of the taxes due. This was phenomenally low and did not reflect a true picture of the satisfactory operation of the system because this deficiency was picked up in the course of regular audits by the Public Utilities Commission. I am sure the Stanford report is available if this committee would like to examine it.

The experience of my State amply refutes the implications found in the report of the House Ways and Means Committee on this bill that allowances for nonhighway use, as urged by our and other industries before the committee, would be difficult to administer. Further, I think the principle of our proportionate mileage tax based on allowances for mileage operated over privately owned or maintained roads could be extended to use of tires. The statement of the national association that I have filed covers adequately the fact that rubber is a very substantial item of cost in logging operations due to the classes of roads over which we operate. For this reason, logging operators keep detailed cost records on tire use, sometimes by individual tires upon which refund allowances could be based to the extent these tires are used off the highways. Such allowances might also be based on records kept for nonhighway use of fuel or the weight-mile tax, using the proportionate mileage principle. I might say that all the breaks would be in favor of the Government as our

consumption of fuel and rubber may be 2 to 6 times as high operating over logging roads as over public highways.

In conclusion, I would like to say that highway use taxes are so clearly discriminatory when applied to off-highway use, Congress should immediately and completely recognize the fact in this bill. There is no reason to defer this until studies are made as to whether highway use taxes are equitable as applied to all classes of highway users. Broad powers may be given to the Treasury Department to prescribe regulations governing refund provisions and to place the burden of proof upon the nonhighway user applying for refund of taxes paid. Such refunds should be limited to the tax increases proposed in this bill or to the amount of the new taxes proposed. It is my understanding that Senator MAGNUSON of Washington will offer an amendment to this effect.

PRECISION SKILLS

Mr. MANSFIELD. Mr. President, I understand the Office of Defense Mobilization is now considering the defense essentiality of the jeweled watch industry and its importance to this country. I should like to point out to the Senate that there are some skills which no civilized nation can afford to lose. This we take for granted when we consider the problem of providing food, clothing, and housing for our people. These are obvious needs, and we have insured a continuing supply of these necessities by farm-price supports and by Government-guaranteed housing loans.

Possibly because it is a small industry, as American industry goes, we have overlooked the fact that no nation in our fast-moving world of today can be dependent on another nation for the skills needed to produce timing devices. It is not a mere matter of producing watches and clocks. To keep time in a fixed place is a relatively simple matter. Our problem is vastly complex, since we must be certain that at all times we have the engineering skills and technical know-how to produce devices which will control the movement of objects through space at speeds that are sometimes fantastic.

To do this we must maintain and develop our horological skills. We must be certain we have plenty of men and women who know how to design and manufacture such basic devices as watches, chronometers, and airplane clocks because we need such persons to design and manufacture devices that will guide and control missiles that move at incredible speeds. This latter need was emphasized during the early days of the Korean war, when the Navy found that lives of its pilots, flying planes carrying antitank rockets, were imperiled because of a poorly designed timing device. Our horological engineers were called on to produce an adequate timing device within 30 days.

Fortunately because we have a jeweled watch industry, this was possible. It is in this industry that we find the design and production engineers, the chemists, and the metallurgists who can manufacture not only watches but also timing devices that were undreamed of a generation ago. For example, when the manufacturers of electronic calculators needed a metal tape capable of recording complex and sensitive impressions at extremely high speeds, they turned to the jeweled watch industry to fabricate the metal.

It has been argued that any manufacturer of timing devices can do everything the jeweled watch industry does except make jeweled watches. This is true only to the extent that more often than not the jeweled watch industry has to show the other manufacturers how to do it. During World War II, when the mass production of fuses was imperative, the jeweled watch industry showed a number of manufacturers how to produce the fuses. More recently, when the manufacturer of a new and extremely accurate gyroscope needed parts tooled with the utmost precision, the jeweled watch industry furnished him with them.

If we in the United States underestimate the importance of our watch and clock industry, we can be certain the Russians are not underestimating theirs. In his recent speech to the 20th Congress of the Communist Party of the U. S. S. R., Party Boss Nikita Khrushchev told the assembled comrades that Russia will step up its production of timepieces from 19.5 million a year as of 1955 to 33.6 million by 1960. Since those who make timepieces are the ones who best know how to make timing devices, it is obvious that Khrushchev is less interested in giving the Russians watches and clocks than he is in making certain that Russia's rockets and missiles go off on time.

The Russians are simply responding to a fact of life that we and other nations tend to ignore, namely, that every industrial nation must have its own horological industry. Between World War I and World War II Great Britain allowed foreign competition to destroy its horological industry. As a result, the British had to improvise, and not very adequately at that, when the manufacture of timing devices became imperative in World War II. Now the British have imposed high tariffs and quotas on foreign watches and have provided immense subsidies to watch manufacturers. The French have done the same thing, and so have the Germans.

There is no question at all in my mind that we in this country must turn our minds to the problem of saving our horological industry, and we must do it quickly.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceded to call the roll.

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

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2286. An act to amend the Merchant Marine Act of 1936 so as to provide for the utilization of privately owned shipping services in connection with the transportation of privately owned vehicles;

H. R. 6137. An act for the relief of Herman Floyd Williams, Bettie J. Williams, and Alma G. Segers; and

H. R. 10004. An act making supplemental appropriations for the fiscal year ending June 30, 1956, and for other purposes.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 17, 1956, he presented to the President of the United States the enrolled bill (S. 2286) to amend the Merchant Marine Act of 1936 so as to provide for the utilizing of privately owned shipping services in connection with the transportation of privately owned vehicles.

AGRICULTURE ACT OF 1956

The Senate resumed the consideration of the bill (H. R. 10875) to enact the Agricultural Act of 1956.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. AIKEN. Mr. President, I do not wish to take much time today on the bill. In fact, I shall not want to take much time tomorrow, when the Senate will begin to vote on the proposed amendments and finally on the bill itself, because I believe that as the different amendments are proposed, Members of the Senate will understand pretty well what they mean, without any prolonged debate, and I hope we shall be able to conclude action on the bill as early as possible tomorrow.

Let me say, Mr. President, that the bill as reported by the Senate Committee on Agriculture and Forestry does give more hope for the establishment of a soil bank program, and certain other phases of the agricultural program, than did the bill which was vetoed by the President a month or so ago.

The soil bank provisions in the bill are pretty broad. They put a great deal of responsibility upon the shoulders of the Secretary of Agriculture. In writing the bill, we have undertaken to word it so that the Secretary is not instructed to do the impossible for this crop year of 1956.

Under a recent date, Mr. President, I received a letter from the Secretary of Agriculture. The members of the Senate committee are in possession of the letter. However, in order that all Members of the Senate may know the contents of the letter, I ask unanimous consent to have it printed at this point in the RECORD, as a part of my remarks.

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

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D. C.

Hon. GEORGE D. AIKEN,
Senate Committee on Agriculture and Forestry, United States Senate.

DEAR GEORGE: This is in response to your request for my comments on the possibility of getting a soil bank into operation on the 1956 crops.

H. R. 10875 contains the following language in section 103: "the Secretary of Agriculture * * * is authorized and directed to formulate and carry out an acreage reserve program for the 1956, 1957, 1958, and 1959 crops * * *."

Section 103 further provides that "Reserve acreage of a commodity may include acreage whether or not planted to the production of the 1956 crop of the commodity prior to the announcement of the acreage-reserve program for the 1956 crop if the crop thereon, if any, shall be plowed under or otherwise physically incorporated into the soil, or clipped, mowed, or cut to prevent maturing so that the reduction in acreage of the commodity below the acreage allotment occurs within 21 days after the enactment of this title, or by such later date as may be fixed by the Secretary."

It is now the second week of May. Wheat will soon be ready for harvest in the southern Great Plains. Winter oats and barley in the southern half of the country will soon be ripening. Much of the cotton is planted. Spring grains are mostly seeded. Corn is being planted. By the end of May 1956, plantings will be virtually completed.

I would not be discharging my responsibility if I failed to point out the grave difficulties associated with trying, at this late date, to get a soil bank operating on 1956 spring seeded crops.

Inclusion of feed grains in the acreage reserve requires the establishment of base acreages for these crops: oats, rye, barley, grain sorghum and corn in the noncommercial area. This means the assembling of data and the determination of bases on 100 million acres. We presently operate programs on 170 million acres. This provision would require an expansion of almost 60 percent in the scope of our operations. It would be necessary for local committeemen to establish for every farm a normal yield for every crop in the acreage reserve. In order to be equitable, one farm with another and one area with another, these yields would have to weight out to county check yields.

Even though we would do our utmost, we could not have this tremendous task accomplished, together with the necessary writing of contracts and checking of compliance, prior to the harvest date for many of these feed crops.

We have gone as far as we could go in making ready for the administration of this program, taking into account the many uncertainties as to its eventual form. But obviously we cannot write procedures before the law is passed, and questions of major importance regarding the legislation are still being debated.

Some may contend that we should omit the established procedure of determining bases and proceed on the basis of unverified data. Our experience is that unless historical data are used, the reported acreage figures may be in error by as much as 30 or 40 percent.

To launch a program like the soil bank at this late date, for 1956 spring-seeded crops, with inadequate data and hastily developed administrative machinery, would have these adverse effects:

1. Participation would be low. Farmers, with their crops already planted and with their investment already made in seed, fertilizer, and labor, would be reluctant to enter the program.

2. The intended reduction in production would not be accomplished. Since participation would be low and since the farmers most likely to come into the program would be those whose crops were likely to turn out below average in yield, the intended purpose of the program—reduction of surpluses—would not be satisfactorily achieved.

3. Costs would be excessive. The inducement necessary to cause a farmer to enter the program would be greater after he has made his outlay of money for production expenses than it would be if contracts could be made before planting.

4. It would be difficult to make the program properly effective in later years. If the program is launched hastily, precedents are established which prevent proper administration for the following years.

5. The program would be discredited in the minds of farmers and the public generally. The soil bank has much promise if it can be properly operated. If, in the first year of its operation, farmers do not participate fully and the program is demonstrably ineffective and expensive, then the program may be erroneously judged a failure. This would be especially true if it becomes a plow-up program. This program should be given a fair chance to operate.

On several occasions, the critical time element in this program has been referred to.

In his discussion before the Senate Committee on February 6, Under Secretary Morse submitted a summary which contained this statement: "If legislative action is not taken prior to April 15 it will be extremely difficult to get a program this year except for wheat seeded in the fall of 1956." This statement was made with respect to the program recommended by the administration, which embodied an acreage reserve program intended to apply only to wheat, corn, cotton and rice. Since then the program has been made more complex and has been extended to feed grains, tobacco and peanuts, thereby adding substantially to the workload. Grazing lands are added in the House bill.

In his April 16 message regarding his action on H. R. 12, the President said: "The long delay in getting this bill makes it too late for most farmers to participate in the soil bank on this year's crops."

In my appearance before the Senate Committee on Agriculture on April 19 I said: "Farmers should know as promptly as possible the terms of the acreage reserve so as to plan for fall crops. Plowing will be underway within 90 days—then comes liming, fertilizing and seeding in rapid succession."

It will take all the time available to prepare properly for a program on crops planted in the fall of 1956. Farmers would be helped far more, in my opinion, by a constructive program beginning on fall crops than by a hasty, ineffective program on 1956 spring crops.

In view of the impracticability of getting a program into operation this year for both spring seeded and fall seeded crops, it is recommended that this bill be amended so that the soil-bank program will commence with the crops planted in the fall of 1956.

Sincerely yours,

EZRA TAFT BENSON,
Secretary.

Mr. AIKEN. In the letter the Secretary points out that because of the lateness of the season, it would be almost impossible for him to apply the provisions of the soil bank this year, particularly to crops which are planted in the spring. I think the tenor of his letter applies primarily to the acreage-reserve feature of the soil bank. However, if we could get a considerable amount of proposed legislation on this subject passed and on the desk of the President in acceptable form in the next week or so, it appears to me that it might be possible before very long to start work on the conservation reserve phase of the soil bank; and then, when fall comes, of course the acreage reserve would be applicable to the crops of wheat and rye, which are planted in the fall, and possibly in some sections of the country to winter oats or barley, although I am not sure as to that.

The bill contains some good provisions, among them provisions which will be of great interest to the small cotton growers of the South, and provisions relating to forestry, which could be very helpful in almost all sections of the country.

In the bill there are 2 or 3 provisions of which the administration does not approve, particularly the provisions relating to mandatory support prices for feed grains. As the bill is written, it would support feed grains at 76 percent of parity for this year, 1956. The reason why 76 percent of parity level was arrived at is this: Noncompliance corn is being supported this year at $1.25 a bushel, which amounts to 71.7 percent of transitional parity which applies to the corn crop this year. That is 75.7 percent of the modernized parity price for corn, and if applied on a comparable basis to feed grains, would provide 75.7 percent supports for grain, sorghums, oats, rye, and barley as their parity prices are computed under the modernized formula. So we have no particular objection to the provisions of the bill which would support feed grains at 76 percent of parity for this year, 1956. In fact, inasmuch as the price has gone up in recent weeks, that probably would result in a support price not far from the market price at the present time.

However, the administration objects to tying the support level for feed grains to the support level given to compliance corn grown in the commercial areas after this year. We do not believe it would be correct to tie the price of feed grains to the price of the higher grades of corn and the highest-priced corn. It is possible that we might agree to support the price of feed grains another year at the same comparable level—I say "the same comparable" level; it might not be the same percentage level—as that at which noncompliance corn is supported in another year, too.

At any rate, tomorrow, when we begin to consider the amendments in detail, we shall take up this proposal, and shall discuss it more fully. I hope we may arrive at decisions—which may entail compromises in some ways—which will enable us to obtain a bill which, even though not fully applicable this year, will be applicable for the fall-planted crops for the next 3 years thereafter.

Mr. DANIEL. Mr. President, will the Senator from Vermont yield for a question?

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

Mr. AIKEN. I yield.

Mr. DANIEL. The Senator from Vermont is familiar with the provision with respect to feed grains which was included in the House bill, is he not?

Mr. AIKEN. Yes.

Mr. DANIEL. It calls for 81 percent support, but requires at least 15 percent of the average acreage for the past 3 years to be put into the acreage reserve or conservation reserve program.

Mr. AIKEN. That is correct.

Mr. DANIEL. Did the committee feel that the change it made would cost the Government more money or less money? In other words, the change which has been made by the Senate committee would not require that any of the acreage be set aside. Some of the feed-grain farmers feel that will cause the planting of considerably more acreage.

Mr. AIKEN. That will depend. The Senate committee changed the bill, so that feed grains would get the same treatment as that given to corn; and that would require feed-grain farmers after this year—they are not required to reduce the acreage this year; in fact, most of it is already planted—to retire an amount of their cultivable cropland equal to 15 percent of their base acreage for feed grains. They could take that out of the land they plant to sorghum or the land they plant to wheat or the land they plant to alfalfa, or even out of the land they plant to good tame hay. If they should take it out of land they plant to hay, it probably would not reduce the overall feed production of the country as much as would be the case if they took it out of land they plant to sorghum, and certainly it would not reduce the overall feed production of the country as much as if they took it out of land they plant to corn.

However, in some places there will be a greater incentive to take it out of land they plant to a higher-priced crop, because they will get more pay for doing so. If they were to take it out of land ordinarily planted to hay or alfalfa, they would receive only the pay which they would receive for putting it into the conservation reserve. If they place feed-grain acreage in the soil bank, they will receive acreage reserve payments, which are much higher. But under the bill, they are required to retire an amount of their overall cropland equal to 15 percent of their feed-grain base acreage in order to get the higher support price next year.

Mr. DANIEL. That is for next year, is it?

Mr. AIKEN. Yes, next year. This year, it is so late that they simply cannot be required to do it.

Mr. DANIEL. Let me say to the distinguished senior Senator from Vermont that the information we have received from the feed-grain producing States is that it is not too late, and that they can comply, and that they would like to see in the bill a provision permitting some of the acreage to be retired from production, so as to avoid overproduction. If we find that to be the sentiment of the feed-grain producers, and that they are giving us the true facts about still being able to comply, what would be wrong—even though this requirement is not made with respect to corn—with providing that for this year, feed-grain producers who retire 15 percent of their base acreage will receive 81 percent support, as the House has provided?

Mr. AIKEN. The House did not provide that next year they would receive any support above the present law, which this year is 70 percent. The House provided that it would be 81 percent next year, assuming that the support level for corn grown in the commercial area in compliance with the acreage allotments was 86 percent. But there is no assurance that that will be done. It is not known what it will be next year.

Mr. DANIEL. Then the Senator from Texas has not correctly interpreted the House version of the bill, because his interpretation of the House version is that it would provide 81-percent support for feed-grain farmers who retire 15 percent of their base acreage.

Mr. AIKEN. Not this year.

Mr. DANIEL. Not this year? I wonder whether the Senator from Vermont has checked on that.

Mr. AIKEN. The counsel tells me that that is only if the acreage reserve program is in effect for corn this year; and undoubtedly it will not apply this year.

However, as the Senator from Texas states, there is still a possibility that some crops could come under the soil-bank program for this year, because I understand that in his section of the country there is still time to plant sorghum.

Mr. DANIEL. Yes.

Mr. AIKEN. Possibly if the bill is enacted promptly it might be applied to some of the northern tobacco fields, where planting is not yet done. From here north, if the tobacco was planted before yesterday, it probably froze last night.

Mr. DANIEL. Would the Senator object to a provision of 81 percent support for those farmers who do lay aside 15 percent of their base acreage for this year?

Mr. AIKEN. I think we would have to do so, because feed grains include oats, barley, rye, and sorghum. The oats are practically all planted.

Mr. DANIEL. Would the Senator object to 81 percent of parity for producers who do lay aside 15 percent of their base acreage and put it in the soil bank?

Mr. AIKEN. Eighty-one percent would be an increase of 16 percent over present supports. I am sure there would be an uproar in most places in the country over that, because, after all, there are only about 220,000 farmers in the United States who produce more than a thousand bushels of feed grain to sell. Most of the States would lose heavily by reason of an artificial increase of 16 percent in support prices. I think the Senator's own State of Texas would lose something like $39 million a year, because there are so many more feeders than there are grain producers. After all, much of the grain which is produced for feed is in the nature of a stepchild. If one crop fails, the farmer can plant another. In the South the farmers can plant sorghum. In the north they can still sow barley.

I shall present figures tomorrow which will show just what the effect on each State would be. Of course, another factor is that acreage allotments for feed grains have not been established for this year. That is one reason why we cannot put the suggested program into effect. It is physically impossible to measure all the farms of the country this year to establish base acreages for feed grains. The Secretary says it is a physical impossibility to do it, so he strongly recommends that anything of that nature go over until next year.

There might be counties in which base acreages could be established—for example, a county in west Texas or east Texas. Possibly base acreages could be established for certain other counties. But for most farms, if the Senator will read the Secretary's letter, which I placed in the RECORD today, he will see that the Secretary points out the physical impossibility of establishing feed grain base acreages this year.

Mr. DANIEL. My question was based upon only those instances in which it would be possible for the base acreage to be figured and for the farmers to comply and retire 15 percent of their base acreage. For example, I think the figures for Colorado, Oklahoma, New Mexico, the panhandle, and south plains of Texas, and Kansas show that producers of about 60 percent of the grain sorghum of the country can still comply, and that quotas can be computed.

My question of the Senator is simply this: In cases where that is possible, with farmers reducing their acreage 15 percent, would we not be justified in paying the higher parity of 81 percent, and paying the 76 percent, as the Senate committee has provided, in instances in which the feed grain producers cannot comply or do not retire 15 percent of their acreage? The point I am driving at is this: Grain farmers tell us that they are going to have a greater over-production than ever unless there is some incentive to cut down their acreage this year.

Mr. AIKEN. I would not agree to that. According to the latest estimates of the Department of Agriculture, the feed-grain growers have voluntarily reduced their plantings this year about 6 million acres, which is about 4 percent below last year. Texas happens to be 1 of 4 or 5 States of the Union in which more than 5 percent of the farm income comes from feed grains. In North Dakota 13 percent or more of the income comes from feed grains. I do not know whether those figures are based upon a normal year or not. The figures I have are for 1954. There has been to some extent compulsory reduction in the planting of wheat and cotton in some years. At 81 percent of parity for the feed grains, if we were to increase the price of what the Texas people buy proportionately, the increased cost of the feed grains would be $26,800,000 a year.

Mr. DANIEL. The Senator means for those who buy the feed grains, does he not?

Mr. AIKEN. That is correct.

Mr. DANIEL. But does the Senator realize that the feed-grain producers are competing with those who buy feed

grain in the poultry business and the cattle business, and that they are glutting the cattle and poultry markets by putting their own feed grains into their own poultry, cattle, hogs, and other livestock?

Mr. AIKEN. What the Senator proposes is to give the feed-grain producers of Texas another 15- or 16-percent increase in the support price, but to require them to reduce their acreage 26 percent, so he would raise the prices and reduce the income.

Mr. DANIEL. I understand that is not true. The farmers from whom we have heard agree that the Senator's figures as to total acreage reduction would be true in some instances. When we consider the 3-year average, it may mean that they are reducing acreage 25 percent, as compared with 1955.

Mr. AIKEN. The 3-year average represents a reduction of 10 or 11 percent from the 1955 figure. If we add 15 percent to that, we arrive at a figure of a 26-percent reduction.

Mr. DANIEL. The farmers who are raising feed grains say that that is exactly what should be done. They say that they should reduce acreage this year, and that an incentive should be given for them to do so; otherwise there will be an overproduction of feed grains. The Senator from Vermont is agreeing that there would be quite a reduction in acreage planted to feed grains if the House version were followed.

Mr. AIKEN. Yes. It is expected that there will be a reduction of about 6 million acres anyway.

Mr. DANIEL. Would not that be desirable, if we wish to cut down overproduction?

Mr. AIKEN. I am not so optimistic as to the completely beneficial effects of the soil-bank program as are some of its advocates. This is pure guesswork. I have no crystal ball. I doubt whether any real surplus of feed grains will be produced this year. I do not believe the amount we have on hand will be reduced to any great extent, but I do not think it will be added to.

Mr. DANIEL. The producers, who say that they speak for quite a few of the grain growers in Colorado, Oklahoma, New Mexico, Kansas, and Texas, represent to us that under the provisions of the Senate bill there will be a greater probability of overproduction of feed grains, because there is no incentive for them to reduce their production.

Mr. AIKEN. Certainly if there were a stronger price incentive there would have to be stronger controls, in order to hold production in line.

I will say to the Senator from Texas that I have noticed quite a reduction in the volume of our correspondence relating to farm legislation. Since we began discussing this subject a couple of months or so ago soybeans have gone up to $3 a bushel. Hogs have gone up to 17 cents a pound, and 4 inches of rain have fallen over a great area of the country which was suffering the most. Any one of those three things will probably do as much good this year as whatever legislation we may enact. At the same time, I think we should try to have a good bill enacted, so that we can put into effect the conservation reserve feature of the program this summer, and, when the time comes to plant winter wheat, put the acreage reserve program into effect.

Mr. DANIEL. Mr. President, am I to understand that the Senator from Vermont will support the Senate committee's version of the feed-grain proposal?

Mr. AIKEN. For this year; yes.

Mr. DANIEL. For this year?

Mr. AIKEN. Yes. In that respect we would split the differences so far as the House figures are concerned, and instead of providing no increase at all this year, and 16 percent next year, we would split it, and have 76 percent support for this year. I will go along with that. That is a very substantial increase, although the market price for these feeds has been working up, and the price in the open market is pretty nearly up to that support price.

Next year, if there is a support price for noncompliance corn—and I expect there will be—then we can give the feed grains a comparable support.

It seems to me this is a pretty fair arrangement. If we can work it out, together with 1 or 2 other things, there should not be too much trouble about getting the bill through quickly and in such shape that there will be no reason to question it. I am inclined to think that, although it might not reduce the total supply of feed grains quite so fast as the Senator from Texas would like to have it done, it would not result in any increase, or much of an increase, this year, because, except for the Senator's own territory, and a little of the barley area, feed grains have already been planted.

Mr. DANIEL. As I understand, the exception would apply to about 60 percent of the country's grain sorghums.

Mr. AIKEN. We have left the bill in such shape that if the Secretary of Agriculture finds it physically possible to do so, he may put an acreage reserve into effect in some of the sorghum areas this year. I do not know, but I suppose in the Senator's State planting is done until the first of July, in some areas.

Mr. DANIEL. I believe that is true.

Mr. AIKEN. The Secretary would have authority to take such action if he could physically do it. However, we cannot establish base acreages in that length of time, from which base acreages there would have to be taken off 15 percent if he participated in the acreage-reserve program for feed grains only. That could not be done this year. Therefore, we have let the farmers go into the conservation reserve this year and will support their product at 76 percent. Those two things will create better conditions than last year, but probably will not reduce the total production as fast as the Senator from Texas thinks it ought to be reduced.

Mr. DANIEL. I thank the Senator from Vermont. I should like to ask him to consider the statements and telegrams and other messages from producers who contend that the quota can be established, at least on sorghum grains, and that they would like to be required to take a cut, if the parity price incentive could be provided.

Mr. AIKEN. The Senator from North Dakota [Mr. YOUNG] is on the floor, and I believe he will agree with me that we have left the bill open for the establishment of base acreages if it is found physically possible to establish them. However, it must be remembered that 2 million farms must be measured before all farm base acreages could be determined.

Mr. ANDERSON. Mr. President, when we come to vote on the farm bill tomorrow, we shall have to give careful consideration to an amendment which I understand will be proposed, to strike out the quota on extra long staple cotton. I desire to comment briefly on that.

The problem which seems to arise in connection with extra long staple cotton concerns a provision that would make the bale import quota apply to all cotton having a staple length of 1⅛ inches or longer. Our difficulty seems to have resulted from the importation of Peruvian cotton of an inch and eleven-sixteenths and longer.

When the first proposals were made in the Committee on Agriculture and Forestry, they were designed to bring under control the importation of Peruvian cotton, and were not designed to strike the Egyptian long-staple cotton provision.

At that time it was felt that the Peruvian cotton, which was exempted in 1940 for defense purposes, should remain as it was, that it should be used for defense purposes; that if not used for defense purposes, it should not be imported. First a few hundred bales came in; then a few thousand bales; now there are fourteen or fifteen thousand bales coming in each year; and in a short time, there will probably be 30,000 bales, as American capital goes into Peru and develops a new type of cotton for export to the United States. This is completely contrary to what had been our original understanding.

The inch and eleven-sixteenths cotton is not grown in the United States, and there was no real objection to letting a small amount come into this country when the Government needed it for parachutes, and things of that nature. However, when it is used as a means of forcing a reduction in Egyptian quota, and making impossible the sale of American long-staple cotton, I think it is a mighty bad thing, Mr. President.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. JOHNSTON of South Carolina. The Senator from New Mexico said that the Government has to have some of that cotton in order to make certain materials which are being used now.

Mr. ANDERSON. That is correct.

Mr. JOHNSTON of South Carolina. Certain mills have been adjusted to use that particular type of cotton, and it is necessary that they have some of it.

Mr. ANDERSON. Yes; there is no question about that. I concede to the Senator from South Carolina that so long as the cotton is brought in for the manufacture of materials under Army con-

tracts, there can be no valid objection against it; and I have never had any objection under those circumstances.

Mr. JOHNSTON of South Carolina. We do not need large amounts of it, as we did during World War II. At that time we needed three or four hundred times the amount we need at the present time.

Mr. ANDERSON. That is correct. My hope has been that, in trying to handle this extra long staple cotton provision, we will not create trouble all over the world. We are merely trying to correct a situation arising from the importation of Peruvian cotton in quantities far beyond those contemplated when the act was in effect.

Originally I sought to amend the language of the provision, so that at no time could the importation exceed a certain number of bales. Someone said, "Well, a war situation might arise, when the country would want to have a lot of it in a hurry."

I do not believe Congress would take very long to change such a provision if the occasion arose. However, we could still provide that, except upon the certification of the Secretary of Defense that the cotton was needed for defense purposes, the amount of cotton should not exceed—and insert the number of bales that would be reasonable.

Unfortunately, language was placed in the bill in a different fashion, and attempts may be made to strike the whole thing.

I wish to point out that the American grower of long staple cotton, who is largely located in California, Arizona, New Mexico, and western Texas, has just as much right to his market as do the Peruvians and Egyptians. If we tamper with this too long, and make too many restrictions, I believe we will find the American producer insisting that we go still further in the barring of these importations. That, I think, would be unfortunate.

Furthermore, the people in the Southwest have been disturbed by the insertion of an amendment which will fix and freeze for the next 3 years for States the allotments for upland cotton.

I desire to ask unanimous consent to have printed in the RECORD a table showing the 1956 and calculated 1957 State acreage allotments for upland cotton, calculated on the basis of present provisions of law; then calculated on a national output of 17,391,304 acres, allotted to the States on the basis of present law; and then the same allotments allotted on the basis of 1956 allotments.

I recognize that the able Senator from South Carolina is the author of that amendment. However, I point out that the amendment takes 140,000 acres from the State of Texas, about 18,000 acres from Arizona, some 27,000 acres from California, and only 4,500 acres from New Mexico; but I believe it is unwise for producers of cotton to start bringing this fight up again. We have fought this fight on the floor of the Senate several times. The able Senator from Mississippi [Mr. STENNIS] has twice brought up this provision against small acreage for his section of the country, and we fought at the expense of the Western States.

This time, after the amendment was again defeated, the Senator from Mississippi said, "Surely, we ought to give a small acreage to those States that are in trouble." Therefore, Mr. President, there is provided in the bill 100,000 acres to accomplish that objective. I thought it would give a temporary breathing spell. But when the attempt is made to take 140,000 acres away from the State of Texas and deny the principle of growth which is used in the wheat acreage allotments, in tobacco allotments, and throughout the whole agricultural program, I think the States attempting it are going to make it pretty difficult for the States which will be affected by it not to wage as militant a fight against it as they possibly can. There are certain people who would like to see all the other cotton provisions stricken from the bill and let this provision go through.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. JOHNSTON of South Carolina. I know the Senator from New Mexico wishes to be fair. I have tried to get estimated figures for the years 1956, 1957, and 1958. We will take away approximately 139,000 acres from Texas in 1957, but we will yield back to Texas the next year a little more than she would otherwise get, approximately 111,000 acres.

Mr. ANDERSON. I hope the junior Senator from Texas is listening to this discussion, because that is approximately 110,000 acres which Texas would have gotten anyway. It is like saying that the able Senator from Mississippi has just cashed a paycheck and has the money in his pocket, and I am going to take it out of his pocket, because, soon, he will receive another paycheck and he can put it back.

We feel pretty keenly about this, and I hope people who are interested in reserve programs on wheat, tobacco, rice, and various other commodities will recognize it for exactly what it is, namely, a failure to follow the principle of growth and to recognize the existence of a 5-year program which was set up under the law.

I again state that so far as many of the people in the Southwest are concerned, they have not worried about the 2-year freeze. If it did not take place, the cotton acreage could come down from 17,400,000 acres to approximately 14 million acres, and if the Secretary of Agriculture wishes to do so he could apply it on a harvested basis as on a planted basis. If he applied the program on a harvested basis, cotton acreage would come down to 14,600,000 acres.

If that is what we want to face, let us face it, because some people would rather see all of it stricken from the bill than to have this question come up again.

Mr. President, I should like to have the table to which I have referred printed in the RECORD at this point.

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

1956 and calculated 1957 State acreage allotments for upland cotton

State	1956 upland cotton acreage allotments	Calculated 1957 State allotments on basis of present law and proposed amendments		
		Present provisions of law [1]	National allotment of 17,391,304 acres apportioned to States on basis of present law for States [2]	National allotment of 17,391,304 acres apportioned to States on basis of 1956 State allotments [3]
(1)	(2)	(3)	(4)	(5)
Alabama	1,025,141	905,503	994,116	1,025,141
Arizona	343,640	328,995	361,190	343,640
Arkansas	1,424,511	1,271,412	1,395,832	1,424,511
California	782,405	737,294	809,446	782,405
Florida	36,974	34,111	37,449	36,974
Georgia	903,221	805,369	884,183	903,221
Illinois	[4] 3,110	[4] 3,110	[4] 3,110	[4] 3,110
Kansas	[4] 29	[4] 29	[4] 29	[4] 29
Kentucky	7,799	6,841	7,511	7,799
Louisiana	610,891	543,435	596,616	610,891
Maryland	[4] 25	[4] 25	[4] 25	[4] 25
Mississippi	1,646,562	1,458,671	1,601,416	1,646,562
Missouri	378,055	341,192	374,581	378,055
Nevada	[4] 2,324	[4] 2,324	[4] 2,324	[4] 2,324
New Mexico	179,378	167,373	183,753	179,378
North Carolina	483,932	428,152	470,050	483,932
Oklahoma	845,616	755,397	829,320	845,616
South Carolina	726,193	649,484	713,043	726,193
Tennessee	563,491	510,886	560,881	563,491
Texas	7,410,893	6,877,025	7,550,010	7,410,893
Virginia	17,114	14,956	16,419	17,114
United States	17,391,304	[5] 15,841,584	17,391,304	17,391,304

[1] Since 1955 measured acreage is used in lieu of the adjusted State acreages as provided by law the actual 1957 State allotments would vary from those shown in this column with a national allotment at this level.

[2] Minimum State allotments based on present available data.

[3] National acreage allotment based on present provisions of law and currently available data with respect to yields and acreages.

[4] Based on proposed amendment to freeze national allotment for 1957 at not less than the 1956 level.

[5] Based on proposal to freeze 1957 national allotment at not less than the 1956 level and to apportion national allotment to States on basis of 1956 State allotment.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. JOHNSTON of South Carolina. As I stated, in 1958 they will get 111,000 acres more than they would have gotten if it were not for this amendment. So we subtract 111,000 from 139,000, and that is the amount that Texas is penalized—only that much.

Mr. ANDERSON. Mr. President, the able junior Senator from Texas is engaged in a primary fight, and I am not seeking to embarrass him. He is a very fine Member of this body, for whom I have nothing but the highest respect and the kindliest feelings, but I can see him going up and down the length and breadth of Texas, saying, "Do not worry. We are taking only 14,000 acres from you."

Mr. ELLENDER. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. ELLENDER. Does the amendment actually take that acreage away?

Mr. ANDERSON. I have just placed in the RECORD a table which shows that it takes it away.

Mr. ELLENDER. The Senator knows that cotton acreage has been reduced from year to year; it has been taken from Southeastern States and has gone to the Western States—not vice versa, as the Senator has stated.

The national cotton acreage is and has been very small. It is now reduced to 17,300,000 acres. I think it would be no more than fair that it be frozen, not only at a national level, but at the State level as well. The Senator well knows we are providing in this bill for an overquota 100,000 acres in order to help the small farmer.

Mr. ANDERSON. All of which, or nearly all, goes to the Southeastern States.

Mr. ELLENDER. A few acres go to California and some other States. The bulk goes to the historic cotton area because the farms there are smaller than the western farms. Their acreage has also been reduced much more, proportionally, than in the West. We are placing the 100,000 acre figure in the bill now so as to permit small farmers to have enough acreage to live on. If the amendment which the committee has placed in the bill is stricken, it will mean that many farmers will be again subjected to reductions in acreage. The bill as it is now drafted and presented will give to every State, next year and the year following, the same amount of cotton acreage that is planted this year.

Mr. ANDERSON. Would the Senator be satisfied to have that provision written into the bill with reference to rice and other agricultural commodities?

Mr. ELLENDER. Yes. Let me say to my good friend from New Mexico that we have reached rockbottom when it comes to the allocation of cotton acres. This is only a temporary measure; it is not to be permanent. It is in order to give to the farmers of the country the same amount of acreage as they have this year—all the farmers, not just a few.

Mr. ANDERSON. What happens to history in that situation?

Mr. ELLENDER. It remains "as is."

Mr. DANIEL. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. DANIEL. Is it the interpretation of the distinguished chairman of the committee that there will be no cut below the present acreage for this year in any State?

Mr. ELLENDER. That is exactly correct. Every acre that is planted to cotton in Texas this year will be received by Texas next year. The same is true of Louisiana. In other words, what the bill does is to freeze the acreage on a State as well as on a national basis.

Mr. DANIEL. Where does the extra hundred thousand acres come from?

Mr. ELLENDER. That is over and above the national allotment.

Mr. ANDERSON. Mr. President, the amendment was presented by the Senator from Mississippi. We fought it on the Senate floor, and it was rejected. Then the Senator from Mississippi said, "Give us a chance. Give us just a little bit for our farmers." It was a most compelling argument. So, in the closing minutes of the discussion we said, "All right; put it in." Now they say, "Having got 100,000 acres, let us take 100,000 acres more off Texas; let us take 25,000 acres off California——"

Mr. ELLENDER. The Senator knows that is not correct; the amendment takes no acreage from any State. How can it be said that something is being reduced when it is unchanged? The Senator is incorrect in his statement.

Mr. ANDERSON. What is correct?

Mr. ELLENDER. The point is that as the situation now stands, cotton acreage would be taken in future years from those who now have reached rockbottom as far as their cotton land is concerned because of a little gadget put into the law long ago. Acreage is taken from one area and given to another. That is how, in my humble judgment, the cotton farmers in the West have increased their acreage so much. I do not want to take anything from the State of Texas or from the State of New Mexico. I do not want to take from them one single, solitary acre of cotton that is being planted this year. All I am asking, I may say to my good friend from New Mexico, is that since we are in the process of freezing cotton acres on a national basis, they should be frozen also on the State basis. If a freeze is justifiable—and I believe one is—then we cannot in good conscience freeze national acreage and yet continue to permit farmers in one area to increase allotments at the expense of farmers in another area. To be fair, a freeze should be a complete freeze. I do not know of anything fairer than that.

Mr. ANDERSON. The unfair part of it is that if the amount of acreage allotted to Texas, which it has earned lawfully under the present law, and would earn lawfully, instead of——

Mr. ELLENDER. "Would earn"—"earn" being defined as "taking from others." They took it from Louisiana. Louisiana will lose 8,000 acres, and Mississippi will lose 45,000 acres, although the allotments for the entire country are frozen at 17,300,000 acres, the same as was established for 1956.

Instead of cotton farmers having to come back to Congress and ask for more acres, through an increase in the national allotment, we simply say, "Be satisfied with what you receive on a 17,300,000 national acreage basis." Let us freeze that for 2 years, not only on a national basis, but also on a State basis.

As I said, the State of Texas will receive the same number of acres in 1957 and 1958 as was received in 1956.

Mr. DANIEL. Does the Senator mean the same number as Texas planted in 1956, as distinguished from the number of acres which were allotted?

Mr. ELLENDER. The same number as Texas was allotted, because the allotted acres are what count.

I do not see why all of the cotton States should not be put on the same basis in trying to live with the soil bank. If in Texas, and in Louisiana and Mississippi, as well, some of the cotton acres are not actually planted, they can be put into the soil bank. If a farmer has 7 or 8 acres he does not want to plant, he can put those acres in the soil bank and receive a fair return, a return which I understand would be about equal to what he would make if he had planted the acres.

I know the Senator from New Mexico is fair. I hope that before we reach a vote on the bill, he will consider that we have tried from time to time to assist the small farmer. The Senator from New Mexico has cooperated to the extent of voting that 100,000 acres over and above the national allotment be included in the bill so as to assist the small farmers. I am sure he is willing to be 100 percent fair, and not insist that, although the Congress freezes the national acreage allotments for 1957 and 1958, at the same level as in 1956, Louisiana, Mississippi, and other States must still receive less acreage than in 1956 in order to give some western States an increase over 1956.

Mr. ANDERSON. That is exactly what I am suggesting. When we reached 100,000 acres, that was to be the end. Now we are aggravating the situation by adding a new fight.

I am merely saying, as the Senator has suggested, that the fact that some States lose and some gain is nothing new.

My first experience in the House of Representatives a good many years ago was when the 1940 census had been completed. It was the responsibility of Congress to reapportion the membership of Congress. Why is not a bill introduced to provide that the present membership of the House of Representatives shall be frozen for the next two decades, so that California will not gain a few Representatives, and other States will not be hampered by having the number of their Representatives reduced because they have not grown in population quite so fast as some of their sister States?

But do we do that? No. We provide for apportionment on a basis which is automatic. It is not necessary to have Congress pass a law. We simply recognize the right to reapportionment on the basis granted. Agricultural legislation has been based upon that principle.

Why should anyone want now to say to the Senator from Arizona that he should be quiet, he should not object to this, he should go home and tell the people of his State that, after all, Congress allotted 100,000 acres to the Southeast, and they are not satisfied with that; they have to have some more? Why should he keep quiet while 27,000 acres are taken away from his State? Only 4,500 acres are affected in my State. I can be completely satisfied, if others want to keep quiet about it; but I think it is unfortunate that we are getting into this kind of fight again.

I have received several telegrams, which perhaps I need not place in the RECORD, but I intend to offer an amendment to strike from the bill those provisions which would prevent the principle of growth from operating. I hope the Senate will not unduly complicate the situation existing in the Cotton Belt by insisting that the States be penalized in this fashion.

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

Mr. ANDERSON. I yield.

Mr. HAYDEN. How does it happen that there has been a gain in acreage in the Southwest and in California, and a loss of acreage in parts of the South? Is that because land went out of cultivation in one area, and was put into cultivation in the other?

Mr. ANDERSON. That is due to many things. When I introduced the Cotton Acreage Adjustment Act of 1949, the bill was the result of hearings held across the entire Cotton Belt. A hearing had been held in Fresno, Calif., which was attended by farmers from the State of the able Senator from Arizona, by farmers from California, and by a few farmers from Nevada and New Mexico.

There had been a great meeting at Forth Worth, Tex., which was attended by farmers from Arkansas, Louisiana, Texas, Oklahoma, and some of the other States.

There had been a meeting in Atlanta, which embraced the southeastern tier of States.

At those meetings we tried to find some basis on which to amend the cotton acreage adjustment law, because, as had happened at the end of World War II, it looked as if the cotton acreage was going to shift out of the deep South into the more efficient producing areas, from Georgia and Mississippi to the areas of Texas, Arizona, New Mexico, and California. In order that that shift might be helped and might be made a little more orderly, quotas were set on the basis of acreages planted in those States during the preceding 5 years.

The study at that time recognized that the acreage would gradually shift to the West, and the appeal was, Do not close the acres out too fast. Let the Southeastern States, where the problem is more difficult, take a little more time. You will see new types of agriculture develop, and new uses of the land will come into operation. There will be a change in the picture.

Mr. HAYDEN. That is what I understand has taken place.

Mr. ANDERSON. That is what has taken place. One can go into the State of the able Senator from Florida [Mr. HOLLAND] and find that a livestock industry has been developed there. If the farmers of Florida had been told that there would be cotton forever, I do not know how much of their land would have been planted to cotton. Similarly, such development is taking place in Georgia and Mississippi. Those States now comprise one of the remarkable agricultural areas because of the importance of livestock.

To insist that these past actions were wrong in order to halt obvious growth is something I cannot understand.

Mr. HAYDEN. I wanted to make it clear that the reason for this trend is that cotton can be produced at a lower cost per pound in the western area than it can be produced anywhere else in the United States. Second, the grades of cotton which are grown in that region are marketable; they do not go into the loan.

Mr. ANDERSON. I think that is true. I think perhaps it is fair to say that all the cotton grown in California is shipped without ever going into the loan; or if it does go into the loan, it does not remain there long. As I recall, one man put a block of a million dollars worth of cotton into the loan. A great outcry was made. I said, "I know that man. The Government will not lose anything on that." In a short time, he had moved all his cotton.

Mr. ELLENDER. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Louisiana.

Mr. ELLENDER. I desire to say to my good friends, the Senator from Arizona [Mr. HAYDEN] and the Senator from New Mexico [Mr. ANDERSON], that I do not want to quarrel as to any cotton farmer who has shifted from the production of cotton to a more profitable crop, and who has in the process abandoned his acres of cotton. I have no sympathy for him; he should have continued in the growing of cotton if he desired to maintain his base acreage. But here we have a situation that is different from that which prevailed at the time suggested by my good friend from New Mexico. Cotton acreage allotments have now been reduced to the point where it hurts. The national allotment is down now to 17,391,000 acres. I am sure the situation which will prevail in the Southeast, as well as the Southwest, in regard to the planting of cotton, will be different in 1957 and 1958 from what it was 4 or 5 or 6 years ago.

We have provided in the bill for a soil bank. Those cotton farmers who will not see fit to plant their allotted acres to cotton can put those acres in the soil bank. What is going to happen is that, no matter if Louisiana or Mississippi or any other Southern State plants all its allotted acres, or puts part of them into the soil bank, the formula which has been in the law for quite some time will cause those States to lose additional allotted acres in 1957 and 1958, partly because of trends and partly because of unusual conditions which caused Texas to plant a million and a half acres of wheatland to cotton in 1951.

I repeat, I am not here criticizing my good friends from New Mexico and Arizona about what has happened in the past, nor am I trying to blame them because some cotton farmers did not plant all of their allotted acres in the past. As cotton plantings in the West increased, there has been a steady shifting of cotton acreage allotments to the West. That shifting of allotments occurred in 1956, and it will occur in 1957 and 1958 if the Senate committee amendment is not adopted.

We have now reached the situation where cotton acreage has been reduced to a minimum. Additionally, the provisions in the bill creating a soil bank will result in every allotted acre being either planted or placed in the soil bank. We are freezing the national acreage allotment at the 1956 level to prevent further reductions being imposed on our cotton farmers. Under these conditions, I say it is morally wrong for farmers to have to suffer additional reductions in 1957 and 1958 because of a gadget in the old law, especially when those acres are being passed on to a few States in the West.

The conditions today are far different from what they were in the past, and I hope that before my friend from New Mexico offers his amendment he will sleep on it overnight and see the justice in what I am pleading for.

Mr. HAYDEN. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. HAYDEN. If the trend has been such that there has been less acreage planted in the Southeastern States and more acreage planted in the West, that trend was due to the fact that it was to the advantage of somebody in the Southeastern area to put the land which was used for the growing of cotton into other crops.

Mr. ANDERSON. I can say to the Senator from Arizona that some years ago the Commissioner of Agriculture in the State of Georgia, Mr. Tom Linder, printed a story in which he said cotton ought to be $1 a pound. His idea was that it took that much money to raise cotton. Well, it did not; but there are areas where the raising of cotton is expensive, and there are areas where it is raised more cheaply.

The Senator from Arizona, whose State would really be hurt by the amendment, should recognize that the same acreage would be planted in 1956, 1957, and 1958, which would give his State 3 of the 5 years, and affect its acreage forever, and that if his state is tied to those acres there will be no opportunity for the factor of growth to operate, and the State will be signing away forever the possibility of it.

Mr. HAYDEN. The trend should be recognized, and there should be some provision in the bill whereby the trend could continue as it has in the past, but if temporarily it was desired to allow more acreage to the South, that would be a very different proposal.

Mr. ANDERSON. Yes.

Mr. HAYDEN. Because the basic law would remain unchanged, and those areas where there was legitimate demand

for increased acreage could have it and the law would allow it.

Mr. ANDERSON. Mr. President, I should like to continue this colloquy with my able friend the Senator from Arizona, but I understand the sugar bill conference report is ready, and I do not want to do more at this time than offer an amendment, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. ANDERSON. Mr. President, I also ask unanimous consent to have printed in the RECORD, at this point in my remarks, a statement which I have had prepared on the proposed adjustment in import quota of extralong staple cotton; also a telegram I received from John L. Augustine, head of the Farm Bureau of New Mexico; a telegram from James F. Cole, president, Dona Ana County Farm and Livestock Bureau; and a telegram from Fred G. Sherrill, of Los Angeles, Calif.

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

STATEMENT ON PROPOSED ADJUSTMENT IN IMPORT QUOTA OF EXTRA LONG STAPLE COTTON

1. EFFECT OF ADJUSTMENT

Section 304 (a) of H. R. 12 would have the present 95,000 bale import quota apply, beginning February 1, 1957, to all cotton having a staple length of 1⅛ inches and longer, as did the original quota when it was established in 1939. The exemption for Peruvian cotton (1 11/16 inches and longer) made in 1940 for defense purposes would no longer apply. It is no longer needed by the military.

2. USE OF EXTRA LONG STAPLE COTTON

Either American-Egyptian cotton or Egyptian Karnak cotton can be used satisfactorily for the manufacture of most, if not all, products for which Peruvian Pima cotton is now being used (according to the Chief of the Standards and Testing Branch, Cotton Division, Agricultural Marketing Service, USDA, based on limited data available on the subject). About 60 percent of the extra long staple cotton consumed in the United States is in thread. One-fourth is in woven fabrics, with the rest being used in laces, gloves, machine ribbons, knitting yarns, and miscellaneous products. Almost 90 percent of the Peruvian Pima is used for woven fabrics. Although a smaller percentage of the American-Egyptian and Egyptian grown cottons are used for woven fabrics, the total bales used for that purpose exceed the quantity of Peruvian Pima cotton so used. Mills which use all types of extra long staple cotton report that all types are suitable for woven fabrics. Mills using extra long staple cotton state that Peruvian Pima is not used for thread because it lacks smoothness and does not stand up well in the sewing operation, and that it is too soft and lacks strength for use in machine ribbons. Its use in woven fabrics is based on the prestige built up for fine, silky cotton fabrics known as "Pima," with resulting strong consumer acceptance for "Pima" cottons.

3. ONE AND ELEVEN-SIXTEENTHS INCHES NOT GROWN IN UNITED STATES

United States farmers do not produce a cotton which has a staple length 1 11/16 inches and longer. Lengthening the staple beyond 1½ inches (the approximate length of most extra long staple cotton) does not necessarily improve the quality of cotton. Other characteristics, such as smoothness, strength, uniformity of staple length and maturity are more important than the extreme length of staple. Working in cooperation with United States cotton mills and cotton farmers, USDA has developed satisfactory extra long staple cottons which have a slightly shorter staple length than the Egyptian 1½ inches. By so doing, they have increased yields per acre sharply and have maintained or improved upon other desirable characteristics.

4. ONLY COTTON NOT LIMITED BY IMPORT QUOTA

Cotton having a staple length of 1 11/16-inches and longer is the only raw cotton not subject to import restrictions. It is directly competitive with American and Egyptian grown extra long staple cotton. Compared to the 500 to 1,000 bales being imported in 1940 at the time import controls thereon were suspended, imports have been increasing sharply, having reached an estimated 16,000 bales last year. This compares with 7,000 in 1951, 10,000 in 1952, 12,000 in 1953 and 14,000 in 1954. Aided by a World Bank loan (31 percent of the capital contributed by the United States), Peru is developing irrigation facilities for an estimated 60,000 additional acres to be devoted to cotton. Without quotas, there is on limit to the quantity of United States cotton which can be displaced by Peruvian. From 1950 to 1954, production of United States extra long staple cotton varied from 46,000 to 93,000 bales. The marketing quota on the 1956 crop is 35,000 bales. The quota-free imports of Peruvian cotton last year represented about 40 percent of the United States production.

5. EFFECT OF SECTION 304 (a) ON IMPORTS OF PERUVIAN COTTON

Section 304 (a) will not prevent or stop imports of cotton having a staple length of 1 11/16 inches and longer (Peruvian cotton). The effect would be to require that such imports displace Egyptian cotton rather than United States-grown cotton. Any additional expense incurred by importers of Peruvian cotton as a result of section 304 (a) would be offset by the present tariff advantage of 1¾ cents per pound which this cotton has over other imported extra long staple cotton. The objection to section 304 (a) is believed to be based upon the 5 cents to 10 cents price advantage which Peruvian cotton enjoys over Egyptian- and American-grown cotton.

6. TIMING OF IMPORTS

The present quota opens on February 1. This is timed to fit the Egyptian harvest. The Peruvian crop is harvested about 6 months later. If, at the time the Peruvian cotton was ready for shipment to the United States the global quota had been filled by imports of Egyptian cotton, importers of Peruvian would be placed at a disadvantage. They would either have to buy 6 months further ahead, or some adjustment in the quota should be made. If the attached language were added to section 304 (a), this problem would be adequately dealt with.

LAS CRUCES, N. MEX., *May 16, 1956.*

Senator CLINTON P. ANDERSON,
Senator DENNIS CHAVEZ,
United States Senate,
Washington, D. C.:

We understand Eastland amendment to new farm bill to come before Senate May 7. Would appreciate your doing everything possible to push provision directing Agriculture Secretary to sell cotton at competitive world prices. Check provision pertaining to increased cotton allotments, 1957–58, to see if western areas fairly treated. Understand State Department attempting to delete long staple amendment. Don't let them get away with this. It's time to help our own people instead of everyone else in the world.

JOHN L. AUGUSTINE.

LAS CRUCES, N. MEX., *May 16, 1956.*

Senator CLINTON P. ANDERSON,
Senate Office Building,
Washington, D. C.:

First, we favor the Eastland amendment to make cotton sales for export. Competitive offering of cotton above the world market price is a signal to foreign growers to plant more cotton. Surpluses must be moved in the interest of farm economy at competitive prices. We feel that due to the influences of the State Department that legislation directing rather than permitting this action is necessary. Second, we oppose any provision in the law which allocates increases in cotton allotment equally on a percentage basis. The 5-year provision is a basic part of the law which recognizes the trend in cotton production. Efforts to defeat this will deprive New Mexico of a historic legal right to acreage increases. Third, we are reliably informed that the State Department has contacted Senator H. ALEXANDER SMITH regarding the removal of the provisions which were in the earlier farm bill regarding extra long staple cotton. The provisions concerning global quotas and directing the Secretary to dispose of surplus of extra long staple are essential to the survival of an industry which has gone all out to try to help itself.

JAMES F. COLE,
President, Dona Ana County Farm and Livestock Bureau.

LOS ANGELES, CALIF., *May 15, 1956.*

Senator CLINTON ANDERSON,
Senate Office Building,
Washington, D. C.:

Another amendment to the farm bill H. R. 10875 has come to my attention which (a) freezes the national cotton allotment for 1957 and 1958 so that it will be the same as for 1956, and (b) provides that each State allotment for 1957 and 1958 shall be the same as for 1956. Under present circumstances I would say that the national allotment is amply large and I would not oppose that provision. I cannot see, however, why the result of trends in acreage which reflect essentially sound economic production of desirable qualities should be suspended during this period. This is the provision in the present act which distributes the national allotment to the States on the 5-year average rule. If this is suspended as item (b) above seeks to do, California will fail to get some thirty-odd-thousand acres which it should have, Arizona will fail to get some 20,000 acres which it should have, and New Mexico will fail to get some 5,000 acres which it should have. Inasmuch as the national allotment remains undisturbed it naturally follows that sections of the country producing less desirable qualities than we produce here will be planting our acreage and producing more of those less desirable qualities while we produce less of the more desirable qualities. Please do what you can to let the present law determine how the frozen national allotment shall be distributed. Thanks and best wishes.

FRED G. SHERRILL.

Mr. ANDERSON. Mr. President, in closing, I point out that when the senior Senator from Louisiana asked that additional cotton be given to the small farmers of the southeastern section of the country, it was done on the basis that no planting history should be obtained. I suggest that he might bear that in mind in connection with this question.

EXTENSION OF THE SUGAR ACT OF 1948—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I understand the Senator from Virginia is ready to present the conference report on the extension of the Sugar Act of 1948, which is a privileged matter. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

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

The legislative clerk read the report.

(For conference report, see House proceedings of yesterday.)

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

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

Mr. BYRD. Mr. President, in the case of the conference report on the sugar bill, H. R. 7030, which would amend and extend the Sugar Act of 1948, I am happy to announce a unanimous agreement, after a considerable period of time, on the part of House and Senate conferees on this bill. There were no dissenters on the final version, and the Senate amendments were generally accepted.

I am also glad to state that a few minutes ago the conference report was unanimously agreed to by the House of Representatives.

The House accepted all of a number of perfecting and technical amendments made by the Senate and, in large part, the more important amendments were adopted in full or compromised satisfactorily.

There were three important points of difference between the House and Senate versions of the bill. On one other point the difference was not so great. Those points of difference were:

First. The length of the extension of the Sugar Act. The House version of the bill was for 4 years; the Senate version was 6 years. The Senate conferees receded on this point, and agreed on a 4-year extension. It was uanimously agreed however, that the next extension should be taken up in 1959 to avoid the necessity for any hasty action during the last year of the present extension, and so that farmers and foreign countries can make their plans in advance of planting seasons.

Second. The proportion of increased demand allocated to foreign and to domestic producers. The House voted a 50–50 split. The Senate felt that be cause domestic producers had not been able to share in increased demand for a number of years, the division should be 55 percent of the increase to domestic producers and 45 percent to foreign producers.

The House conferees receded on this point, and the formula of 55–45 was adopted.

Third. The division of increased domestic demand allocated to foreign areas among the various participating countries took considerable compromising. The conferees decided that the element of greatest importance to a foreign country producing sugar was the amount in total that could be exported to the United States. Therefore, total United States requirements over the 4 years of the extension and the total share in those requirements by each country constituted the base from which we worked.

For example, under the House version of the bill, Cuba would have supplied 92.4 percent of the total amount of sugar allocated to the full-duty countries plus Cuba. The Senate version would have granted to Cuba 94.4 percent. The compromise decided upon by the conferees gives 93.75 percent to Cuba. The compromise gives Mexico 1.2 percent, Peru 2.3 percent, Dominican Republic 1.75 percent, and all other countries 1.0 percent.

I understand that the administration will accept these percentages.

Fourth. Both the House version and the Senate version of the bill carried formulas for the allocation of the first 188,000 tons of increased demand among domestic producing areas. Although the formulas were different, there was not a great deal of difference in the expected results. The House conferees receded, and accepted the Senate formula.

I hope the Senate will accept the bill as agreed upon by the conferees. On the major points of difference, the House conferees receded on 2, the Senate conferees receded on 1, and 1 was compromised satisfactorily. Although it would have been impossible to arrive at a solution of this great sugar problem which would make everyone happy, we feel that we have at least divided the unhappiness fairly equally.

I urge acceptance of the conference report.

Mr. BENNETT. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. BENNETT. I should like to make an observation: With respect to the foreign share of sugar, the amount in disagreement was equal only to 2 pounds in 100. In other words, if we set up as a symbol a 100-pound sack of sugar, to represent all the sugar which would come in from foreign producers, there was in disagreement only 2 pounds in 100; and by the compromise we finally saved for Cuba all but two-thirds of 1 pound. So by the compromise, Cuba lost only two-thirds of 1 pound out of 100 pounds; and the compromise agreement is two-thirds in line with the position taken by the Senate, and only one-third in line with the position taken by the House.

Mr. BYRD. I thank the Senator from Utah.

Mr. ELLENDER. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD. I yield.

Mr. ELLENDER. I wish to take this occasion to thank my good friend, the Senator from Virginia, from the bottom of my heart for having brought the sugar bill to a conclusion, particularly when he was able to maintain the Senate's version of the bill in respect to the division of the increased amount of sugar which is consumed in the United States because of the increase in our population. As he has stated correctly, the Senate conferees fought for 55 percent of the amount of that growth; and I am glad that is provided for in the conference report.

Again I wish to compliment my good friend, the Senator from Virginia, and also my good friend, the Senator from Utah [Mr. BENNETT], and all other Senators who participated in the conference.

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

Mr. BYRD. I yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I wish to express my very real gratitude and my warm compliments to the Senator from Virginia and the other Senate conferees, and to say that I think this is a good bill. As I understand, it stabilizes the matter of sharing on a 55–45 basis in the continuing market; and in the case of the increase after January 1, 1956, above 8,350,000 tons, it divides it on the basis of the same ratio—namely, 55 percent to domestic producers, and 45 percent to foreign producers.

Mr. BYRD. The Senator is correct.

Mr. HOLLAND. For which I certainly congratulate the conferees. Speaking for the sugar industry of my State, which does not always have easy sledding, and will not have under this bill, this arrangement will certainly stabilize the situation remarkably well, and will enable sugar producers to get rid of the stored up surplus, created not by added acres, but by added efficiency and increased production in recent years. The bill will allow the sugar producers to get rid of a surplus which now occupies two very large warehouses. I think that can be accomplished in a period of about 3 years.

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

Mr. BYRD. I yield.

Mr. LANGER. How does the conference report treat cane sugar as compared with beet sugar?

Mr. BENNETT. Mr. President, If I may answer that question. The division as between the mainland cane producers and the domestic beet producers was written into the bill in accordance with an agreement between the two industries. With respect to the first 165,000 tons, they will be shared on the basis of 51½ percent to beets and 48½ percent to cane. Thereafter they will return to their original relationship, which will be based upon the difference between, roughly, 1,880,000 tons and 582,000 tons,

or something of that kind. But we established a comparatively even relationship for the first 165,000 tons. Thereafter it reverts to the longtime relationship which existed under all previous legislation.

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

Mr. BYRD. I yield.

Mr. BARRETT. I wish to commend the chairman of the Finance Committee and other members of the committee for the fine work they did in connection with the conference report.

Let me say to my distinguished colleague from Florida [Mr. HOLLAND] that his State is not the only one which has been experiencing some difficulty so far as sugar is concerned. We in the sugar beet area have also been in considerable difficulty.

I am very much pleased with the provisions to which the distinguished Senator from Utah [Mr. BENNETT] has just referred. As I understand the situation, the first 165,000 tons over and above the base of 8,350,000 tons will go to the domestic producers, 51½ percent to beet sugar, and 48½ percent to cane sugar producers.

Mr. BENNETT. It is not quite that way. It is the first 165,000 tons produced, over the base of 55 percent.

Mr. BARRETT. I understand. That is the amount which is allocated to this country.

Mr. BENNETT. That is correct.

Mr. BARRETT. The point which pleases me very much is that, as I understand, the estimate for this year is in excess of 165,000 tons increase, and consequently, the domestic producers will receive some benefit immediately from this legislation. So I am especially pleased about that particular provision in the conference report. Again I commend our conferees for their fine work. I think this is an excellent bill. The division, on the historic basis of 55 to 45, has now been reaffirmed, and we are now in such a position that we can look forward to some measure of prosperity in the sugar beet and sugar-cane industries.

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

Mr. BYRD. I yield.

Mr. HOLLAND. Am I correct in my understanding that the reason for making a distinction in favor of cane sugar in the first year's distribution of the surplus was the fact that the cane sugar producers have on hand a much greater surplus, proportionately?

Mr. BYRD. That is correct.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. SMITH of New Jersey. As a member of the Committee on Foreign Relations, I have been asked by our Filipino friends why, as they claim, they were discriminated against by being omitted entirely from participation in any increase in sugar consumption. I should like to have that explained for the RECORD, so that I may properly advise my Filipino friends.

Mr. BENNETT. Mr. President, the Senator's Filipino friends have been told repeatedly that their participation in the American sugar market is on the basis of a treaty. The Finance Committee has no authority to open up existing treaties. Members of the Finance Committee have never felt that the Filipino share could be considered by them. If the State Department wishes to increase the allotment of sugar to the Philippines, it should be prepared to open up the general Philippine treaty and handle it through the regular channels, which includes handling it through the Senator's committee.

Mr. SMITH of New Jersey. Then is it fair to say that there was no intention on the part of members of the conference committee from either the House or the Senate in any way to discriminate against our Filipino friends?

Mr. GEORGE. Mr. President, if the chairman of the committee will yield to me, the Philippines have a treaty, and that treaty governs sugar shipments into this country and the quotas. Under the treaty the Filipinos have preferential treatment, which will extend, as I recall, until 1970. We were clearly of the opinion that there was no discrimination against the Philippines. They already have an advantage.

Mr. SMITH of New Jersey. I wished to make it clear for the record that there was no intentional discrimination.

Mr. GEORGE. None whatever.

Mr. MILLIKIN. Mr. President, I wish to congratulate the Senator from Virginia [Mr. BYRD] for the very able work he did on the sugar bill in conference.

I wish also to congratulate the Senator from Utah [Mr. BENNETT], who did so much active work in bringing about the 55–45 division, which is traditional, and which is an improvement over the present situation. It gives better recognition to the home production of sugar.

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

The report was agreed to.

AMENDMENT OF INTERNAL REVENUE CODE OF 1939, RELATING TO PATENT RIGHTS

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 6143) to amend the Internal Revenue Code of 1939 to provide that for taxable years beginning after May 31, 1950, certain amounts received in consideration of the transfer of patent rights shall be considered capital gain regardless of the basis upon which such amounts are paid, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD, Mr. KERR, Mr. FREAR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania conferees on the part of the Senate.

AGRICULTURAL ACT OF 1956

The Senate resumed the consideration of the bill (H. R. 10875) to enact the Agricultural Act of 1956.

Mr. YOUNG. Mr. President, I should like to make some very brief remarks today on the feed-grain provisions of the pending agricultural bill; and tomorrow, when we consider the bill and its amendments, I shall discuss further the feed-grain amendments and other provisions of the bill.

Last fall the price of hogs dropped to $9 or $10 a hundred pounds, and the corn price dropped to 95 cents or a dollar a bushel, in most Midwest areas. Always when corn and other feed grain prices drop, hog prices and cattle prices sooner or later follow. They usually follow shortly afterward.

Taking recognition of the fact that low feed grain prices, particularly low corn prices, mean continued low prices for hogs and cattle, Secretary Benson not long ago established a support price for corn in the commercial area at $1.50 a bushel, and another, new price support, which we have never had before, of $1.25 a bushel, to noncompliers, or those farmers who fail to comply with any acreage allotments. In addition to that, he established at least two more price-support levels in the noncommercial area.

The whole object, as I understand it, of this action was to prevent more free corn from going on the cash markets in the fall, and thus depress the cash price of corn.

I say again that he felt, and rightly so, that low corn prices mean low hog prices and low cattle prices.

The minority views of the Committee on Agriculture and Forestry, are rather amazing. They are almost in complete contradiction to what Secretary Benson did only a short time ago in establishing these higher price support levels for corn.

I should like to quote from the minority views as published in the report of the committee:

> 2. Prices of feed livestock would be reduced.

That is, if the feed grain provision in the bill prevailed.

> In deciding how much they can pay for feeder cattle, Grain Belt men figure the probable price of the finished animal and deduct the cost of feed. The higher the price of feed in the Grain Belt, the lower the price of feeder cattle on the western range.

Mr. President, no responsible cattlemen or hogmen would agree with that position. All of them know that continued low prices for feed grains and abundant supplies mean that farmers will translate those cheap grains into more and more production and surpluses of hogs and more and more production and surpluses of beef.

I should like to say that, with respect to the average farmer in the Midwest, particularly in Iowa, the price he gets for hogs represents the price he gets for his corn, because he puts practically all of that corn he produces on the market through hogs or cattle. If there is an abundance of cheap feed grain, and excessive feeding and excessive supplies,

down goes the price of hogs and down goes the price of most everything that that farmer has to sell.

I should like to place in the RECORD figures which I obtained from the Department of Agriculture only yesterday. They gave the average price of feed grains for the past 10 years; that is, for oats, barley, sorghums, and corn. It also shows the price of feeder cattle and other cattle.

It will be noted from this table that the price of feeder cattle and the price of hogs follow almost exactly the price of feed grains, such as corn, wheat, oats, and others.

It is true that if feed grains remain cheap this fall, many cattle feeders may buy more cattle than they ordinarily would, hoping that they can feed the cheap grain to their cattle; and even if the cattle prices do not go up very much, at least they will not lose very much money.

That is what happened to a large extent last fall. Feed grain prices were cheap, and cattle feeders paid a little more than they ordinarily would, believing that with the very cheap grain they would still make a little profit. I believe that most of them will be mistaken. They will not make any money, some may lose even with present grain prices.

I ask unanimous consent that the table be printed in the RECORD, as a part of my remarks.

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

Year	Oats (per bushel)	Barley (per bushel)	Corn (per bushel)	Grain sorghums, soybeans		Beef cattle (per hundredweight) [1]	Stockers and feeders cost at Kansas City	Stockers and feeders average cost of 4 markets
				Per hundredweight	Per bushel			
1946	$0.805	$1.38	$1.53	$2.48	$2.56	$14.50	$15.87	$15.80
1947	1.04	1.73	2.16	3.27	3.34	18.40	20.81	20.36
1948	.717	1.16	1.28	2.29	2.27	22.20	25.54	25.23
1949	.655	1.06	1.24	2.00	2.17	19.80	21.34	[2] 21.21
1950	.788	1.19	1.52	1.88	2.47	23.30	26.67	[2] 26.90
1951	.820	1.26	1.66	2.36	2.73	28.70	32.63	[2] 32.85
1952	.788	1.38	1.51	2.80	2.72	24.30	25.55	[3] 25.76
1953	.743	1.17	1.48	2.36	2.73	16.30	17.35	[3] 17.13
1954	.713	1.09	1.42	2.25	2.46	16.00	18.97	[3] 18.64
1955	.596	.928	1.31	1.78	2.20	15.60	18.60	[4] 18.25
Apr. 15, 1956	.623	.949	1.32	1.93	2.63	15.00	[5] 17.31	[4] [5] 17.02

[1] National average price received by farmers for all beef cattle.
[2] 5 markets.
[3] 8 markets.
[4] 10 markets.
[5] Week ending Apr. 26.

Mr. YOUNG. Mr. President, I have also had the Department of Agriculture prepare some figures on the price of hogs, from 1930 to 1940—I left out the war years—and from 1946 to 1955. Again it appears from these figures that the price of hogs followed almost exactly the price of corn. For example, when corn prices went down, hog prices went down.

Again, Mr. President, that is almost in exact contradiction to the minority views of the Committee on Agriculture and Forestry, and it is almost in exact contradiction to what some Members of the Senate are trying to accomplish, that of trying to continue the cheap grain prices.

Mr. President, it is impossible to have two things at the same time; it is impossible to have cheap feed-grain prices and still have good cattle prices and good hog prices. That is impossible.

Perhaps to a dairy farmer in the East, who sells practically all of his milk in the large cities, under milk marketing orders at 90 percent to 100 percent of parity, and has 80-percent price supports for practically all the rest of his dairy products, such as butter and cheese, that is an excellent deal. However, to any farmer living in the Midwest who produces hogs, or cattle, or grain, this is a wrong philosophy entirely. We will never solve our hog- and cattle-price problem and our grain-price problem, and the problem of the average farmer, so long as we continue the policy of cheap feed grains.

Mr. President, I wish to comment a little more on a table which appears on the last page of the minority views.

According to the table one would be led to believe that every State in the Union was a deficit-feed-grain area. For example, according to the table, the State of Iowa buys 42 percent of its feed grains, Minnesota 20 percent, Illinois 25 percent, and so on.

Actually, what I believe is that this table is a report showing how much mixed grains the farmers in these respective States bought.

Mr. President, it has become a rather common practice for farmers to buy a great deal of mixed feeds. They will probably sell much of their feed grains and buy back concentrates or pellets or other things. Therefore, although the report would indicate that Iowa, for example, is a big feed deficit area, in reality, it is not.

Iowa, perhaps, produces practically all the feed grains it needs. That is certainly true of Illinois, Indiana, and some other Midwest States. The minority views would have us believe that these States are great feed deficit areas, and by raising the price of feed grain a little, we are doing great injury to the farmers of those States. That is as far from the truth as it is possible to be.

Mr. President, I believe this will conclude my remarks for today. I plan to have more to say tomorrow, when the various amendments are considered.

At this time I ask unanimous consent that the last table, to which I have referred, also be printed in the RECORD.

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

Comparison, corn and hog prices, average national price received by farmers (1930–40, 1946–55)

Year	Corn (per bushel)	Hogs (per 100 pounds)
1930	$0.598	$8.84
1931	.321	5.73
1932	.292	3.34
1933	.494	3.53
1934	.802	4.14
1935	.632	8.65
1936	1.035	9.37
1937	.490	9.50
1938	.469	7.74
1939	.542	6.23
1940	.601	5.39
1946	1.53	17.50
1947	2.16	24.10
1948	1.28	23.10
1949	1.24	18.10
1950	1.52	18.00
1951	1.66	20.00
1952	1.51	17.80
1953	1.48	21.40
1954	1.42	21.60
1955	1.31	15.00

NOMINATION OF SIMON E. SOBELOFF TO BE JUDGE OF THE FOURTH CIRCUIT COURT OF APPEALS

Mr. JOHNSTON of South Carolina. Mr. President, a Subcommittee of the Judiciary Committee on May 5 began its public hearings on the fitness of the Solicitor General, Mr. Sobeloff, to be a judge of the Fourth Circuit Court of Appeals of the United States. That date was a postponed meeting of one previously called and which had to be cancelled due to the untimely death of the late Senator Barkley. Most of us were in attendance at the funeral of our late colleague. All our engagements that week had to be postponed, rearranged, and otherwise interrupted or cancelled. Unfortunately, my case was no different from many others. I had prior engagements set for Saturday, May 5, from which I could not easily be excused. That same unfortunate situation affected the members of the subcommittee as only 2 of the 5 on it were able to be present. I sent the Chairman, Senator O'MAHONEY, a copy of charges against the nominee. These were put in the record. The witness most capable of substantiating those and other professional irregularities of Mr. Sobeloff, was not permitted to testify at length. He is Charles Shankroff, of Baltimore, Md. I had known Mr. Shankroff's charges for some time. He presented similar objections to me a long time ago. However, the Senator from Wyoming [Mr. O'MAHONEY] graciously permitted Mr. Shankroff to file a statement of his charges. Mr. Shankroff, who made the original charges, is an experienced real-estate dealer, and a gentleman about 74 year old. He told me he had never seen Mr. Sobeloff in person, except as he saw him across the witness table on May 5, 1956. His statement shows that he has no personal ax to grind, nor any personal grievances to satisfy. His testimony and statement are given solely in the public interest and out of a sense of civic duty. I commend Mr. Shankroff for being able to take such a lofty

and detached stand in his attitude towards the personal and professional qualifications of Mr. Sobeloff for the judgeship to which he has been nominated.

The Senate will be interested in the grounds and objections Mr. Shankroff urges against the confirmation of Mr. Sobeloff. I trust the subcommittee will go into the charges in the latest statement of Mr. Shankroff. They need careful study and investigation.

Unless this nomination is withdrawn after the hearings progress, and the charges, which I believe are true, have been substantiated by the records of the receiver and by a study of the court records, all of which are available in both Circuit Court No. 2 and the City Court of Baltimore, Md., I shall have a great deal more to say about Mr. Sobeloff.

Mr. Shankroff made his original complaints against Mr. Sobeloff to me. I, in turn, transmitted them to the subcommittee. I have since conferred with Mr. Shankroff, in person, regarding his most recent statement of his objections to the confirmation. I stand ready to transmit any other true statement from any critic that can be verified to the subcommittee for its consideration. I stand ready to submit any evidence of wrongdoing on the part of Mr. Sobeloff, which would justify our refusal to confirm his nomination.

Mr. President, I send to the desk the letter of Mr. Charles Shankroff to the Senator from Wyoming [Mr. O'MAHONEY] and request that it be printed in the body of the RECORD immediately following my remarks.

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

MAY 15, 1956.

Hon. JOSEPH C. O'MAHONEY,
Senate Committee on the Judiciary,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I avail myself of the opportunity you twice extended to me Saturday, May 5, 1956, to give the subcommittee, of which you are chairman, a statement contining my objections to the confirmation of the nomination of Simon E. Sobeloff as judge of the Fourth Circuit Court of Appeals of the United States.

I ask that my statement be inserted in and made a part of the official transcript of the record of your hearings. I am furnishing copies hereof to the other members of the Judiciary Committee.

I want you and the committee to understand at the very outset that I have no personal grievance against Mr. Sobeloff. I never saw him until I appeared before the committee. I have not suffered from his wrongdoings. My sole concern is as a civic matter, and in the public interest. I speak entirely from the records as I have studied them. My entire concern is based upon my hope and belief that our judges should not only be men above every reproach but even above the suspicion of wrongdoing. I am sure this concept of mine is not too high and is fully shared by the committee.

I also wish to correct some of the errors in the transcript. I wish to straighten out some of the impressions that may be created by the testimony of Mr. Sobeloff and others. I wish your record to be an honest statement of the pertinent facts. I do not wish the committee to reach a conclusion upon tangent, incomplete, or twisted assertions of fact. Such a result would be unfortunate indeed.

(a) Mr. Hospelhorn (deputy bank examiner) stated his records (receiver's) were destroyed under a court order and were therefore not available. That is true to the extent it goes but he should have said their destruction was ordered on condition that the records be microfilmed. So the records are not in fact destroyed. They are available. None of the court records have been destroyed. Your subcommittee is entitled by subpena and can see the pertinent portions of both sets of records.

(b) First of all relating to myself, I am an experienced real-estate operator. I am experienced in researching court records and documents. I have devoted well over a year in a study of the Baltimore Trust Co. case. It is case No. 20,433a, Docket 44a of 1935, now pending in Circuit Court No. 2, Baltimore, Md. The subcommittee can obtain, by subpena, the proof of every statement of fact which I am about to make concerning this and the other cases.

(c) I am 74, not 72, years old.

(d) There were 15 court actions against the officers and directors of the Baltimore Trust Co.—9 in Circuit Court No. 2 of Baltimore City and 6 were in the City Court of Baltimore. They involved in the aggregate over 56 millions of dollars, not $150 million as I am reported to have said. These actions were settled by Mr. Sobeloff and his associates who represented the receiver for the small sum of $205,500. Sobeloff and his associates permitted the costs of these suits to be paid out of the assets of the receiver (the plaintiff). In the varying types of these 15 legal actions, the defendants were financially responsible and had the ability to respond in a much larger amount than the small settlement of $205,500. Judge Soper praised Mr. Sobeloff for his report on the liability of the officers and directors. I condemn Mr. Sobeloff for his neglect in the execution of his report and the small settlement he agreed upon.

I agree with Judge Soper that Mr. Sobeloff made a good report. Where I disagree, and Judge Soper remains ominously silent, is that Mr. Sobeloff did not pursue his good report and assist in forcing a full compliance therewith to the extent of the financial ability of those charged with the duty, responsibility, and financial liability to the depositors and creditors of the bank. The subcommittee should subpena Mr. Sobeloff's reports (3) from the clerk of court (Circuit Court No. 2, Baltimore, Md.). They are available. They go into the questions of fixed criminal and civil liability, the bank's building, etc., in detail.

Mr. Sobeloff should not be confirmed by the Senate of the United States for the following, among other, reasons:

(a) Having reported as an officer of the court on the statutory liability of the officers and directors of the Baltimore Trust Co. that their monetary liabilities to the receiver aggregated in excess of $56 million, he (Sobeloff) was derelict in permitting in 15 suits (6 in Baltimore City Court and 9 in Circuit Court No. 2 of Baltimore City) to be settled by the payment by only 17 of the 19 defendants of the small sum of $205,500, while the financial responsibility and ability to pay more by the defendants was much greater. The effect of the small settlement was obviously detrimental to the rights of the receiver and those creditors represented by him. Two of the defendants paid nothing though each (P. L. Goldsborough and Donald Symington) was reputed to be of large financial means. A careful examination of only 1 of the 15 cases will substantiate this charge. The other cases, if and when examined, will aggravate the charge and at the same time compound and multiply the indisputable proof of it.

In case No. 21647, in docket 45, at page 391, commenced August 6, 1936, in circuit court No. 2 of Baltimore City, Md., and entitled Hospelhorn, Receiver (Sobeloff being one of his attorneys of record) versus Wm. A. Dixon, A. E. Duncan, Albert D. Hutzler, Wm. B. Matthai, Safe Deposit and Trust Company, and Frank Newcomer, Executors, etc., I. Manning Parsons, Donald Symington, Henry E. Treide, and Herbert A. Wagner, a sworn complaint was filed for damages aggregating $20,206,014.79 for losses by reason of the negligence and inattention to duties by the defendants (former officers and directors). Mr. Sobeloff's fine reports charged acts of criminal and civil negligence. There were 42 accounts or items involving negligence in this one case alone. The court still has this record in its files as well as the records in the other 14 cases. The quaere is "Why should Mr. Sobeloff have made the excellent report (Judge Soper's testimony) of the criminal and civil negligence on the part of the officers and directors in the first instance (1936) and their legal liabilities thereon, and then permit, as attorney of record for the receiver, the officers and directors to escape a $56 million liability (1937) by the payment of only $205,500?"

I suggest the propriety of a careful analysis of each of the 15 cases. Let the sunlight in on this conflict and obvious dereliction or contradiction of duties. It may be said that this settlement was approved by the court. Well, if that be true, why didn't Sobeloff appeal on behalf of the receiver? Or was it then, in 1937, to Sobeloff's greater personal interest to protect those being pursued by the receiver at the original instance of Mr. Sobeloff in his reports? The committee in pursuit of the truth may develop the correct answer.

I submit that the records in the case show that Mr. Sobeloff received $30,000 from the receiver for his reports and later the sum of $7,500 for the services in the 15 lawsuits he permitted to be settled for the trifling sum of $205,500, excusing as he did all liability on the part of financially able defendants Goldsborough and Symington. Your record should show what other amounts he may have received for resisting stockholder's liabilities, the questionable sale of the building and the other assets of the Baltimore Trust Co.

If Mr. Sobeloff was right in his reports that the officers and directors were guilty of criminal and civil negligence wherein sworn losses in excess of $56 million were suffered by the creditors, how can he be right in settling those losses against financially responsible defendants for the negligible sum of $205,500? In which case was he right?

In an early suit by a stockholder, Mr. Sobeloff sought the court of appeals (Maryland) ruling on the statutory stock liability of a stockholder and it was determined in that decision that a liability of $10 per share was proper. Why did he permit, without appeal, Judge O'Dunne to settle the stockholders' liability later at only $5 per share? Whose interest did he represent? Did he represent the resisting and contesting stockholders or did he represent the best interests of the estate of the receiver? Did he at various times get compensation from both sides of this issue? Did the receiver not lose over $1 million in losses from inadequate assessments by Sobeloff representing conflicting interests at the time of the settlement?

The 15 cases are as follows:

Circuit court No. 2: Case No. 21647, docket 45A, year 1936, page 391; case No. 21648, docket 45A, year 1936, page 392; case No. 21649, docket 45A, year 1936, page 393; case No. 21650, docket 45A, year 1936, page 394; case No. 21651, docket 45A, year 1936, page 395; case No. 21652, docket 45A, year 1936, page 396; case No. 21653, docket 45A, year 1936, page 397; case No. 21654A, docket 45A, year 1936, page 398; case No. 21655B, docket 45A, year 1936, page 399.

City Court of Baltimore, Md.: Case No. 164, year 1936; case No. 165, year 1936; case No. 166, year 1936; case No. 167, year 1936; case No. 168, year 1936; case No. 169, year 1936.

A copy of 1 of these 15 suits is attached hereto for the information of the committee.

The foregoing suits for criminal and civil negligence whose damages are laid in an amount in excess of $56 million are not the ordinary types of negligence suits where the amounts claimed are flexible or elastic and dependent upon the arrival of a judgment by men of varying opinions. The amount of $56 million was mathematically determined in the excellent report of the fixed dollar liability by Mr. Sobeloff. How now can he justify or how could he then justify a settlement of a fixed liability for the miserly sum of $205,500, especially against defendants whose financial ability was beyond question as being competent to respond in a larger sum? Mr. Sobeloff's judgment is festered in either his (a) reports or (b) his settlement without dissent of a $56 million liability for $205,500.

I submit the above and the other 14 cases reveal that Mr. Sobeloff knowingly represented interests that were in conflict. His conduct is well within the condemnation of the Department of Justice in the case recently reported in the press against the firm of Sullivan & Cromwell.

On page 47, line 14, of the transcript of hearing, Mr. Enos S. Stockbridge made the astounding and conflicting statement:

"There was nothing in the situation which could by any stretch of the imagination create a situation of conflict of interest."

In other words, Mr. Stockbridge contends that Sobeloff's resistance in a court case against the receiver to a stockholders' liability does not conflict with the duties assumed by him and as shown in his reports as an officer of the court representing the receiver in recommending the officers', stockholders', and directors' fixed liabilities. Patently Mr. Stockbridge is in error in his conclusion, for he later admits in his next paragraph:

"Mr. Sobeloff was acting as a representative of the court to perform a duty assigned to him. As a matter of fact the settlement which resulted was of benefit to the stockholders, in that it was something less than the full statutory liability."

In other words, Mr. Stockbridge approves Mr. Sobeloff's failure as a representative of the court to secure a full assessment of stock liability helpful to the stockholders in an amount of over $1,200,000 and to that very extent harmful to the depositors and creditors. Was he representing the court correctly and properly in reducing the stockholders' losses and thereby increasing the creditors' losses? The contradiction of interests and results are patent to the discerning and inquiring mind. Doubletalk is no excuse for this.

Former Senator Radcliffe on page 60, at line 17, of the transcript says, "There was no criticism from any member of the committee of Mr. Sobeloff at any time but on the contrary, the members of the committee felt that in a very trying situation he had handled himself entirely with propriety."

On page 61 of the transcript, at line 6, Senator O'MAHONEY asked, "What was the official relationship between the committee and the nominee?" Senator Radcliffe answered, "None," and later Senator Radcliffe said at line 22, on page 61, "No, none whatever."

What then becomes of the former Senator's praise? The fact of the matter was that the committee there referred to acted before the date of the receivership and before Mr. Sobeloff's connection with the receivership. See Hospelhorn's testimony on page 67 of the transcript at lines 21 and 22. Mr. Hospelhorn in his testimony at page 65, line 7, says he was the former receiver of the Baltimore Trust Co. He is still the receiver, for the case is still open, pending and not closed.

Mr. Hospelhorn, on page 68, line 7, of the transcript, says he paid 70.34 percent on the dollar. This I believe, was the refund to the depositors only. The record will show that the stockholders, officers, and directors and guaranty fund contributors' losses exceeded $50 million. (See court records.)

Mr. Hospelhorn again on page 69 of the transcript says that Mr. Sobeloff had no connection with the Baltimore Trust Co. building. That statement is not true. Mr. Sobeloff made an elaborate report on the building showing it had been devalued to $1 subject to a trust note of $5 million. Rigger, a straw man figured in several deals for the building and in other deals of the trust company. The committee will wish to know whether Mr. Sobeloff represented, directly or indirectly, Mr. Funkhouser or his affiliates. On this point the further testimony of Mr. Sobeloff is necessary and the testimony of Mr. Funkhouser is essential. The sale in 1941 of the stock representing the ownership of the Baltimore Trust Building was part of a conspiracy by Rigger, Funkhouser, Hospelhorn and others to cheat and defraud the depositors and creditors of the Baltimore Trust Co. The transaction was not several or three steps removed as Mr. Hospelhorn (at p. 70, line 15, of the transcript) testified and before Mr. Sobeloff got into the picture with Mr. Funkhouser. This testimony is incorrect because the court record contains a letter from Mr. Hospelhorn dated in November 1942, that Mr. Funkhouser bought the stock and the $5 million note. Then, in 1942, Mr. Donald Symington (see his estate papers in probate court of Harford County, Md.) bought the remaining assets of the Baltimore Trust Co. through the Colonial Mortgage Co. which included the note of $5 million and other notes for $160,000. Mr. Symington at the same time acquired all the assets which the Colonial Mortgage Co. had bought which also included his own personal note of $700,000 for a consideration of about $300,000.

The foregoing proves lack of diligence on the part of Mr. Sobeloff in protecting one of the principal assets of the Baltimore Trust Co. for the benefit of the depositors and creditors.

The testimony of Sobeloff in quoting from a letter from Mr. James Bruce, at page 160, line 15, etc., requires examination. Mr. Sobeloff found dishonesty. He found fraud in his reports. He found criminal and civil negligence. These findings were against the officers and directors. The fact of the matter is that Director James Bruce—nephew of Howard Bruce, formerly chairman of the board of the Baltimore Trust Co.—returned $50,000 in securities which one Handley (a director) had wrongfully given to the guarantee fund of $7,500,000 in 1931. This $50,000 was returned by Director James Bruce to its rightful owner (a foreign depositor) through Handley. Handley became pressed and committed suicide. Director James Bruce, through his attorney, Mr. Levy, threatened to go into bankruptcy if he (Bruce) were forced to pay the $50,000. How such commendation from Bruce can help Sobeloff in face of Bruce's obvious falsehoods and conduct is beyond comprehension. When he (Bruce) says "He had nothing to do with the acts complained of" he obviously lies. (See Correspondence in the Court Records.) Where Mr. Sobeloff says at page 157 of the transcript that Mr. James Bruce contributed $50,000 to the settlement fund, he is incorrect, for James Bruce threatened personal bankruptcy when called upon to pay for his wrongful act and his uncle Howard Bruce gave $50,000 to make up for the $50,000 James Bruce required to be returned through Handley to the foreign depositor. The letters from Mr. James Bruce by his attorney, Mr. Levey, in elucidation of this circuitous transaction reflects no credit either on Mr. Bruce or Mr. Sobeloff's veracity or the propriety of their official conduct. This is so notwithstanding the fact that Mr. Sobeloff is solicitor general and Mr. Bruce was formerly an ambassador.

Another thing that requires further examination and exploration is the fact that notwithstanding Mr. Sobeloff's official duty as an officer of the court to aid in the collection and preservation of the assets of the Baltimore Trust Co. for the benefit of the receiver and ultimately for the benefit of the depositors and creditors of the trust company, he sought for other clients to diminish those assets for the benefit of his other clients. He sought to increase the receiver's obligations. He sought rent from the receiver for the Funkhouser interests (O'Sullivan Building, Inc., being in reality Raymond J. Funkhouser, the real owner in the transactions of the Baltimore Trust Building) although the receiver had a rent-free agreement to occupy space in the building for the receivership. (See petition filed October 21, 1943, signed by Simon E. Sobeloff in file No. 1117 in case No. 2043a in said receivership proceedings and also see answer of the receiver under file No. 1118, together with attached correspondence filed November 16, 1943.)

The undersigned will assist anyone designated by the committee to study the records on file in the clerk's office in Baltimore, or in any other proper manner assist the committee in determining the truth of the foregoing. I am familiar with the details in the record and have made copious notes from them. The undertaking is not an easy one. A competent analysis now may prevent the confirmation of an improper nominee to a lifetime position of power, trust and influence.

Respectfully submitted.

CHARLES SHANKROFF.

BENEFITS TO HOSPITALS BY THE FORD FOUNDATION

Mr. POTTER. Mr. President, it has come to my notice that a large number of voluntary, nonprofit hospitals in Michigan are benefiting to the extent of an estimated $8,900,000. Already nearly $4,450,000 has been distributed or is at this moment in process of being distributed by the Ford Foundation.

My State is thus benefiting very materially from this distribution, but, of course, each of the 48 States and the Territories of Alaska, Hawaii, and the Commonwealth of Puerto Rico are to enjoy the fruits of this $200 million program of foundation grants.

It seems to me that this is one of the most far-reaching, and important, philanthropic programs the Nation has benefited from in a long time, for it helps to safeguard the health of the Nation, and so it helps us to make the most of one of our most precious resources—the people of the land.

The effect of this unprecedented gift to the Nation's health institutions is almost beyond measuring. Huge as the sum might be, and important as the grants will be to many hospitals, it is clear, however, that they will not solve the problem of financing the health needs of the Nation. H. Rowan Gaither, president of the foundation, said that he hoped the grants would challenge people to raise more funds in their own communities toward extending further their hospital facilities. Quite understandably Mr. Gaither said that no foundation, regardless of its resources, could possibly afford to do the entire job, and he therefore places the responsibility where it belongs: squarely on the shoulder of all Americans.

Already there are indications that the foundation grants have catalyzed action at the community level. A hospital administrator in Maine said that his institution's fund drive had bogged down, but that the Ford Foundation's grant gave the campaign a new impetus that seemed strong enough to put it over. Other instances show that hospitals have used, or are going to use, the foundation grant as seed money, with which more funds would be raised. In still another case, a hospital plans to set up a foundation, part of the capital to come from the foundation's grant, the rest from local resources. The foundation would be used to further medical research. Only income from the foundation, no capital funds, would be spent for this program.

Because the Ford Foundation wanted to spur communities into action to expand their hospital services, only the voluntary, nonprofit institutions were declared eligible for grants. Those thought to be eligible were notified, and asked to file an application for a grant, the amount of which had been calculated on the basis of patient days of service provided, and the number of births in the institution. But regardless of these criteria, grants were made for not less than $10,000 nor more than $250,000.

The foundation felt that hospital boards of trustees were best equipped to judge the needs of their institutions, and so wide latitude was given them to determine how best to apply the funds. The only restrictions were that the grants could not be used to retire existing indebtedness, nor could they be used to pay for services currently being rendered by the hospital. This still made it possible for a hospital administrator and the board of directors to use the money in a way they think would be most beneficial to the community's health needs.

By far the most frequent application of the grants has been in new buildings and equipment, for many American hospitals are woefully inadequate to meet the demands of modern medicine.

First, hospitals are being used more and more every year, and with longevity increasing the amount of geriatric care, the strain on existing plant and equipment is enormous. Couple these facts with great advances in medical science, which demand space and facilities, and it can be seen that hundreds of additional beds, and everything that helps to support them in equipment, supply rooms, sterilization centers and such, must be made available if we are to maintain the health of the Nation. It might seem strange, at first, to discover that many hospitals plan to use their grants to buy new elevators, but here is one of the most pressing needs, especially for old hospitals. One administrator in a fairly new hospital said he wanted to put in the new elevator if for no reason other than the fact that long lines of visitors were forced to wait inordinate periods of time for the elevator when they came to visit their relatives who were patients.

Some of the grants will be used for education—teaching of various kinds, and especially new techniques. Others will be applied to improving the services of the hospital so that it can become accredited through a body of medical organizations led by the American Hospital Association.

However the funds are used, it seems clear from the way in which the grants have been hailed by everyone who has anything to do with health in the Nation—and this includes officers of hospitals that were not on the grant list because they were Government or profit institutions—that they will contribute greatly to the well-being of the Nation. And if the grants point up the need for additional hospitals, and couple this with the responsibility for providing this care, they will have matched in practicality the warmhearted way in which they were made.

TRAVELS OF RUSSIAN MILITARY ATTACHÉS THROUGHOUT THE COUNTRY

Mr. MAGNUSON. Mr. President, I call the attention of the Senate to what I consider to be a very unusual situation. I feel certain that all Members of the Senate, especially those who serve on the Committee on Armed Services, have had appear before their committees on many occasions witnesses from the Department of Defense, the Department of State, the Central Intelligency Agency, and other agencies of the Government, who every once in a while will not respond to questions on the ground that their answers would involve matters which were classified. I am sure my friend, the Senator from Mississippi [Mr. STENNIS], who is a member of the Committee on Armed Services, will agree with me.

I appreciate the value of having many things relating to the defense of our country kept secret, top secret, or classified. I sometimes think the "classified" stamp is used too much. Often we read in the newspapers articles to the effect that a witness from some department has said, "I cannot tell you about that; or if I do tell you, you are not supposed to say anything about it." That may well be, because in some instances we would not want certain information to be made public.

But what I am about to relate is, I think, a most unusual incident of the right hand not knowing what the left hand is doing; of certain departments concerned with matters of national defense not correlating their activities.

In my State, during the past week, there has been a rapid-fire chain of events which graphically and dramatically illustrate what, to my mind, could be considered a glaring deficiency in our entire security system. Except for the alertness of a reporter on the Post-Intelligencer, a daily newspaper of Seattle, the Nation might not have known of this glaring example of deficiency in our security system.

It seems that two military attachés—not ordinary Russian visitors, but military attachés from the Embassy of Soviet Russia, persons interested in defense matters—appeared in the Pacific Northwest bearing cards or other credentials from the Department of State. I shall provide the actual designation in a few minutes; they are coming from my office, because I forgot to include them among the papers which I brought with me. One of the persons had one type of card, and the other had another. It was not a red card; it might have been a pink card; I do not know. However, these two individuals asked for vacation privileges, so that they might travel around the United States, and they designated the Pacific Northwest as the region they wished to visit. Perhaps they said they wanted to view the great scenic beauty of that area, of which the present occupant of the Chair, the Senator from Michigan [Mr. MCNAMARA], is aware. One of them is a military attaché; I believe the other is a naval attaché. Both are connected with the Russian Embassy in Washington. Their names are Lt. Col. S. S. Fedorov, assistant naval attaché; and 1st Lt. I. P. Sakulkin.

Not only did they plan this trip, but, so far as I know, they are still in the West, having been allowed by the State Department to make the trip. There they are visiting what I consider to be some of the most vital defense establishments in the whole United States.

I understand that perhaps the Department of Defense was advised in advance where these attachés intended to go. But the disclosure of their travels after they reached the Northwest has caused great concern, because the people of that area were alerted to the fact that these men are not merely Russian visitors or Russian farmers, of the type with whom we are seeking to establish liaison, but are military attachés of the Russian Embassy.

The people of the Northwest were aroused when the disclosure was made by an able reporter whom I know, Douglas Welch, of the Seattle Post-Intelligencer. Other newspapers picked up the information, and everyone began to ask, "What about this? Why are these men here?"

These two men took a route which they announced in advance they planned to take. The first visit they made was to Seattle, where the B-52 bomber is manufactured. All the engineering plans and other details connected with the development and manufacture of the B-52 are to be found in Seattle. As my distinguished friend from Mississippi [Mr. STENNIS], who is a member of the Committee on Armed Services, will attest, the B-52 probably is one of our most important planes.

There are restrictions on some places in the United States, where even American citizens may not go. There are some places where foreigners may not go. I do not know where it is that Russian military attachés may not go, in view of what happened on this trip, since they obtained the consent of the State Department. Seattle itself is not out of bounds, as it were. Perhaps 80 percent of the Boeing aircraft are manufactured in Seattle. There is another plant in Renton, which lies on the border of the city limits of Seattle, but wholly within the confines of the area. However, parts of King County, in which Seattle is located, have in some cases been off limits. But this restriction can be brushed aside by a certain piece of paper from the

State Department, which these men had. They went to Seattle. They moved around the Boeing plant and other places to which I suppose none of us—certainly not the average American or the average visitor, no matter whence he comes—could go, unless he had military sanction from another nation. Missions from other nations do come to look at these things.

Next, they immediately took a boat to Bremerton. That is across Puget Sound from Seattle. That, for some strange reason, is not in bounds at all, but out of bounds. There is located the largest Navy yard in the world. There is located the home of the greatest repair fleet in the world and the largest mothball fleet of the entire American Navy. I have to have a pass even to get into the administration building in the Bremerton Navy Yard.

These persons took a boat, apparently, and went around the whole place. Whether they went in the yard, I do not know, but they should not have been allowed to go even close to it.

There has been some suggestion, which suggestion is being run down, that they went inside the yard, but the fact that they could move around on the water made it easier than going in the yard. That is where our large naval ships of the *Forrestal* class are being converted into the guided missile class. Work on one, the *Franklin D. Roosevelt*, has just been completed.

Then they asked to go, of all places, into Kitsap County, after the State Department had given them this blanket letter. That would not be where the average tourist would go. They asked to go to a place called Bangor and a place called Keyport, and they did go. I do not mean that they asked to go; I mean they had free access to go, and they took a beeline there. Bangor is the greatest ammunition dump we have, with highly guarded secrets regarding ammunition, the loading of it, and otherwise. Keyport is the torpedo center on the Pacific coast for research and manufacture and repair of torpedoes, and many classified and top-secret things go on there.

Whether they got into the yard, or what they did, I do not know, but they went all around it. The information received is that they bought all the maps they could find. As a matter of fact, they joined the AAA, so as to get their maps. One would not have to join that association to get maps. I suppose they could be obtained at a filling station, but that is the way the minds of that type of people sometimes work.

After they got through with that, they rented a car and started to go north from Seattle to the next county north of King County, which is called Snohomish.

For some strange reason—it is not really a strange reason; I think I understand the reason—the next county to the north is out of bounds. It is common knowledge that there exists there a very secretive and high-powered transmitting unit for the whole Pacific.

Finding that they could not go through Kitsap County, they took a bus through that county, rerented a car, and went on north; but in doing so they could have swung around to the Whidby Island Naval Station, in which most highly secret methods of aerial warfare are being tested.

They went up to Bellingham. Then, so far as we know, they obtained another rented car and went down the coast to take a look at the coastline. Then they started up the Columbia. On the Columbia are many dams and locks and all the works which are necessary for our aluminum and light metal plants. For some reason, those places were not out of bounds.

Where these attachés are now I do not know, but about the only place they did not see in the State of Washington that means a great deal to the defense of this country was the highly restricted atomic energy plant at Hanford, and no one can get into that; but they probably went by there and took a little look at it. The amazing feature is that they announced some of their plans before they left, and yet obtained permission.

Their plans, so far as we can tell, were to fly to Tacoma, spend 4 or 5 days in Seattle, and 1 or 2 days in Bremerton.

No visitor that I know of who goes to that great scenic area for recreation would particularly specify a certain designated place on Puget Sound like Bremerton. Bremerton is the site of the largest navy yard we have.

Then these gentlemen announced that they wanted to spend 1 or 2 days in Port Orchard. One can swim across from Bremerton to Port Orchard. There is a little arm of the bay there. One can sit at Port Orchard for 1 or 2 days, and I suppose, with the right kind of long-distance lens, one can really observe the ships, learn when they come and go, determine the number of ships, and learn everything else about them, because one can look right down on the navy yard.

Why would two military attachés from Russia, 3,000 miles away, want to go to a little place called Port Orchard when they got their visas? I am willing to wager that not 1 out of 10 Americans have even heard of the place. But that is what they said they wanted to do. I suppose they thought their request would be turned down. They must have taken the first plane they could get passage on, when clearance was made of their request.

They wanted to spend 4 or 5 days in Seattle. That is not unusual. Then they wanted to visit Bainbridge Island. I used to live on Bainbridge Island. We never had any visitors there. That is why a few of us lived there. It is secluded. It is hard to get to. But it is located in the middle of the navy yard at Keyport. That is an ammunition station, where the ammunition for the fleet is loaded. There is not even a place to stay on Bainbridge Island, unless they stayed in my old cowshed. Much can be seen from there. That is where these persons said they wanted to go.

They also mentioned Keyport and Bangor. Then they were going to return to Seattle by auto over routes 14, 148, 21, and 21A; travel from Seattle to Bellingham by rail; and travel from Bellingham by auto to Oregon City, Oreg. They did not specify the dates. That is not unusual, because they were taking a general route south. But the areas to which they requested permission to go, and to which for some strange reason they were allowed to go—and we shall find out more about this matter—include practically every important defense installation in the Northwest. Mr. President, it would almost seem as if, by some strange coincidence, those two Soviet military attachés were drawn to each of those defense-installation areas by a powerful magnet. How strange it is that, while on an alleged vacation trip, they wished to stay on Bainbridge Island.

Mr. President, in view of this development, I have requested a report from the State Department.

Incidentally, among the areas included in the trip by these two Soviet military attachés is the eastern part of Washington, which has not been classified as a restricted area, although that where all the huge aluminum plants are located, and is also where Grand Coulee Dam is located, as everyone knows.

If this sort of thing can happen, apparently something drastic needs to be done about our security planning. Certainly, Russian military attachés should not be allowed this sort of leeway; and certainly in connection with our security operations, the right hand should know what the left hand is doing.

What the State Department has done about this matter, I do not know.

Someone may say, "Well, photographs of the Bremerton Navy Yard and the other installations could be obtained, anyway." I suppose that is true, if sufficient effort were made. But, Mr. President, to allow military attachés of the Communist Government—and probably top Communists—to go to these places and see for themselves is more than I can understand. If we need security at all, I cannot understand why such a trip should be allowed. If we do not need any more security than this development indicates, we should not have any at all.

Mr. President, in view of what has occurred, I have sent identical letters to the State Department, to the Department of Defense, to the Department of Justice, and to the Central Intelligence Agency. In all fairness, I must say that the State Department said it would look into the matter. As yet, I do not know what connection the CIA has, government-wise, with this situation; but I should like to find out. I do not know where these two men are now. Perhaps they are in California; I do not know. They obtained the cards or slips, although I suspect that the Department would like to revoke them. Certainly theirs was the most brazen sort of trip by such military personnel that I have ever known to be taken in the United States. If we need any security at all, such trips should not be permitted. The trip these two military attachés of the Soviet Embassy took is one which the average patriotic American would not be allowed to take in any case, without being granted special privilege of some sort.

Mr. President, at this point I shall read the letter which I sent to the Department of State, the Department of Defense, the Department of Justice, and the Director of the Central Intelligence Agency:

MAY 17, 1956.

The Honorable JOHN FOSTER DULLES,
Department of State,
Washington, D. C.

The Honorable CHARLES E. WILSON,
Department of Defense,
Washington, D. C.

The Honorable HERBERT BROWNELL,
Department of Justice,
Washington, D. C.

Director of Central Intelligence Agency,
ALLEN W. DULLES,
Washington, D. C.

MY DEAR MR. SECRETARY: The urgency of immediate steps being taken by the Departments of State, Defense, Justice, and Central Intelligence Agency to close the entire State of Washington to Soviet representatives, has been dramatically illustrated with the apparent ease by which two attachés of the Soviet Embassy during the past week have approached vital defense installations in my State.

That is a mild statement, because much more than that has come to light, and I think a great deal more will come to light.

I read further from the letter:

It is inconceivable that the classification of closed areas has not extended already to the Olympic Peninsula which embraces the counties—

I designate the counties, because in the past that has been done—

of Kitsap—

Where so many defense installations are located—

Clallam, Grays Harbor, and Mason in view of the installations that section of my State contains.

In view of the fact that Lt. Col. S. S. Fedorov, assistant naval attaché at the Russian Embassy and 1st Lt. I. P. Sakulkin announced their travel plans to the foreign liaison officer at the Department of Defense in the Pentagon, the route outlined should have been a clear indication to every agency involved that more than a vacation trip must have been contemplated.

Let me recount the plans these men filed—2 days in Bremerton, the strategic site of our only deep-water naval base on the Pacific coast which can handle every type ship in the American Navy; 2 days at Port Orchard from which one can get a closer look at activities in the Puget Sound Naval Shipyard; 1 day at Keyport, site of one of our most productive strategic production centers during World War II; 1 day at Bangor which is one of our most vital naval ammunition depots on the Pacific coast.

In addition, the travel plan of these two key Soviet representatives included a trip to Bellingham by car.

Up through the area I have mentioned, probably around by Whidby Island, the naval air base, which is right on the way.

I read further from the letter:

Since Snohomish County is already classified as closed to Soviet representatives—

Some of these places have been closed to them, but the rest have been left open. But these men saw all they wanted to see—

we can only assume that they followed a course even closer to our Whidby Island base where the Department of Defense presently has an expansion program underway.

I am aware that as a result of excellent reporting by the Seattle Post-Intelligencer the Nation has been alerted fully of the seeming inadequacy of our present security program and the dangers posed.

Mr. President, I wish to say that I have referred to the articles published in the Seattle Post-Intelligencer—although I do not have clippings of all such articles published in it—because that newspaper printed the first story in regard to this matter, and of course did an excellent job.

I read further from the letter:

I have your promise that a thorough investigation is being made concerning any violation of existing security regulations, but I point out again that events of this nature reemphasize the necessity of classifying the entire State of Washington as closed to visitors from Iron Curtain countries immediately.

In particular, it should surely be closed to military representatives of the Soviet Union.

I read the conclusion of the letter:

I shall expect a full report of the investigation currently underway and of additional steps taken to bring all of our strategic national defense areas under the most complete security precautions possible.

Sincerely,

WARREN G. MAGNUSON,
United States Senator.

Mr. President, in closing, let me say that I was going to submit for the RECORD a copy of a telegram, but I shall not do so until later.

AGRICULTURAL RESEARCH

Mr. STENNIS. Mr. President, soon Members of the Senate will be called upon once more to pass upon a proposed budget for the Department of Agriculture.

Today, I shall discuss one part of the Department's proposed budget, namely, that dealing with agricultural research. On previous occasions, I have spoken on this subject, and have tried to make clear the importance of research and education in reaching solutions to the many serious problems confronting agriculture. As we in the Congress come to grips with a farm problem that is as serious and immediate as any I have ever known, I retain my belief that ultimately research will play a key role in the development of new uses for crop and livestock products; in the development of new crops; in the development of new and stable market outlets at home and abroad; and in the improvement of practices to cut the cost of production and marketing of farm products at every step along the way.

In terms of the amount of money requested for the fiscal year beginning July 1, 1957, the administration has dealt generously with agricultural research. For this, I commend the President and Secretary of Agriculture Benson.

The budget requests a total of approximately $103 million for all of the Department's research activities. This is an increase of about 20 percent over the current budget. Such an increase should enable the Department to begin some projects which it has delayed because of the lack of funds. Perhaps it will even allow a general expansion of the program. I am confident that the money can be put to sound use.

I digress to comment upon the contrast. Even though this budget is approximately all the money we can judiciously spend in the next year on agricultural research, at the same time, in another committee, I hear evidence about military research running into billions of dollars. It is a constant reminder that our great need is to put more of our energy and effort into constructive channels rather than destructive channels. Along with others, I hope the day is approaching when we can make a constructive approach along many lines.

I am sure we are all aware of the fine organization within the Department that is responsible for agricultural research and how it functions. This unit is called the Agricultural Research Service, which carries on research in the production and utilization of farm products. The Administrator of Agricultural Research Service also coordinates other departmental research, although the administration and actual conduct of work are carried on by the individual agencies—for example, the Forest Service and the Agricultural Marketing Service. The Administrator also administers the Federal-grant funds to the State experiment stations for the conduct of research.

It is my privilege to visit from time to time many of these branch agricultural stations or State agricultural experiment stations. I believe that the fine cooperation which exists there is one of the finest examples we have in all our Government activities. Agricultural research scientists are working side by side, and hand in hand, at the State experiment stations. They work together so closely and coordinate their work so effectively that as one visits them and moves among them while they are at work, one cannot tell which is working for the State and which is working for the Federal Government. I think the same spirit prevails throughout their work at all levels.

There are about 3,000 research scientists in the Agricultural Research Service, plus 1,000 or more in other Department agencies. Some 1,200 of the scientists are located at the Agricultural Research Center at Beltsville, Md., a few miles north of Washington. Many project leaders have their headquarters at Beltsville, which serves as a coordinating point for much departmental production research conducted at other places. Utilization research is conducted primarily in four regional research laboratories located in New Orleans, La., Wyndmoor, Pa., Peoria, Ill., and Albany, Calif.

In all, there are about 500 Federal and State field locations. Most of these are field laboratories, substations, or other centers operated by the State agricultural experiment stations—which in turn are a part of the State land-grant colleges and universities. The States have some 7,900 scientific people—about half devoting full time to research, the others dividing their time among research, extension, and teaching.

The Federal research program is closely allied with the State-supported research and educational programs, and a great number of Department scientists are located at the State stations. Agricultural industry also conducts research, and the Department cooperates closely with industry on many problems, although the pattern is somewhat different and less closely knit.

I shall now give selected examples of what our agricultural research program has meant to the farmer, the consumer, and the Nation. These facts should be especially noted for the significance of agricultural research.

I. CHANGES FOR THE FARMER

MECHANIZATION

There has been a 40-percent increase in the number of tractors on farms since 1949. The number of mechanical corn pickers on farms has increased by half a million since the end of World War II.

In some cases machines, in one trip over a field, will plant, fertilize, and spray to control weeds, all at the same time, as with cotton in the South.

Besides the usual large equipment, farmers have milking machines, fence controllers, stock clippers, barn cleaners, welders, grain elevators, tool grinders, chick and pig brooders, automatic livestock and poultry waterers, and many other types of equipment that help them save time and labor and do a better job.

They used 10 billion gallons of gasoline and oil last year—plus an untold number of kilowatt hours of electricity. Electric power is now available on 9 out of 10 farms. Farmers are important customers of many industries. Their gross income in 1954 was about $30,460,000,000. They spend nearly half of their income each year for production supplies and equipment, including seeds, feed, and fertilizers.

Latest development: Some of the latest developments in mechanized equipment for the farmer include a device for tipping beehives that saves hand labor, a sugar beet thinner using counter rotating heads, a new mechanical silage feeder, a mechanical tung-nut harvester, improved aviation spray equipment, a liquid fertilizer applicator for small farmers, and an air-type heat pump which uses the sun's energy.

Aircraft spray: The farmers' "strategic air command" now numbers some 6,000 airplanes in agricultural activities. For the job of controlling grasshoppers in the old days it took 2 men with 20 pounds of bait per acre to cover 150 acres a day. Today, an airplane with 2 ounces of aldrin per acre can spray 1,000 acres in 12 minutes. Federal-State-rancher cooperative control work on range lands has saved about $38 for each $1 spent per year over the past 20 years.

LABOR EFFICIENCY

Man-hours: During the Colonial period at least 9 out of 10 Americans lived on farms. By 1820, each farmer could provide for himself and four other people. Today the American farmer can provide food and fiber for himself and 18 others.

In the past 30 years output per man-hour has more than doubled. However, despite increased efficiency and savings in total worktime on farms, the individual farmer still keeps busy. According to a recent survey, for example, an average days' work in September 1955 was a little more than 10½ hours for a farm operator and a little more than 9 hours for a hired hand.

Those figures are taken from statistics, but I think they are rather low. The work hours on many farms far exceed the hours reflected by those statistics.

While the population has been increasing, the number of farmers has been decreasing. Ten years ago there were about 10 million farm workers. Now there are about 8½ million.

Livestock efficiency: Beef cattle and hogs are fed and handled much the same as they were 20 years ago. Since 1935, productivity per man-hour has more than doubled in crops, but has gone up only 54 percent in livestock.

BETTER CROPS AND BETTER LIVESTOCK

Hybrid corn: Hybrid corn is adding nearly a billion dollars a year to our national income—a yearly dividend greater than the cost of all the years of research it took to produce it. All research on hybrid corn cost only about $15 million.

Grain sorghums: Grain sorghums, superior new varieties, may be the next important hybrid farm crop. The new forage is particularly adaptable to semi-arid land. By 1960 most of the 10 million acres now planted in open-pollinated varieties of grain sorghums may be planted with the new varieties. The hybrids have a potential for increased yields of 20 to 40 percent over those of varieties currently in use. They promise gains at least equal to those which farmers now get from hybrid corn.

Broilers: Research during the past 20 years showed poultrymen how to get 42 percent more meat from the same amount of feed and how to get 162 percent more production from a man-hour of labor. The result: From a fringe farm operation worth $24.5 million to farmers 20 years ago, broiler production has mushroomed into a highly commercialized business, grossing $800 million and providing 20 pounds of poultry per person in 1954.

Meat-type hogs: Livestock, too, is changing. More farmers now are raising the meat-type hog, because that is where the markets lie. Research experience in developing these hogs may help in breeding some of the back belly fat from beef cattle without losing the marbling that makes prime cuts of meat.

Beltsville turkey: The Beltsville turkey with more white meat is a well-known innovation of research.

Beef: Beef cattle growers have learned to breed beef cattle that produce heavier calves that mature faster and on less feed. It is now possible for 1,000-pound steers to be finished for market 3 months earlier than they were 10 years ago, and 2 to 3 years earlier than 60 or 70 years ago.

NEW CROPS

Strawberries: In the spring of 1955, for example, nurseries had about 150 million high quality virus-free strawberry plants of 24 different varieties. Seven more virus-free stocks of eastern varieties are being propagated for release to growers in 1956 or 1957.

RECENT FRUIT AND VEGETABLE HYBRIDS

Onion—Early Crystal 281—an onion variety that matures earlier, for commercial planting in the South.

Watermelon—Charleston Gray—a superior watermelon for southern growers.

Spinach—Early Hybrid 7—a bluemold and blight resistant spinach for the Texas-Arkansas area.

RECENT FIELD CROP HYBRIDS

Grain sorghum, mentioned earlier.

Oats—Ranson, Gary, and Minland—rust-resistant oats.

Grass—Emerald, Zoysia—winter hardy, nonfluffy, fast spreading, released in Georgia.

Bermuda grass—Suwanee—thrives in deep sand.

Bermuda grass—coastal—estimated to be bringing returns of about $6 million a year to Georgia farmers.

Grapes: A Loretto bunch grape with double chromosomes—bundles of inheritance determining factors—first bore a full crop at Beltsville in 1955. It had some berries 3 times as large and bunches 2½ times as large as the normal Loretto. This and several other new varieties seem to have the fine qualities of the grapes from which they were developed by chemical manipulation of genetic factors. Further tests and plant propagation procedures may require several years.

Apples: Nature is making the plant breeders wait, too, while new varieties of apple trees grow. One of these is a rare variation of the winesap. This was developed through a process of plant surgery from a winesap tree sport—a branch with double chromosomes in its deepest tissues—found in the J. J. Reimer orchard at Palisade, Wash. Bigger and better apples, too, seem to be on the way, as 1955 gives us a promising look at future harvests.

NEW PLANT INTRODUCTIONS

President John Quincy Adams in 1827 asked all American consuls to send rare plants and seed to Washington for distribution to interested growers. Through the years, the introduction of plants and seeds has been a continuing activity. Since the Department started its inventory in 1898 a quarter of a million plant introductions have been made. Some of these—like soybeans and crested wheatgrass—have helped to revolutionize farming.

Recent introductions: The Sunapee peach from New Hampshire, brought from the Caucasus in Russia; the Mysore raspberry from southern Asia; walnuts from northern China; and a wild tomato from Peru are some of the plants recently found to be adaptable to the United States. Plant exploration programs continue systematically to introduce other possibly valuable varieties to this country.

Medicinal plants: Medicinally valuable plants were the object of extensive searches by USDA plant explorers, who found one variety of Mexican yam containing a chemical compound that may prove useful in the manufacture of the antiarthritic drugs, cortisone and related compounds. Other explorers,

through an arrangement between USDA and the National Heart Institute, send back tropical plants for study of their potential value as a source of cardiovascularly active chemicals.

Field crops: Field crops, too, were imported by the plant explorers and improved by the breeders. Many of the 4,730 grasses and 1,354 legumes brought into the United States during 1954 from Asia for trial are now under experimental cultivation. Forty-five grass introductions and 30 legumes brought in since 1948 are either now in breeding programs or are being released for commercial production. American-Egyption cotton, for example, is one of the new adaptations that is proving productive.

II. CHANGES FOR THE CONSUMER

DIET IMPROVEMENT

More protein: Today, because of agricultural research, we are eating more than a fourth more of the high-protein foods that we ate in 1935. More and better food costs us relatively no more than we paid for a less desirable diet 30 years ago. Twenty-five cents of each dollar still goes for food.

Examples: Today, the average United States take-home pay for 1 hour will buy 7 quarts of milk, whereas it would buy only 3½ quarts 30 years ago; 3 dozen instead of 1 dozen oranges; and 2 pounds instead of 1½ pounds of steak. We eat nearly twice as much ice cream now.

Variety: Our variety of foods then was limited and governed by seasons. Now we have a wide variety, including many foods that are processed and packaged for convenient use.

OTHER CONSUMER BENEFITS

Less time in kitchen: Through development of modern packaging, processing, and transportation of foods—in which private industry and farmers have led the way—kitchen time for the average housewife can be cut from 5½ hours if she buys the least highly processed forms of food on the usual markets of today to about 1½ hours a day if she buys the most highly processed forms of food to prepare a day's food for a family of four.

Prepared frozen foods: New evidence of the increasing trend toward built-in convenience in commercially prepared foods is the USDA report that production of prepared frozen foods increased 67 percent from 1954 to 1955. Prepared frozen foods—534 million pounds were produced in this country in 1955—are the items which have been wholly or partially cooked before freezing or have had other prefreeze preparation which usually is done in the home kitchen.

III. UTILIZATION RESEARCH BENEFITS—TYPES OF RESEARCH

Perishable commodities: Research on the perishable commodities—milk, eggs, and most of the fruits and vegetables—has been directed toward development of methods for converting them to a permanently stable, palatable, convenient-to-use form so that they are preserved and made available throughout the year. This conversion to a year-round product also tends to stabilize the price of these commodities.

Nonperishable or storable commodities: Wheat, corn, cotton, and inedible animal fats pose the most serious problems. During the past 50 years, for example, the annual per capita consumption of wheat has dropped from 230 pounds to about 140 pounds. One of the factors contributing to this decrease is changing food habits. Another is believed to be the rapid aging or staling of bakery goods. One approach to the staling problem involves the freezing of bread and bakery goods, or bread softeners—to prevent staling.

EXAMPLES OF RESULTS

Frozen orange juice: At the end of World War II, the citrus industry was deeply concerned with possible serious orange surpluses. There were even discussions on the possible need for Government price supports.

Then, frozen concentrated orange juice was introduced to the public. The basic work on this product had been done through a cooperative undertaking of the Florida Citrus Commission and the USDA. Because the product can be stored for more than a year, is convenient to use, and has practically the same flavor and quality as fresh juice, it was widely accepted by consumers. The industry has mushroomed during the past several years, and the expanded production of oranges has been absorbed without difficulty. This development has thus prevented a serious surplus problem.

Other frozen juices: Frozen concentrated lemon, tangerine, grapefruit, grape, and apple juices are now on the market as well.

Powdered juices: Fruit and vegetable juices can also be converted into another form. Orange, lemon, apple, prune, grape, and tomato powders of excellent palatability have been developed. The powdered juice can be stored on the kitchen shelf with other staples and can be reconstituted quickly by the addition of water—even ice water.

Dairy products: The present surplus of dairy products is well known. However, excellent progress has been made in producing flavorable food products from skim milk—formerly a by-product chiefly used as feed. This will permit the sale of butter at a price more competitive with that of other edible fat spreads. Advances are also being made in developing stable and palatable forms of whole milk. We believe that a stable whole milk concentrate or powder can do for the dairy industry what frozen concentrates have done for the orange grower.

Cotton: One of our big surpluses is in cotton. During the past several years cotton has felt keenly the increasing competition of manmade fibers, particularly in industrial utilization.

An intensive research program is underway to improve the properties of cotton through chemical treatment and modification; in brief, to tailormake cotton fibers for special uses. One of these fibers, acetylated cotton, has higher heat resistance than either natural cotton or synthetic fibers and is being used for commercial and home laundry ironing board covers. It also has marked resistance to biological attack and sunlight. Better flameproof cotton fabric using the chemical, THPC, is another example of chemical treatment. Actually, hundreds of tailormade fibers can be produced from cotton by treatment with chemicals.

Fats: Fats are in surplus largely because synthetics replaced them as a base for soap. Utilization research found new uses for inedible fats by developing methods to use them in products such as floor tile, garden hose, raincoats, and similar products.

Information has been obtained that has led to large-volume outlets for animal fats in feeds. When properly stabilized, fats are particularly attractive for feed use because of their high caloric value and the fact that they increase palatability of the feed, make pelleting easier, and help to eliminate dust problems. Consumption of fats in animal feeds already exceeds 200 million pounds a year. This has been an important factor in lifting the price of fats from about 5 cents to 7½ cents per pound and establishing a floor under the price at the higher level. It has contributed to increased returns to the livestock industry of some $50 million per year.

Thickening agents: Research on thickened frozen cooked foods and canned foods, including sauces, gravies, custards, puddings, and cream-puff fillings, has shown that undesirable changes in consistency of the product during storage can be satisfactorily prevented for 6 to 12 months by the use of thickening agents made from waxy types of rice or corn. These waxy grains are specific varieties with kernels having an unusual chemical composition. Liquid separation and a curdled appearance in processed food products are serious defects from the standpoint of consumer acceptance. Many manufacturers are now solving these problems by using the newly developed waxy-cereal thickening agents.

Bread freezing: Investigation of the rate of freezing of freshly baked bread and some other bakery products in a refrigerated air blast, and of the rate of defrosting these products by several methods, has disclosed the conditions that are essential for greatest retardation of staling. The staling rate of bread is greatest in the temperature range between 20° Fahrenheit and 45° Fahrenheit, and loaf temperature must be reduced or raised rapidly through this temperature zone to minimize staling. Information of this kind is essential for successful large-scale production and distribution of frozen bakery products.

Soybean oil: New compounds—vinyl ethers of soybean alcohols—have been prepared by chemical modification of soybean oil. These nonvolatile ethers can be converted to paint vehicles expected to be of use in making air dried or baked finishes. Evaluation studies indicate that hard and durable films can be obtained from these ethers by baking. These films have unusual resistance to acid, alcohol, and alkali—an important property for finishes needed in many industrial applications, particularly for consumer products. Further work is underway to evaluate fully the usefulness and importance of these ethers in pro-

tective coatings. They represent one of many possible types of industrial chemicals or intermediates which may help the vegetable-oil industry to capture new markets.

Penicillin: Penicillin production throughout the world today is based largely on a cultural method developed by the Northern Utilization Research Branch at Peoria, Ill. By using a mold found on a ripe cantaloupe plus a better diet for the mold, USDA scientists were able to increase penicillin production more than a hundred times. The wholesale value of penicillin is estimated at more than $100 million a year, but money value cannot be placed on the human lives saved.

Fertilizer bags: Utilization researchers found that with new dyes the acid in fertilizers did not make the bags unusable as dress materials. Now old fertilizer bags can be cleaned, and one would never know that the bright prints they offer were not purchased as brand new dress fabrics.

IV. PROTECTING THE GAINS

PLANT PESTS

Forage marauders: Four years of study of forage on the southern Great Plains led USDA researchers to conclude that approximately 30 pounds of rodents were produced per acre as compared with 40 pounds of beef, and during the period July 20 to September 24, 1954, grasshoppers were largely responsible for the disappearance of almost one-half of the forage.

Insect losses: Today, losses from insects in the United States, plus cost of control, amount to $4 billion a year.

Profit from control: An interesting example of how pest control can yield unexpectedly high profits is provided by the experience in the control of wireworms on 60,000 acres of lima beans in California a few years ago. When a soil insecticide was used, the net increase in value of the crops was more than $4 million.

ANIMAL DISEASES

Six times in this century scientists have eradicated the dread foot-and-mouth disease from the United States. A deadly form of Asiatic Newcastle disease was detected and eradicated before it could spread through our poultry flocks. Hog losses from cholera, once amounting to as much as $65 million in a year, have been reduced to a small fraction of that amount. Research has developed a reliable immunizing agent against brucellosis, and has reduced the extent of tuberculosis in cattle.

Tuberculosis in cattle: Success in reducing tuberculosis infection among cattle from 1.5 percent in 1935 to 0.12 percent in 1955 means a saving of well over $15 million a year to cattle owners and at the same time it reduces hazards to the human family, especially from bone and glandular tuberculosis that once was common in both young and old.

Lymphomatosis: Scientists at the Regional Poultry Laboratory at East Lansing have succeeded for the first time in producing chicks immune to the visceral form of lymphomatosis, or big liver disease, in inoculating the mother hen. If a practical means is developed to control lymphomatosis, it will save poultry producers up to $75 million a year.

QUARANTINES

In agriculture, as in medicine, the payoff for prevention is not listed in statistics, except as its value is reflected in estimates of what did not happen or in before-and-after comparisons.

1955 record: USDA inspectors intercepted 11,500 destructive plant insects and 7,000 destructive plant diseases from throughout the world during fiscal year 1955 in agricultural products in cargo, stores, baggage, mail, or as stowaways aboard vessels, planes, railway cars, and vehicles. Animal pest control also included quarantine activities. Unsterilized hay and straw from countries where foot-and-mouth disease is prevalent was destroyed.

WEED CONTROL

Today, to make ends meet, and perhaps realize a net profit, farmers must do everything possible to cut their costs of production. Especially valuable is research that cuts the cost of production without increasing output of crops now in surplus. Substituting lower cost methods or materials for those now in use is one way to do this. For example, if we can use chemicals instead of tillage or as a substitute for some of the tillage to reduce weeds we often can reduce costs. In Mississippi during the past 5 years, the cost of controlling cottonfield weeds with chemicals has averaged about $9 per acre, as compared with $15 for conventional methods.

V. IMPLICATIONS FOR MILITARY PREPAREDNESS

The saying is that "an army travels on its stomach," and today's army has many special needs in food, clothing, and materials. One thing the Department has done is to build up stockpiles or sources of strategic materials. They are doing—or have done—research on numerous strategic raw materials and substitute—abaca, hemp, kenaf, phormium, sansevieria, castor beans—production and mechanization—extra-long staple cotton, canaigre, opium poppy seed, guayule, hevea rubber, digitalis, and belladonna.

Another way they help meet special military needs is in converting foods into palatable and nutritious forms that use a minimum of shipping and storage space, and keep well through long storage, often under adverse conditions. Normal civilian supplies in many cases do not fill these requirements.

Preservation of perishable foods in a palatable form became a major project for agricultural research at the beginning of World War II. At that time, dehydration offered the fastest method of meeting the basic need. Dried milk, dried potatoes, and powdered eggs are the most familiar products of this wartime research.

A further development was the compression of dehydrated foods. Compression not only reduced space requirements by 50 to 80 percent; it also saved metal containers. For example, enough dehydrated carrots to serve 800 men can be compressed into a 5-gallon can. Compression of dehydrated meat not only saved shipping space, it also helped the meat retain palatability.

Human nutrition people are constantly learning more of what food elements the human machine needs to function at optimum levels. Their studies on food composition were the basis for development of survival rations and subsistence diets used by the Army and Navy during World War II. Although the war has long since been over, progress in food research has continued.

It should be pointed out to any skeptical World War II veteran that further research has given the dried egg a new personality. The culprit mainly responsible for wartime objectionable flavors—glucose—was discovered and is now eliminated before the eggs are dried. Today's product is so good it has made the new cake mixes a rousing commercial success.

One of the newer products is orange juice powder that dissolves instantly, even in ice water, to make a juice with the color, flavor, and nutritive value of fresh orange juice. It can be stored at room temperature, and the Army so far has taken the full output. I am sure the military is also interested in further developments along this line, which are bringing tomato and other juices in powdered form.

A new food preservation process, called dehydrofreezing, combines the space and weight economies of dehydration with the convenience and freshness—retention of freezing. Dehydrofrozen apples, for example, have a much firmer texture when thawed and make better pies than applies frozen in the usual way. Dehydrofrozen foods should have considerable value in supplying posts, camps, and stations, and for special overseas needs.

Agricultural research also has a share in protecting the health of men in the Armed Forces. Commercial production of penicillin during World War II is an example. Although Dr. Fleming of England had proved the almost miraculous power of penicillin to overcome infections, the problem was how to produce it in large enough quantities to save battle casualties. The British came to us. Together, we found the way. During 1945, more than 7,000 billion units were produced—enough to treat 700,000 serious cases, enough to save the lives of thousands of soldiers. In addition, this wartime research led to improved methods of recovery and purification of penicillin. It lengthened the storage life from 3 to 18 months, and reduced the wholesale price from $20 to 60 cents per 100,000 units. The penicillin story is only one example of agricultural research that has given us new and useful medicines.

One of the most recent agricultural research contributions to medical science is dextran blood plasma substitute. Dextran first went to war in Korea. It proved effective in treating shock, which usually follows battle wounds. This fluid, made from corn sugar, can save thousands of lives in an emergency. It can be mass-produced at low cost. And it can be stored without refrigeration.

In the search for new uses for farm products, scientists have developed a starch sponge, useful in curtailing hemorrhage. It can be sewed up in a wound

if need be, since it will be absorbed by the body.

Another contribution is the new two-way stretch cotton bandage. Last year, the Armed Forces saved $5 million by using it instead of the more expensive elastic bandages. It allows free movement of a bandaged elbow or knee.

Agricultural research during World War II led to methods for sterilizing wool in such a way that the fabric was left soft and pliable. Loss in breaking strength was less than one-sixth. This is important to any army that spends millions of dollars each year for woolen clothing, blankets, and such.

More recently, with the cooperation of the Army Quartermaster, the Department has developed a mixture of DDT with chemical carriers that can be washed into woolens to protect them against clothes moths and carpet beetles for more than a year.

Cotton yarn and fabric highly resistant to rot and mildew, and able to stand greater heat than ordinary cotton was highly useful for uniforms in the Tropics. Here again, research is not content with the past, but is striving for further improvement. Iu cooperation with the Quartermaster Corps, advances have been made in flame-proofing cotton for military clothing.

A major cause for discarding shoes, particularly in the Army, is breakdown of insoles. How many pairs of shoes do our Armed Forces use each year? Let us say 3,000,000. Agricultural research has found a process for retanning the insole leather with alum, which increases wearability. If we can get the equivalent of 300,000 additional shoes from this process, that means a saving, at a conservative estimate of $5 a pair, of $1,500,000 a year. In addition to all this, wearing tests have shown the new insoles are far more comfortable.

During the Second World War, Department chemists hit upon a new method of stabilizing guncotton—or nitrocellulose. This method saved about two-thirds of the time formerly needed in making the explosive, and made possible substantial savings in the cost of smokeless powder for large-caliber guns.

Smokeless powder production gained another boost from the development of a machine that cuts cotton fiber to very short lengths—about one-tenth inch. This machine paved the way for emergency use of cotton lint in making smokeless powder, speeding up the process, and reducing cost.

Another contribution was the development of "soft grit" blasting, using ground corncobs and rice hulls, for the removal of hard-carbon deposits from cylinders and pistons of aircraft engines being overhauled. The soft grit is not abrasive and does not cause dimensional changes in the parts. Neither masking of parts nor use of hand tools is required.

A recent development is the lightweight respirator that protects against new insecticidal sprays and dusts. When German-developed insecticides from poison gases were first tried here after World War II, we had no breathing device to protect the users. This new equipment is worn over the nose and mouth, and filters or absorbs toxic fumes from the air.

I suppose all of us have heard of the diffusion fiberboard that protects against poison gases and disease-laden particles, and gives some protection against radioactive fallout. This development—the result of cooperative United States Forest Products Laboratory and Army Chemical Corps research—is another example of how diversified is the agricultural research contribution.

I need not remind Senators of the work on packaging of war shipments during World War II, or the application of Forest Service photogrammetry experience, and smoke-jumping techniques, to military needs.

Currently, forest fire-fighting research is opening interesting possibilities for the use of helicopters in protecting defense installations. Also of current interest are the studies underway on cellulose nitrate as a means of improving forest sources of raw materials needed for Army Ordnance.

There are many other lines of research that hold promise for future military application. We shall hear about them as time goes on.

I regret that the President, in both his budget message and his special farm message, failed to fully recognize and emphasize a problem which, from the standpoint of its benefits to agriculture, is just as important, if not more important, than the amount of money included in the budget. I refer to the need for a long range program of agricultural research. So far, we have operated on a year-to-year basis. Perhaps under existing authority, the Department can operate only on this basis. But the fact remains that the need to abandon this year-to-year approach and substitute for it a well-planned, coordinated program is just as acute, if not more so, than ever before.

The Nation's farm organizations and commodity groups are urgently recommending the establishment of a long range research program. They cannot, by themselves, achieve this sound objective. Certainly they must have the help of the Congress, and just as importantly, the executive agencies which plan these activities and schedule funds to carry them out.

We need, desperately, to decide just what we want to achieve through research for agriculture. We must then lay out a program which offers the best hope of achieving the desired result and, more importantly, standing by the program once it has been decided upon. Research is a continuing year-to-year activity. Much research work cannot be done on a short-term basis. We cannot turn research on and off without sacrificing many of the potential benefits or, I might add, without substantial loss through wasted motion and inefficient operation.

We can never achieve a research program that gives sufficient emphasis to fundamental research as long as we operate as we do now. Under a long range, planned program scientists could be assigned over a period of years to study specific problems which could return untold benefits to the farmers and to the country as a whole.

The payoff from research can be big. All of you, I am sure, recall the story of frozen concentrated orange juice mentioned earlier. This one successful research project restored stability to the citrus industry, created an entirely new industry producing a product which has won wide consumer acceptance. Without a doubt the tax revenue each year from the new wealth created by this one example of agricultural research is many times the original investment. Research is the spearhead of economic growth in a modern industrial nation and may be the most important single factor in the economic growth in the United States. What research has done for other industries, it can do for agriculture.

I am not underestimating the value of the type of research work we now have. But the point is that our present research program is inadequate. It does not allow, either in planning or financing, the scientists to attack many of the basic research problems—the projects which are likely to pay off in tremendous permanent gains for agriculture. Basic research is by nature a time-consuming, long-range business. Usually the payoff is many years away, but once achieved, the results fully justify the detailed planning and the long-range approach.

We need to know a great deal more about the cultivated plants which produce our food and fiber. Why does cotton shed many of the buds which appear on a stalk of cotton? Why is one plant disease resistant while another is not? What hidden treasures do the wild or uncultivated species of plants hold? Are not these things worthy of investigation?

We need a program projected over some set period—5 or 10 years, perhaps. No sudden increase in appropriations would be required. Rather, it would be a gradual increase, with the appropriation geared to the ability of the Department of Agriculture, within its present framework, to make maximum use of funds voted. We all know that capable staffs cannot be recruited overnight. Nor can necessary facilities be created in a matter of days. What is needed, I repeat, are moderate annual appropriation increases, scheduled to come as fast as they can be used in an orderly expansion of research work; changes in recruiting procedures which would permit hiring in January of June college graduates; surveys to determine facilities needed for future expansion; and realinement in salary schedules commensurate with responsibility and to more nearly meet industrial pay scales.

Our research people will have a blueprint in front of them from which to make their long-range plans. They can, with confidence that their plans will not be disrupted by wide fluctuations in appropriations, lay out basic research programs to extend into the future. Scientists can delve into some of the more fundamental problems. They can point

the way to a steady improvement in agriculture's position.

Agricultural research is not a partisan issue and I want to stress that it benefits not only the farmer but also the consumer and the Nation as a whole. I am proud that the Research and Marketing Act, which conceived the research program as it exists today, was passed by a unanimous vote of both Houses of Congress.

I am impressed by the fact that it has had the unanimous support of our farm and commodity organizations—practical farmers who see research, as I do, pointing the way toward a more stable prosperous agriculture.

I am pleased that the Republicans are wholeheartedly for agricultural research. I sincerely hope that the President's request for additional funds in the budget is a forerunner of a broad, long-range research program.

Mr. President, what I have said with reference to the long-range program and what I have said with reference to the need of getting competent young scientists is all the more apropos in view of the demands and needs of the military, and of the great industrial companies and corporations of our country, who are bidding the top prices for these prime young men as they come out of colleges and other training centers, which are especially equipping them for this purpose. We who are interested in agriculture, and those of us from States where it is such an important part of the economy of our people, must be alert to this added, long-range need, to provide and put into effect what I term a long-range program, and must make certain that money is provided to get these young men and to divert their interests into these channels, and to train them, as well as to get them over the years.

Otherwise such a program, competition for scientists being what it is, is bound to lag. I believe the present research program is making fine progress. We have had a substantial increase and expansion of its activities. However, the long-range program is absolutely necessary, and I believe the next few years will be very critical years.

AGRICULTURAL ACT OF 1956

The Senate resumed the consideration of the bill (H. R. 10875) to enact the Agricultural Act of 1956.

Mr. STENNIS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DANIEL. Mr. President, I send to the desk an amendment to the pending bill, H. R. 10875, on behalf of myself, the senior Senator from Texas [Mr. JOHNSON], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Oklahoma [Mr. KERR].

The PRESIDING OFFICER. Without objection, the amendment will be received and will lie on the table.

Mr. DANIEL. Mr. President, this amendment would establish a price support for grain sorghums, barley, oats, and rye at five percentage points less than that for corn in the commercial corn-producing area during each of the years 1956 and 1957 for those farmers who place 15 percent of their base acreage into the soil bank. It changes the committee bill by making the same provision applicable to both years instead of only to 1957 and by requiring an acreage reserve program for feed grains without regard to whether one is made effective for corn.

In substance, the amendment would restore the House language on feed grains except that during 1956, those farmers who do not place 15 percent of their base acreage in the soil bank would receive 76 percent of parity, the same as for corn farmers who do not comply with acreage allotments this year. The Senate committee wisely inserted this provision in the bill to maintain a fair competitive relationship with noncooperators for corn, and our amendment adopts that policy. It would also leave intact the committee provision that if price support is made available in 1957 to corn producers not meeting acreage and soil-bank participation requirements, price support must be made available to noncomplying feed grain producers on the same relative basis. As to corn produced outside the commercial area, no change would be made in the Senate committee provision.

Mr. President, even in the face of increased corn production flowing from the Agriculture Department's liberal policy toward corn farmers, these feed grain producers want to cut down their acreage because they recognize the serious problems that a glutted feed market will bring. They are willing to do their part toward the solution of the existing surplus condition, but they cannot afford to curtail production at 76 percent of parity—their margin of profit is so small they will be forced to plant every acre not devoted to the basic crops. With an increased support level and participation in the soil bank, they will be able to make a fair return on a limited acreage.

If this amendment is approved, each farmer can figure for himself what 15 percent of his base acreage will be. Most of the grain sorghums produced in the Southwest are planted about the first of June, and I believe the planting season is at least that late or later for oats, barley, and rye. If the Agriculture Department acts promptly, data regarding acreage history will be available in a very short time, since acreage allotments on the basic crops were in effect for the last 2 years and much information is readily obtainable. Therefore, little or no plow-up would be necessary for those farmers desiring to participate in the program.

This is borne out, Mr. President, by telegrams which I have received from grain sorghum producers in the Texas Panhandle.

Mr. R. G. Peeler, a farmer in Castro County, president of the Grain Sorghum Producers Association, sent me a telegram which I ask unanimous consent to have printed in the RECORD at this point.

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

HEREFORD, TEX., *May 15, 1946.*

Hon. PRICE DANIEL,
United States Senator From Texas,
Washintgon, D. C.:

The planting of grain sorghums is negligible at this time in west Texas, Panhandle of Texas, New Mexico, Oklahoma, Colorado and Kansas. These areas produce approximately 80 percent of all grain sorghums grown in the Nation. Normal planting time for these areas does not start until the last week in May and extends through June. If law is enacted soon requiring a layout in acreage on grain sorghums, do not believe plow up will be necessary because farmers in these areas are expecting and anticipating the enactment of this section of the farm bill. We do not believe it will be any more trouble to attain past history on grain sorghums at this time than at any other season of the year. Farmers in this area will be glad to participate in the soil bank program to cut down production. It, however, is imperative that farmers complying with the soil bank be supported at 81 percent of parity and those not complying at 76 percent of parity so as to stay in business and remain on their farms. The measuring of feed grains to assure compliance with the soil bank provision will not be any more difficult to administer than wheat and cotton, and can be done in a minimum length of time at $2.00 per farmer plus 1 cent per acre, by the usual contracting method. Your active support is appreciated by the feed grain farmers in this area and it is hoped legislation will be enacted soon that will give them some much needed relief.

R. G. PEELER,
Farmer, Castro County, Tex., and President of Grain Sorghum Producers Association.

Mr. DANIEL. Mr. President, Mr. Frank Moore, of Plainview, a farmer in Hale County, Tex., also sent me a telegram which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

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

PLAINVIEW, TEX., *May 15, 1956.*

Senator PRICE DANIEL,
Senate Office Building,
Washington, D. C.

DEAR SIR: We are watching the new farm bill with keen interest as we have about 45 more days in which to plant our grain sorghum and as not more than 1 percent of the grain sorghums have been planted to date we can easily comply with the soil bank acreage reserve. We grain farmers are willing and want to reduce our acreage in order that a huge surplus will be avoided and we can start operating in the black again with an increase in price support. It will not be very difficult to figure the base acreage as we have been planting our remaining acres after our basic crops have been planted in 1954 and 1955. Many of us must have relief this year or we will not be farming in 1957. Anything you can do to help relieve our desperate situation will be greatly appreciated.

Sincerely,

FRANK MOORE,
Farmer, Hale County, Tex.

Mr. DANIEL. Mr. President, Mr. Melvin Glanz, president of the Hale County Grain Sorghum Producers Association, also sent me a telegram which I ask unanimous consent to have printed in the RECORD at this point.

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

PLAINVIEW, TEX., *May 15, 1956.*

Senator PRICE DANIEL,
Senate Office Building,
Washington, D. C.:

Regarding the price support provisions contained in the farm bill now being considered by the Senate I should like to point out the danger of seriously increasing the already large surplus of feed grains if the acreage of such crops is unrestricted in 1956 as approved by the Senate Agriculture Committee. Less than 1 percent of the grain sorghum acreages of this area which produce 60 percent of the Nation's grain sorghums have been planted. The normal planting extends over the next 45 days with the greatest acreage planted between June 1 to the 15th. Therefore, there is still time to include the 1956 crop in the acreage reserve provisions of the soil bank. We farmers are anxious that a program which will halt the ever-increasing surplus of such feed grain be adopted. We also need relief from the present disastrously low price of feed grains which is the result of yearly acreage increases in feed grains as acreages have been reduced in the so-called five basic commodities. I believe these two needs of the feed grain producers can be accomplished if the 1957 price support and acreage control provisions of the present measure approved is adopted for the 1956 crop year.

Yours truly,

MELVIN A. GLANZ,
President, Hale County Grain Sorghum Producers Association.

Mr. DANIEL. Mr. President, I have a number of other telegrams which I shall not take the time of the Senate to read, but they all substantiate what is stated in the telegrams I have just placed in the RECORD.

Mr. Peeler and the other gentlemen whose telegrams I have placed in the RECORD speak not only for themselves, and for the growers in their area, but also for the members of their association in New Mexico, Oklahoma, Kansas, and Colorado.

To summarize, Mr. President, I believe members of the Agriculture Committee and its distinguished Chairman, the Senator from Louisiana [Mr. ELLENDER], have done excellent work in dealing with this difficult feed grain problem in view of their desire to report out a new farm bill as promptly as possible. They should be commended by the Senate and the entire farm population for their efforts to provide a fair competitive relationship between corn in the commercial area and other feed grains. I believe, however, that feed grain producers who want to do so should be given an opportunity this year to reduce their acreage and participate in the soil bank.

One of the best arguments for the amendment we have proposed is contained in the minority report on the bill where it is stated:

The Department of Agriculture estimates that feed grains equivalent to 800 million bushels of corn by weight were produced in 1954 and 1955 on land taken out of controlled crops. Many of these grain producers have gone into livestock, dairy, and poultry production and have helped to depress the livestock, dairy, and poultry markets.

Mr. President, that is the same point which I earlier stated this afternoon in the exchange with the Senator from Vermont [Mr. AIKEN]. He said that the poultry, dairy, and livestock industries might be hurt by the increase in the price of feed grains.

Actually, those industries have already reported that they are being hurt by the fact that the producers of excessive feed grains are going into the business, and feeding to their own cattle, hogs, and poultry the feed they would like this year to reduce. They want to get out of that kind of business. They are glutting the livestock market already and are hurting the producers of livestock by reason of the fact that in order to make ends meet, they must go into the business and compete with the livestock people themselves.

Mr. President, the feed grain producers want to do something to correct this situation. I hope the Congress of the United States will help them to attain this worthy objective.

REORGANIZATION PLAN NO. 2 OF 1956, RELATING TO THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 406)

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). The Chair lays before the Senate a message from the President of the United States, transmitting Reorganization Plan No. 2 of 1956.

The Chair is informed that the message, also transmitted to the House, has been read in that body and referred.

Without objection, the message, with the accompanying plan, will be printed in the RECORD without reading and appropriately referred.

The message from the President and Reorganization Plan No. 2, of 1956, were referred to the Committee on Government Operations, as follows:

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 2 of 1956, prepared in accordance with the provisions of the Reorganization Act of 1949, as amended. The reorganization plan is designed to provide the Federal Savings and Loan Insurance Corporation with its own management, independent of the Federal Home Loan Bank Board. This organizational change accords with a recommendation of the second Commission on Organization of the Executive Branch of the Government.

The management of the Federal Savings and Loan Insurance Corporation has been merged with and identical to that of the Federal Home Loan Bank System since the Corporation was established in 1934. It may well be that this identity of mangement was useful during the formative years of the Federal Home Loan Bank System and of the program of the Federal Savings and Loan Insurance Corporation. I am satisfied, however, that the time has come to separate the two agencies. Reorganization Plan No. 2 of 1956 establishes, separate from the Federal Home Loan Bank Board, a new board of trustees of the Federal Savings and Loan Insurance Corporation; vests the management of the Corporation in that board of trustees; and makes appropriate transfers of the functions of the Federal Home Loan Bank Board to the board of trustees and to the Corporation.

The present responsibilities of the Federal Home Loan Bank Board are principally, (1) supervision and regulation of the 11 home-loan banks established pursuant to the Federal Home Loan Bank Act of July 22, 1932, and of member institutions thereof, (2) chartering, supervision, and regulation of Federal savings and loan associations, under the Home Owners' Loan Act of 1933, and (3) beginning in 1934, management of the Federal Savings and Loan Insurance Corporation, together with related supervision and regulation of insured institutions.

The reorganization plan is directed at the third of the foregoing, which is essentially a responsibility for the insurance of individual accounts in institutions of the savings and loan type, including concomitant supervision and regulation of insured institutions. Thus, the Federal Home Loan Bank Board will retain both its original functions relating to home-loan banks and their member institutions, and its functions, under the Home Owners' Loan Act, of chartering, supervision, and regulation of Federal savings and loan associations.

The financial soundness of the insurance program of the Federal Savings and Loan Insurance Corporation is of major and increasing interest to the Government. Under the law the Treasury may be called upon to purchase up to $750 million in obligations of the Corporation. The volume of savings insured by the Corporation has increased nearly sixfold in the last 10 years and now stands at approximately $28 billion.

In its audit reports submitted to the Congress from time to time the General Accounting Office has questioned the desirability of permitting an agency having the authority to promote and charter Federal savings and loan associations, which are required by law to be insured, also to administer the insurance underwriting. The General Accounting Office has stated that experience has shown that the responsibilities for those functions are inherently conflicting and has recommended that the Congress consider separating the Federal Savings and Loan Insurance Corporation from the Home Loan Bank Board. The second Commission on Organization of the Executive Branch of the Government, in its report to the Congress on the subject of lending agencies, stated that there should be a clear separation of the management of the two agencies.

I am persuaded that separation of the two programs will enhance the quality of the management of the Corporation. It will promote continuing public confidence in the savings and loan insurance program and will better safeguard the interests of the Corporation and of the

Treasury in minimizing the danger of losses arising from the contingent insurance liability.

The primary responsibility of the Federad Home Loan Bank Board will continue to be the encouragement of local thrift associations and the maintenance of a stable flow of funds for home financing by its member institutions. The reorganization plan will enhance the Board's ability to perform these functions by relieving it of its present conflicting responsibility for administering Federal insurance of savings and loan associations.

Reorganization Plan No. 2 of 1956 provides that the Chairman of the Federal Home Loan Bank Board shall be one of the three members of the board of trustees of the Federal Savings and Loan Insurance Corporation. That arrangement is considered desirable to foster coordination of the policies of the Corporation and of the Federal Home Loan Bank Board. Moreover, the arrangement corresponds generally to the interrelationship of the Federal Deposit Insurance Corporation, which insures deposits of commercial banks, and the Comptroller of the Currency, who charters and supervises national banks and is a member of the Board of Directors of that Corporation but does not otherwise control it.

Relationships of the Federal Savings and Loan Advisory Council will be affected by the reorganization plan to the extent that the Council will confer with the Corporation, in lieu of the Federal Home Loan Bank Board, on special conditions affecting the Corporation and also will direct to the Corporation those of the Council's recommendations and requests for information which pertain to the Corporation. The plan does not otherwise affect the Council or the functions of the Federal Home Loan Bank Board with respect to the Council.

After investigation I have found and hereby declare that each reorganization included in Reorganization Plan No. 2 of 1956 is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1949, as amended. I have also found and hereby declare that it is necessary to include in the accompanying reorganization plan, by reason of reorganizations made thereby, provisions for the appointment and compensation of officers as therein provided. The rates of compensation so fixed are those which I have found to prevail in respect of comparable officers in the executive branch of the Government.

I believe that the reorganizations made by the Reorganization Plan No. 2 of 1956 will in the long run tend to reduce expenditures of the Government by reason of the more effective protection of the Government's large financial interest in the affairs of the Federal Savings and Loan Insurance Corporation and of the institutions insured by the Corporation. It is not practicable, however, to itemize at this time the reduction in expenditures which it is probable will be brought about by the taking effect of the reorganizations included in the reorganization plan. There will be a modest increase in the overall operating expenses of the Corporation and of the Federal Home Loan Bank Board, which are financed from the receipts of assessments, fees, premiums, and investment income of the Corporation and of the Board, and not from ordinary Government appropriations.

The insured institutions, the holders of insured accounts, and the Federal Government all have a vital stake in the insurance program of the Federal Savings and Loan Insurance Corporation. Reorganization Plan No. 2 of 1956 will substantially benefit all of them. I urge the Congress to allow the reorganization plan to become effective.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *May 17, 1956.*

REORGANIZATION PLAN NO. 2 OF 1956

(Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, May 17, 1956, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended)

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

SEC. 1. Board of trustees: (a) There is hereby established the Board of Trustees of the Federal Savings and Loan Insurance Corporation (hereinafter referred to as the board of trustees).

(b) The board of trustees shall be composed of 3 members as follows: (1) 2 members, each of whom shall be appointed by the President by and with the advice and consent of the Senate and receive compensation at the rate now or hereafter prescribed by law for the chairman of the Federal Home Loan Bank Board, and (2) the Chairman of the Federal Home Loan Bank Board, ex officio. The President shall from time to time designate to be the chairman of the board of trustees one of the appointive members thereof.

SEC. 2. Transfer of functions: (a) There are hereby transferred to the board of trustees all functions of the Federal Home Loan Bank Board, including all functions of the Chairman thereof, with respect to directing and operating the Federal Savings and Loan Insurance Corporation (hereinafter referred to as the Corporation) and with respect to the appointment and the fixing of compensation of officers, employees, attorneys, and agents of the Corporation.

(b) Except as transferred by the provisions of section 2 (a) of this reorganization plan, and exclusive of the function of granting approval required under section 406 (a) of title IV of the National Housing Act, as amended (12 U. S. C. 1729 (a)), which function of approval shall remain with the Federal Home Loan Bank Board, all functions of that Board provided for in the said title IV, including all functions of any member or agent of that Board so provided for, and all other functions vested in or performed by that Board by reason of its responsibility to or for the Corporation, are hereby transferred to the Corporation.

SEC. 3. Status of the Corporation; authority of the President: (a) The Corporation, including the board of trustees, shall hereafter be separate from and, except as provided in section 2 (b) of this reorganization plan in regard to approval required under section 406 (a) of title IV of the National Housing Act, as amended, independent of the Federal Home Loan Bank Board; but nothing herein shall preclude the Corporation or the Federal Home Loan Bank Board, in respect of their respective functions after the provisions of this reorganization plan take effect, from utilizing the information, services, and facilities of the other under interagency arrangements authorized or permitted by law.

(b) The Corporation, including the board of trustees and all matters under the jurisdiction of the board of trustees, shall be subject to the direction and control of the President of the United States.

SEC. 4. Incidental transfers: (a) All assets, liabilities, contracts, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), available or to be made available, of the Corporation shall remain with the Corporation.

(b) So much of the assets, liabilities, contracts, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), available or to be made available, of the Federal Home Loan Bank Board as the Director of the Bureau of the Budget shall determine to relate primarily to the Corporation or to its functions (including the functions vested in the Corporation by statute, the functions transferred to the Corporation by the provisions of this reorganization plan, and the functions transferred to the board of trustees by the provisions of this reorganization plan) shall be transferred from the Federal Home Loan Bank Board to the Corporation at such time or times as the said Director shall direct.

(c) Such further measures and dispositions as the Director of the Bureau of the Budget shall determine to be necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as the Director shall direct and by such agencies as he shall designate.

SEC. 5. Effective date: The provisions of sections 2, 3, and 4 of this reorganization plan shall take effect on the first day following the day on which the second of the two appointive members of the Board of trustees first appointed under this reorganization plan enters upon office as such member.

RECESS TO 10 A. M. TOMORROW

Mr. DANIEL. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess, in accordance with the previous order, until 10 o'clock a. m. tomorrow.

The motion was agreed to; and (at 4 o'clock and 49 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, untill tomorrow, Friday, May 18, 1956, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 17 (legislative day of May 7), 1956:

DIPLOMATIC AND FOREIGN SERVICE

Theodore C. Achilles, of the District of Columbia, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru, vice Ellis O. Briggs.

Ellis O. Briggs, of Maine, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil, vice James Clement Dunn.

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Giles S. Rich, of New York, to be associate judge of the United States Court of Customs

and Patent Appeals, vice Noble J. Johnson, elevated.

Noble J. Johnson, of Indiana, to be chief judge of the United States Court of Customs and Patent Appeals, vice Finis J. Garrett, resigned.

UNITED STATES CIRCUIT JUDGE

David T. Lewis, of Utah, to be United States circuit judge, 10th Circuit, vice Orie L. Phillips, retired.

UNITED STATES DISTRICT JUDGES

Frederick O. Mercer, of Illinois, to be United States district judge for the Southern District of Illinois, vice J. Leroy Adair, deceased.

Raymond J. Kelly, of Michigan, to be United States district judge for division No. 1, district of Alaska, for the term of 4 years, vice George W. Folta, deceased.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 17, 1956

The House met at 12 o'clock noon.

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

Almighty God, who hast been our guardian in the night, may we go forth into the hours of this new day with confidence, for Thou art our strength in weakness, our light in darkness, our joy in sorrow, and our hope in doubt and despair.

Grant that Thy loving kindness toward us may always be followed by our obedience toward Thee.

May this be a day when our hearts shall be kindled with an earnest desire to cultivate a spririt of friendship and good will toward a republic which is seeking a larger measure of freedom and security and a greater opportunity for growth and self-realization.

Inspire us with a sense of our need of Thy sustaining presence, for without the guidance of Thy divine spirit all our searchings and strivings for truth are futile and all our longings and labors for peace are fruitless.

Help us to hasten the coming of that blessed day when there shall be friendship and fraternity among all nations.

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

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1823. An act to authorize the construction of certain works of improvement in the Niagara River for power and other purposes; and

S. J. Res. 166. Joint resolution to designate the dam and reservoir to be constructed on the lower Cumberland River, Ky., as Barkley Dam and Lake Barkley, respectively.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10004) entitled "An act making supplemental appropriations for the fiscal year ending June 30, 1956, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 9 and 24 to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2286) entitled "An act to amend the Merchant Marine Act of 1936 so as to provide for the utilization of privately owned shipping services in connection with the transportation of privately owned motor vehicles of certain personnel of the Department of Defense."

RECESS

The SPEAKER. The House will stand in recess subject to the call of the Chair.

Accordingly (at 12 o'clock and 3 minutes p. m.) the House stood in recess subject to the call of the Chair.

PROCEEDINGS DURING THE RECESS—JOINT MEETING OF THE TWO HOUSES OF CONGRESS TO HEAR AN ADDRESS BY HIS EXCELLENCY THE PRESIDENT OF INDONESIA

The SPEAKER of the House of Representatives presided.

At 12 o'clock and 25 minutes p. m., the Doorkeeper announced the Vice President and Members of the United States Senate, who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. On the part of the House the Chair appoints as members of the committee to escort His Excellency the President of Indonesia, into the Chamber, the gentleman from Massachusetts, Mr. McCORMACK; the gentleman from Massachusetts, Mr. MARTIN; the gentleman from South Carolina, Mr. RICHARDS; and the gentleman from Illinois, Mr. CHIPERFIELD.

The VICE PRESIDENT. On the part of the Senate the Chair appoints as members of the committee of escort the Senator from Texas, Mr. JOHNSON; the Senator from Georgia, Mr. GEORGE; the Senator from California, Mr. KNOWLAND; and the Senator from Wisconsin, Mr. WILEY.

The Doorkeeper announced the following guests, who entered the Hall of the House of Representatives and took the seats reserved for them.

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

The Chief Justice and Associate Justices of the United States Supreme Court.

The members of the President's Cabinet.

At 12 o'clock and 33 minutes p. m., the Doorkeeper announced His Excellency the President of Indonesia.

His Excellency the President of Indonesia, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives and stood at the Clerk's desk. [Applause, the Members rising.]

The SPEAKER. Members of the Congress, I have the great pleasure, and I deem it a high honor to present to you the President of the Republic of Indonesia. [Applause, the Members rising.]

ADDRESS OF HIS EXCELLENCY PRESIDENT SUKARNO OF THE REPUBLIC OF INDONESIA

PRESIDENT SUKARNO. Mr. President and Mr. Speaker, I deem it a great honor and privilege to be able to address this honorable Congress, and I express my gratitude to you for this opportunity.

Standing here before you, Mr. President and Mr. Speaker, and before all the other honorable Members of this Congress, my thoughts, the thoughts of a man born in a cottage and grown up among poor people, go to the homes and hearts of the multitudes of the American people from all strata of your society, for whom you act as elected representatives. May I, therefore, convey to you and through you to the people of America, the most sincere greetings of the Indonesian people and their thanks for your past generous assistance, with the hope that this visit to the United States of America will foster closer relations between our two nations.

In our contemporary world, the impact of America is felt more and more. The influence of the American with his outlook, his ideas, his technical and scientific advances, reaches to almost every corner of Asia and Africa, whilst in America itself, Asia, the Asian and his personality, his ideals, the fruits of his labor, are gradually becoming a living reality. Americans and Indonesians are no longer strangers to each other. [Applause.] We know each other from the films; the beams of the radio reach into our very homes, and the magazines and daily press provoke us to think of each other. These cultural exchanges, coupled with the products of your industries and the fruits of our soil, have kept us always much closer together than the thousands of sea miles which separate our two countries.

I have come to the United States, as I said yesterday, to see your country with my own eyes and to observe the achievements of the great American Nation. I have come here to confirm or to modify the impressions of your country which I have collected from a distance over many years. But above all, I have come here to learn something from America—from America not merely as a place, not merely as a nation, but America as a state of mind, America as the center of an idea. [Applause.]

It was this very America which was in fact the first product of nationalism, of anticolonialism, and of the principle of

independence. It is this America which, as the hothouse of American technology, surpassed the development of older sister nations and became a great power—nay, one of the most powerful nations in the world today. Present-day America as a world phenomenon, with all its impact on the peoples of the earth, was the child of a marriage between the revolutionary America of Washington, Jefferson, and Lincoln and, the technological America imbued with the prodigious technical spirit of Edison and Ford. [Applause.]

The shot that was fired at Lexington on the 19th of April 1775 was heard around the world. It echoes still in the hearts of all who have recently won their independence, and it echoes still in the hearts of peoples who still struggle against their colonial bonds.

Over half the world the burning words which fired the American War of Independence have been closely studied as a source of inspiration and a plan of action. Yes, this period is the period of Asian and African resurgence.

If we could see the passage of history as yesterday I saw your country from the windows of an aeroplane, we could have no doubt that the world is passing through the period of Asian and African nationalism.

I hesitate at using that word "nationalism," for I know that in many countries and in many nations nationalism is an out-of-date political doctrine. Please remember, Mr. President and Mr. Speaker, that for us of Asia and Africa nationalism is a young and progressive creed. We do not equate nationalism with chauvinism, and we do not interpret nationalism as meaning the superiority of our peoples over others. No. For us, nationalism means the rebuilding of our nations; it means the effort to provide equal esteem for our peoples; it means the determination to take the future into our own hands. For us, nationalism is the love of country and the determination to improve it which, not so very long ago, illumined the actions of the founders of your Nation. Nationalism may be an out-of-date doctrine for many in this world; for us of Asia and Africa, it is the mainspring of our efforts. Understand that, and you have the key to much of postwar history. Fail to understand it, and no amount of thinking, no torrent of words, and no Niagara of dollars will produce anything but bitterness and disillusionment.

We who are living in Asia and Africa during this period of Asian and African nationalism, and particularly those of us who have been called upon to guide the destiny of nations, we ask that the rest of the world should show understanding and sympathy. After all, for what do we struggle? Not for fame; not for conquests; not for territorial aggrandizement; not for domination over other peoples. Our efforts and the sacrifices we have made have been for the release of our people from a colonial tyranny lasting for generations and centuries. It has been a struggle—it is still a struggle—for the simple human demands which the rest of the world has long taken for granted.

We ask you to understand our national struggle, and we ask you to sympathize with it. We ask you to understand and sympathize with the fact that our national struggle is still incomplete. How can it be complete when millions of our people in Asia and Africa are still under colonial domination, are still not free? How can the national struggle in Indonesia be complete when part of our own country and part of our own nation are still unfree?

I recall with the very greatest pleasure that shortly after the first Asian-African Conference last year, this Congress unanimously approved a resolution reaffirming America's traditional anticolonial attitude. That conference in Bandung, in which the leaders of 29 states took part, and which represented far more than half the population of the world, was a clear indication of history's direction. Practically all shades of the political spectrum were represented there, and almost all were but recently emancipated from colonialism. They were united by many things, but chiefly by their abhorence of colonialism. They produced a declaration which explicitly stated their continuing opposition to colonialism in all its forms. This Congress, noting that conference, and its declaration, then unanimously restated, for all the world to know, its own long-standing opposition to colonialism. By that action, this Congress demonstrated its sympathy with our efforts. In the scales of history, your weight was placed resoundingly onto the side of the future.

It is now almost 11 years since, on the 17th of August 1945, the Indonesian people proclaimed themselves independent. Note: I said the Indonesian people. Not those of Java alone, nor Sumatra alone, nor Celebes alone, but all of them, from the north of Sumatra to the southernmost corner of West New Guinea, which we call Irian Barat.

That Declaration of Independence covered every part of what was once called the Netherlands East Indies, which constituted the vast colonial empire in Asia of a small European country. We had no quarrel with the Dutch, as a people; we had no quarrel with the Government of the Netherlands as a government. Our quarrel, and the quarrel of our forefathers, was with colonialism; we had a quarrel with the colonial attitudes of some Dutch people; we had a quarrel with the colonial attitudes and actions of the Netherlands Government.

Four and a half years of fighting and negotiation followed. Four and a half years in which our colonially-impoverished country, suffering already from the torments of Japanese occupation, suffered more from the attempts forcibly to reimpose the colonialism we had rejected. Finally, due in no small part to the efforts of the United Nations and its bodies in which America was prominent, the Netherlands made formal recognition of complete and unconditional sovereignty to Indonesia.

But our struggle was not yet at an end. One part of our country, one section of our brothers, were not free—and even today are not free. The territory of Irian Barat, West New Guinea, is still a colonial outpost on Indonesian soil. Our Declaration of Independence had covered all of the Netherlands East Indies. The agreements by which Holland recognized that independence and that sovereignty had made reference to the whole territory of the Netherlands East Indies. But—part of our land, a part of the territories covered by those agreements, is still a colonial cancer in the body politic of our motherland.

We are told that the people of West Irian are not our brothers, and that they come from a different racial stock and therefore West Irian is not Indonesian. Where, again: Where is the country whose citizens are ethnically pure? In fact, for many hundreds of years past, West Irian has been recognized as being part of the Indonesian archipelago. Before colonial days, West Irian was part of the Indonesian national state of Modjopahit, one of the glories of the Hindu-Javanese civilization. West Irian was part of the Dutch Empire in Asia, and was administered and recognized without question as being a unit of the Netherlands East Indies. In all ways, and by ties of common colonial experience, West Irian has been, and still is, an essential part of Indonesia.

We are told that the people of West Irian are not ready for a change from their colonial status, and that they need the continued guidance of the West to train them for the transition to liberty.

We know this "guidance." We have had experience of this "training." It left us, after 350 years, with an illiteracy rate of 94 percent. It left us without sufficient doctors to treat even those who are sick unto death. It left us with a typically colonial economic and social structure.

I tell you this in all solemnity. In the 11 years of our independence, the Indonesian Nation has made more human progress, and has been the scene of greater human happiness, than in all the tens of generations of colonialism that went before. Our people are free, and in freedom they have found their soul—just as the people of West Irian will do when they too are free. They can do what we have done. The figures are available. The lists of schools built, of recurrent epidemics abated, of diets improved, of infant mortality decreased. Forgive me, if I seem to boast. I do not intend to boast. I wish to give you a factual account. Let me cite just one item in the field of education. Illiteracy before the war was 94 percent; today it is 40 percent. [Applause.] That is what the ending of colonialism will mean in West Irian.

The return of West Irian is for us the remaining part of our national political aspiration. It is the final installment on the colonial debt. We see our brothers still in chains, who joined with us in proclaiming our common independence, and so our own freedom is not yet complete. The salt of liberty cannot have its full savor for us until all of Indonesia is again united under the freedom which is the birthright of all men.

Permit me to remind you, sir, of one of America's greatest sons, who said that this Nation could not exist half slave and half free. That father of the American tradition was not speaking

then of colonial slavery, but his words apply in all their moving strength to this case.

Mr. President and Mr. Speaker, although somewhat belatedly, we of Indonesia are now in the stage of national turmoil through which you passed before us some 150 years ago. We are anticolonialists, for the sweat of our labor has been extorted by other nations, leaving us poverty stricken with the sorrow of our hearts. We are nationalists, for it is our right to win back the worthy place in the family of nations torn from our forefathers three and a half centuries ago. In all of this, we do not claim to have discovered novel principles. No, but like your forefathers, we regard our findings as universal values, as the common property of all mankind.

Present-day Indonesia has so much in common with the growth of the United States of America in the past. You are now reaping the fruits of your pioneering struggle, while we are still busy sowing the seeds from which our future national life will spring. You achieved your material and cultural prosperity based upon the principles of the democracy which is one of your proudest boasts today. Democracy is part of our principles too, part of our Pantja Sila, an instrument to build national prosperity and stability. But we Indonesians are well aware that, however noble the aim, practical democracy is not always easily attainable.

Last year we twice faced the test of the free and secret ballot, one of the fundamentals of political democracy. The conduct of these elections, one for the house of representatives and the other for the constituent assembly, showed that Indonesia is capable, as the international press reported, of taking the first steps along the road to democracy. Although the elections are not compulsory, about 80 percent of the electors, numbering some 35 million souls and scattered over thousands of miles in thousands of islands in our great archipelago, came to the polls and fulfilled their duties as responsible citizens. [Applause.] As a result of these elections, it has been possible to form a coalition government between the largest political parties. The PNI—Nationalist Party, the Masjumi and the Nahdatul Ulama—both Moslem parties, with the support of some of the smaller parties, have formed a coalition cabinet. I trust that this coalition, with more than ample support from parliament, will be stable enough to maintain itself throughout the entire 4 years of its mandate, so that the national process of growth will not be interrupted by intermittent changes of government.

Although these first elections have been successfully accomplished, I shall be modest, Mr. President and Mr. Speaker, in my claims for the establishment of democracy. For who has absolute democracy? We have our feet on the road to democracy, and we have made a good start. But we will not deceive ourselves with the false illusion that we have traversed the full extent of the road to democracy, if indeed, any end there be. The secret ballot, the free press, the freedom of belief, the voting in parliaments—these are all merely expressions of democracy. Freedom of expression has a guardian in a certain measure of prosperity, the achievement of freedom from want. For us, then, democratic principles are not simply an aim, the expression of desires inherent in human nature, they are also a means of providing our people with a reasonable standard of living. The freedom of expression and the freedom from want are indivisibles, two interdependent souls in one body. As with all other freedoms, freedom of expression is not absolute; its indiscriminate and unrestrained exercise could hamper the harmonious growth of other freedoms, could hamper the harmonious growth from want, and thus sow the seed for the destruction of the fundamentals of human freedom itself.

Your Nation began your struggle for liberty, equality, fraternity, and prosperity at a period in history when there was no great gap between the standards of nations. There was no great gap between haves and have-nots, there were no nations of abject poverty and extreme wealth, there were no nations of super technical development and utter technical backwardness, there was not so great a gap between the fortunates possessing full-fledged democracy and the sufferers living under complete tyranny. The contrasts today are great. The contrast between the joy of life cherished by some nations, and the burden of suffering imposed upon more than one half of the human race has outstripped all proportions. Such conditions do not stimulate normal growth toward emancipation, especially when the less-privileged are subjected to the competition of the privileged and the powerful in their daily human activities. But if the development of the newly independent countries in the direction of their prosperity be regarded as indispensable for the preservation of civilized man, there certainly will be no need for regrets over the world's wealth and the almost unlimited resources for the further development of man's technological civilization.

Mr. President and Mr. Speaker, the impact of your revolution has not always been of the same kind upon all countries of the globe. We in Indonesia attach great importance to the freedom of expression, to be preserved even in the Herculean task of firmly founding our national economy. Other revolutions have aimed immediately upon building heavy industry as the basis for freedom from want in the future, if necessary even at the sacrifice of some aspects of freedom of expression for the time being. These are rival conceptions, and they constitute a challenge to Indonesia which she must answer in translating ideals into practice.

The development of Indonesia in particular and of certain other countries of Asia in general will be the test case of the success or failure of the modern world's application of democratic principles. The solvency of less technically developed countries, the solution of the social and economic problems of newly independent peoples at a pace which can keep up with their consciousness of their own worth as equal members of the human family—these are all questions to measure the success of our democracy. In Indonesia, apart from the wealth of nature, our main capital is the sweat and tears of our population, the sacrifices even to the death of those who have gone before. It has been, and it still is, an investment of voluntary human cooperation and sacrifice, which is needed for the development of our country. There is no imposition upon the people to save part of their meager income as a means of accumulating badly needed national capital, neither would we introduce forced labor for national undertakings, nor the expropriation of existing big companies which are run mainly on the basis of profit motives.

Moreover, the present situation in the world is, as I have already mentioned, such that even we the economically weak nations have to compete in order to grow, compete with the forces of powerful and experienced nations, in order to survive the drives and thrusts of the current of elimination. Democracy, when all is said and done, is the introduction of equal opportunity in human activities amongst the indigenous people themselves, and, next to that, some degree of opportunity for foreign competitors to insure the best performance. This sometimes leads toward the presence of an anachronism in which colonial vestiges become strengthened at the expense of national growth. Taking all this into consideration, the question arises: will democracy succeed in Indonesia? Will democracy really bring prosperity and happiness in Indonesia? What is the reason for Indonesia's firm belief in the democratic process and progress? These are questions, Mr. President and Mr. Speaker, which have long occupied the minds of many Indonesian leaders. These problems I think also raise doubts—or hopes—among the statesmen and politicians of a number of western countries about the ability of the Indonesian people to outlive the shock of national responsibility in this turbulent world.

My answer, Mr. President and Mr. Speaker, is: Have no doubt about that [Applause.]

Immediately we had proclaimed our independence in August 1945, we attached as preamble to our constitution the Pantja Sila, the five guiding principles of our national life. Perhaps you know already what our Pantja Sila is. It gives us the five principles of our State. These are:

First. Belief in God. [Applause.]
Second. Nationalism. [Applause.]
Third. Humanity. [Applause.]
Fourth. Democracy. [Applause.]
Fifth. Social justice. [Applause.]

These five principles are the combined reflection of Indonesia's natural climate and the personality of its inhabitants. They were also partly formulated by President Eisenhower [applause] in his speech before the American Society of Newspaper Editors on the 21st of April last, when he spoke of certain principles:

First. "They believe deeply in the right of self-government";

Second. "They believe deeply in the dignity of man";

Third. "They aspire to improve the welfare of the individual as a basis of organized society." [Applause.]

So again: Have no doubts about democracy in Indonesia, Mr. Speaker. Even in the most difficult years immediately after the recognition of sovereignty, we were able to guard the unity of our country through another democratic concept, expressed in the motto of the State, "Bhinneka Tunggal Ika"—Unity in Diversity. [Applause.] Voluntary loyalty to the Indonesian motherland as a whole has been settled in our country without compulsion, without the process of civil war, despite subversive actions by people who do not want to see us free, despite provocation at home and abroad.

Having survived the early, most critical years of our national existence, more attention can be paid to upbuilding and rehabilitation, and especially to the investment of human skill. Just before I left Indonesia, we inaugurated a campaign for village community development, and parliament is soon to discuss the first national 5-year plan, with a total allocation of 11 billion rupiahs, or $1 billion.

However important they may be, our own national efforts on their own will not suffice to achieve steady progress towards viability for our country against the impact of economic or political competition from overseas. It is in this field that we ask your understanding and your cooperation for our mutual benefit. America is known the world over for generosity; if I am not mistaken the American taxpayer has already spent more than $50 billion in foreign aid. But that aid has brought variable results. An example of good results is the recovery of Western Europe after World War II; other results are still prospective in other parts of the world, whereas elsewhere American aid is regarded as of doubtful benefit for national progress.

Indonesia is indeed grateful for the technical assistance she has received to date from America, and in acknowledging my gratitude I want to express myself with the frankness of a friend. Am I allowed to be frank, Mr. President and Mr. Speaker? [Applause.] For the furtherance of their function as defenders of freedom, America and Indonesia need to realize how to obtain lasting results, and these depend upon the specific conditions of Asian countries and the development of the national aspirations of the Asian people, which, indeed, America cannot be expected immediately to know, or to understand. The approach to the question of foreign aid should be based upon different principles in different countries. Without adequate knowledge of those countries, and even if your motives in granting aid were solely the stability of this region, the results could be adverse, and the flow of even billions of dollars could lead only to strained relations. Certainly military aid is no substitute for Asian stability. It will only serve to make countries accepting it more dependent upon America, and their worth as genuine partners in the universal struggle for liberty, peace, and prosperity will consequently decline. The main aim should be for the people of Asia, like the Western nations, to become economically stable but also politically stable [applause] and thus be able to defend their freedom against all assaults. Political stability comes only with the stability of the political heart. [Applause.] I repeat: Political stability comes only with the stability of the political heart. And this heart of ours is now still an unsatisfied heart. The Asian people must soon be brought to the stage of development where they are capable of cherishing their hard-won freedom.

This two-sided struggle is a longer and a harder struggle, but until it is won, the process of emancipation of our people will not be complete. The Republic of Indonesia is a democracy which has leaned heavily upon the experience of the West, and particularly of your great Union for its national ideals. We know that is not enough. To the famished man, democracy can never be more than a slogan. What can a vote mean to a woman worn out by toil, whose children fret and ail with the fever of malaria? Democracy is not merely government by the people; democracy is also government for the people. [Applause.]

The fight for the emancipation of our people is our fight, and believe me we shall not shirk it. We ask for your understanding of it and your sympathy with it. We will accept with the greatest appreciation any assistance that may come to us, from whatever quarter it may come, for that assistance will lighten our burdens and shorten our struggle. Such assistance is not one sided but is of mutual benefit. Out of it comes a greater measure of goodwill, and perhaps more important: Out of it comes a greater volume of production in the world. But, from whatever quarter of this divided globe that assistance comes, we are determined that no material advantage will buy from us any part of our hard-won freedom [applause] for that freedom is more dear to us than the products which any country can give or sell. [Applause.] We welcome assistance on terms of mutual benefit. We reject the idea of exchanging intellectual and spiritual independence or physical liberty for momentary advantage. [Applause.]

And now, Mr. President and Mr. Speaker, finally, may I say this:

We live in a troubled world, in which man cannot rest and cannot give his whole thought and effort to the welfare of mankind. A shadow, pregnant with horror, hangs over the future. It is a manmade shadow, and its mushroom shape colors all our thoughts and all our dreams. In their technical and scientific skill, men have created something whose potentiality for good or evil is so great that the imagination of the same men is overpowered.

So far, the full horror of this latest of mankind's achievements has not burst on the world. So far only small samples of this victory over nature have been used for their designed purpose. And what is that purpose? May God forbid that man should ever take upon himself the responsibility for the use of this weapon. [Applause.] The destruction of this world is not the prerogative of man. [Applause.]

There is irony in the fact that, for the first time ever, man has it within his power to make the desert bloom like a garden, to banish poverty and want from the world, to open up a new era of brotherhood, and yet, at the same time, no man can look with confidence into the future. The rivers and the tides obey our command, we bestride the skies and pluck wealth from under the earth and the sea, we conquer the age-old plagues of humanity and even fight a winning battle against death. At the same time, we dig ourselves shelters in the rocks and prepare to sit and die in them, as man did during the dawn of the world. Have we then made so little progress? Have we learned nothing?

It may be that war is a natural function of man and that his combative feelings prevent his living in peace with his neighbors. It may be so, but I do not believe it. [Applause.]

In any case, should the new weapons begin to fall, the question would be academic, for then we would have, not war but universal death and the end of mankind's brief civilization. It is true that repeatedly throughout history man has crucified himself, only to rise again. Let there be no mistake about it. After an atomic war there would be no resurrection. Certainly we cannot let things slide and trust to luck that no megalomaniac will press the fateful trigger.

Mr. President and Mr. Speaker, in saying these things to you, I am well aware that I am saying nothing you do not already know, for this Congress of the United States of America has given anxious thought to this matter. We who have not got the atom bomb, we will watch every move you take in this matter. With hope in our hearts but fear in our breasts, we will applaud everything which helps to make the future safe for our children. We will support every action taken by you, or the responsible leaders of any country, to remove the shadow of the atom bomb from this world.

May God give men the will to avert calamity.

And may He give us, America and Indonesia, the best friendship which has ever existed between two nations.

Thank you. [Applause, the Members rising.]

At 1 o'clock and 27 minutes p. m., His Excellency the President of Indonesia, accompanied by the committee of escort, retired from the Chamber.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The Chief Justice and the Associate Justices of the Supreme Court.

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

JOINT MEETING DISSOLVED

The SPEAKER. The purposes of the joint meeting having been completed, the Chair declares the joint meeting of the two Houses now dissolved.

Thereupon (at 1 o'clock and 30 minutes p. m.) the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 2 o'clock p. m.

REORGANIZATION PLAN NO. 2 OF 1956—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 406)

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

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 2 of 1956, prepared in accordance with the provisions of the Reorganization Act of 1949, as amended. The reorganization plan is designed to provide the Federal Savings and Loan Insurance Corporation with its own management, independent of the Federal Home Loan Bank Board. This organizational change accords with a recommendation of the second Commission on Organization of the Executive Branch of the Government.

The management of the Federal Savings and Loan Insurance Corporation has been merged with and identical to that of the Federal Home Loan Bank System since the Corporation was established in 1934. It may well be that this identity of management was useful during the formative years of the Federal Home Loan Bank System and of the program of the Federal Savings and Loan Insurance Corporation. I am satisfied, however, that the time has come to separate the two agencies. Reorganization Plan No. 2 of 1956 establishes, separate from the Federal Home Loan Bank Board, a new board of trustees of the Federal Savings and Loan Insurance Corporation; vests the management of the Corporation in that board of trustees; and makes appropriate transfers of the functions of the Federal Home Loan Bank Board to the board of trustees and to the Corporation.

The present responsibilities of the Federal Home Loan Bank Board are principally (1) supervision and regulation of the 11 Home Loan Banks established pursuant to the Federal Home Loan Bank Act of July 22, 1932, and of member institutions thereof, (2) chartering, supervision, and regulation of Federal savings and loan associations, under the Home Owners' Loan Act of 1933, and (3) beginning in 1934, management of the Federal Savings and Loan Insurance Corporation, together with related supervision and regulation of insured institutions.

The reorganization plan is directed at the third of the foregoing, which is essentially a responsibility for the insurance of individual accounts in institutions of the savings and loan type, including concomitant supervision and regulation of insured institutions. Thus, the Federal Home Loan Bank Board will retain both its original functions relating to home loan banks and their member institutions, and its functions, under the Home Owners' Loan Act, of chartering, supervision, and regulation of Federal savings and loan associations.

The financial soundness of the insurance program of the Federal Savings and Loan Insurance Corporation is of major and increasing interest to the Government. Under the law the Treasury may be called upon to purchase up to $750 million in obligations of the Corporation. The volume of savings insured by the Corporation has increased nearly sixfold in the last 10 years and now stands at approximately $28 billion.

In its audit reports submitted to the Congress from time to time the General Accounting Office has questioned the desirability of permitting an agency having the authority to promote and charter Federal savings and loan associations, which are required by law to be insured, also to administer the insurance underwriting. The General Accounting Office has stated that experience has shown that the responsibilities for those functions are inherently conflicting and has recommended that the Congress consider separating the Federal Savings and Loan Insurance Corporation from the Home Loan Bank Board. The second Commission on Organization of the Executive Branch of the Government, in its report to the Congress on the subject of lending agencies, stated that there should be a clear separation of the management of the two agencies.

I am persuaded that separation of the two programs will enhance the quality of the management of the Corporation. It will promote continuing public confidence in the savings and loan insurance program and will better safeguard the interests of the Corporation and of the Treasury in minimizing the danger of losses arising from the contingent insurance liability.

The primary responsibility of the Federal Home Loan Bank Board will continue to be the encouragement of local thrift associations and the maintenance of a stable flow of funds for home financing by its member institutions. The reorganization plan will enhance the Board's ability to perform these functions by relieving it of its present conflicting responsibility for administering Federal insurance of savings and loan associations.

Reorganization Plan No. 2 of 1956 provides that the Chairman of the Federal Home Loan Bank Board shall be one of the three members of the board of trustees of the Federal Savings and Loan Insurance Corporation. That arrangement is considered desirable to foster coordination of the policies of the Corporation and of the Federal Home Loan Bank Board. Moreover, the arrangement corresponds generally to the interrelationship of the Federal Deposit Insurance Corporation, which insures deposits of commercial banks, and the Comptroller of the Currency, who charters and supervises national banks and is a member of the Board of Directors of that Corporation, but does not otherwise control it.

Relationships of the Federal Savings and Loan Advisory Council will be affected by the reorganization plan to the extent that the Council will confer with the Corporation, in lieu of the Federal Home Loan Bank Board, on special conditions affecting the Corporation and also will direct to the Corporation those of the Council's recommendations and requests for information which pertain to the Corporation. The plan does not otherwise affect the Council or the functions of the Federal Home Loan Bank Board with respect to the Council.

After investigation I have found and hereby declare that each reorganization included in Reorganization Plan No. 2 of 1956 is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1949, as amended. I have also found and hereby declare that it is necessary to include in the accompanying reorganization plan, by reason of reorganizations made thereby, provisions for the appointment and compensation of officers as therein provided. The rates of compensation so fixed are those which I have found to prevail in respect of comparable officers in the executive branch of the Government.

I believe that the reorganizations made by the Reorganization Plan No. 2 of 1956 will in the long run tend to reduce expenditures of the Government by reason of the more effective protection of the Government's large financial interest in the affairs of the Federal Savings and Loan Insurance Corporation and of the institutions insured by the Corporation. It is not practicable, however, to itemize at this time the reduction in expenditures which it is probable will be brought about by the taking effect of the reorganizations included in the reorganization plan. There will be a modest increase in the overall operating expenses of the Corporation and of the Federal Home Loan Bank Board, which are financed from the receipts of assessments, fees, premiums, and investment income of the Corporation and of the Board, and not from ordinary Government appropriations.

The insured institutions, the holders of insured accounts, and the Federal Government all have a vital stake in the insurance program of the Federal Savings and Loan Insurance Corporation. Reorganization Plan No. 2 of 1956 will substantially benefit all of them. I urge the Congress to allow the reorganization plan to become effective.

THE WHITE HOUSE, *May 17, 1956.*

PROCEEDINGS HAD DURING THE RECESS

Mr. McCORMACK. Mr. Speaker, I move the proceedings had during the recess of the House be printed in the RECORD.

The motion was agreed to.

FEDERAL INTERMEDIATE CREDIT BANKS

Mr. TRIMBLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 508, Rept. No.

2175), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 10285) to merge production credit corporations in Federal intermediate credit banks; to provide for retirement of Government capital in Federal intermediate credit banks; to provide for supervision of production credit associations; and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF SUGAR ACT OF 1948

Mr. POAGE. Mr. Speaker, I call up the conference report on the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. McCORMACK). Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2174)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That section 101 (d) of the Sugar Act of 1948, as amended, is amended to read as follows:

"'(d) The term "raw sugar" means any sugars (exclusive of liquid sugar from foreign countries having liquid sugar quotas), whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar.'

"SEC. 2. Section 101 (e) of such act is amended to read as follows:

"'(e) The term "direct-consumption sugar" means any sugars principally of crystalline structure and any liquid sugar (exclusive of liquid sugar from foreign countries having liquid sugar quotas), which are not to be further refined or improved in quality.'

"SEC. 3. Section 101 (i) of such Act is amended by deleting the parenthetical word '(Clerget)'.

"SEC. 4. Section 101 of such Act is amended by adding at the end thereof a new paragraph to read as follows:

"'(n) The term "to be further refined or improved in quality" means to be subjected substantially to the processes of (1) affination or defecation, (2) clarification, and (3) further purification by adsorption or crystallization. The Secretary is authorized, after such hearing and upon such notice as he may by regulations prescribe, to determine whether specific processes to which sugars are subjected are sufficient to meet the requirements of this paragraph (n) and whether sugars of specific qualities are raw sugar within the meaning of paragraph (d) of this section, or direct-consumption sugar within the meaning of paragraph (e) of this section.'

"SEC. 5. Section 201 of such Act is amended by striking in the second sentence thereof the words '1947 prior to the termination of price control of sugar' and inserting in lieu thereof '1947–1949'.

"SEC. 6. Section 202 (a) of such Act is amended to read as follows:

"'(a) (1) For domestic sugar-producing areas by apportioning among such areas four million four hundred and forty-four thousand short tons, raw value, as follows:

Area	*Short tons, raw value*
Domestic beet sugar	1,800,000
Mainland cane sugar	500,000
Hawaii	1,052,000
Puerto Rico	1,080,000
Virgin Islands	12,000

"'(2) To the above total of four million four hundred forty-four thousand short tons, raw value, there shall be added an amount equal to 55 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds eight million three hundred and fifty thousand short tons, raw value. Such additional amounts shall be apportioned among and added to the quotas established under paragraph (1) of this subsection for such domestic sugar-producing areas, respectively, as follows: (A) The first one hundred sixty-five thousand short tons, raw value, or any part thereof, by which quotas for the domestic areas are so increased shall be apportioned 51.5 per centum to the domestic beet sugar area and 48.5 per centum to the mainland cane sugar area; (B) the next twenty thousand short tons, raw value, or any part thereof, by which such quotas are so increased shall be apportioned to Puerto Rico; (C) the next three thousand short tons, raw value, or any part thereof, by which such quotas are so increased shall be apportioned to the Virgin Islands; (D) any additional amount shall be apportioned on the basis of the quotas established in paragraph (1) of this subsection as adjusted by subparagraphs (A), (B), and (C), of this paragraph (2).'

"SEC. 7. Section 202 (c) of such Act is amended by striking out 'For' after '(c)' and inserting in lieu thereof '(1) For the calendar year 1956, for' and by adding at the end thereof the following new paragraphs:

"'(2) For the calendar year 1957 and for each subsequent calendar year, for foreign countries other than the Republic of the Philippines, (A) by prorating to Cuba 96 per centum and to other foreign countries 4 per centum of the amount of sugar, raw value, by which eight million three hundred and fifty thousand short tons, raw value, or such lesser amount as determined pursuant to section 201 exceeds the sum of four million four hundred and forty-four thousand short tons, raw value, and the quota established pursuant to subsection (b) of this section; and (B) by prorating 45 per centum of the amount of sugar, raw value, by which the amount determined pursuant to section 201 exceeds the sum of eight million three hundred and fifty thousand short tons, raw value, as follows:

Country	*Per centum*
Cuba	29.59
Peru	4.33
Dominican Republic	4.95
Mexico	5.10
Other countries	1.03
	45.00

The above proration of 1.03 per centum to foreign countries other than Cuba, the Republic of the Philippines, Peru, the Dominican Republic, and Mexico shall be apportioned to such other countries whose average entries within the quotas during 1953 and 1954 exceeded one thousand short tons, raw value, on the basis of the average entries within the quotas from each such country for the years 1951, 1952, 1953, and 1954.

"'(3) For the calendar year 1957 and for each subsequent calendar year, the proration of 4 per centum under paragraph (2) (A) of this subsection for foreign countries other than Cuba and the Republic of the Philippines shall be apportioned, first, by assigning to each such foreign country whose average entries within the quotas during the years 1953 and 1954 were less than one thousand short tons, raw value, a proration equal to its average entries within the quotas during 1953 and 1954; second, by assigning to each such foreign country whose average entries within the quotas during 1953 and 1954 were not less than one thousand nor more than two thousand short tons, raw value, a proration of three thousand short tons, raw value; third, by assigning to each foreign country whose average entries within the quotas during 1953 and 1954 were more than two thousand and less than three thousand short tons, raw value, a proration equal to the average entries from each such country within the quotas during 1953 and 1954, plus two thousand short tons, raw value; fourth, by assigning to each foreign country whose average entries within the quotas during 1953 and 1954 were not less than three thousand nor more than ten thousand short tons, raw value, a proration equal to the average entries from each such country within the quotas during 1953 and 1954; and, fifth, by prorating the balance of such proration to such foreign countries whose average entries within the quotas during 1953 and 1954 exceeded ten thousand short tons, raw value, on the basis of the average entries within the quotas from each such country for the years 1951, 1952, 1953, and 1954'."

"SEC. 8. Section 202 of such Act is amended by adding the following new subsection:

"'(e) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204.'

"SEC. 9. (a) The second sentence of section 204 (a) of such Act is amended by inserting before the period at the end thereof a colon and the following: '*Provided*, That any deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under the provisions of section 202 (a) (2) shall

first be prorated to other domestic areas on the basis of the quotas then in effect'.

"(b) The last paragraph of section 204 (a) of such Act is amended by inserting before the period at the end thereof a semicolon and the following: 'except that in the case of proration of any such deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under and by reason of section 202 (a) (2), the Secretary shall apportion the unfilled amount on such basis and to such other domestic areas as he determines is required to fill such deficit, and if he finds that no domestic area will be able to supply such unfilled amount, he shall add it to the quota for Cuba'.

"SEC. 10. Section 205 (a) of such Act is amended by inserting immediately before the final sentence thereof the following: 'In making such allotments, the Secretary may also take into consideration and make due allowance for the adverse effect of drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions seriously and broadly affecting any general area served by the factory or factories of such person.'.

"SEC. 11. (a) Section 207 (a) of such Act is amended by adding after the word 'year' the following: ', plus an amount equal to the same percentage of twenty-nine thousand six hundred and sixteen short tons, raw value, that the increase in the quota for Hawaii under section 202 is of one million fifty-two thousand short tons, raw value,'.

"(b) Section 207 (b) of such Act is amended by striking the period at the end thereof and by adding the following: 'which shall be principally of crystalline structure, plus an amount equal to the same percentage of one hundred twenty-six thousand and thirty-three short tons, raw value, that the increase in the quota for Puerto Rico under section 202 is of one million eighty thousand short tons, raw value, which latter amount may be filled by direct-consumption sugar whether or not principally of crystalline structure.'.

"SEC. 12. Section 207 (h) of such Act is amended by striking out 'The' after '(h)' and inserting in lieu thereof '(1) For the calendar year 1956, the' and by adding the following new paragraph:

"'(2) For the calendar year 1957 and each subsequent calendar year, the quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar to the extent of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202: *Provided*, That such limitation shall not apply to countries receiving prorations under section 202 (c) of seven thousand short tons or less. The direct-consumption portion of such quota which is subject to the 1.36 per centum limitation referred to above shall be prorated to countries which receive prorations under section 202 (c) of more than seven thousand short tons on the basis of average imports of direct-consumption sugar within the quota for the years 1951, 1952, 1953, and 1954.'

"SEC. 13. Section 301 (b) of such Act is amended by inserting after the words '(or processed)' the following: ', except for livestock feed, or for the production of livestock feed, as determined by the Secretary,'.

"SEC. 14. Section 302 (b) of such Act is amended by inserting after '(or processed)' the words 'within the proportionate share' and by striking the period at the end thereof and inserting the following: 'and of the producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions. For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico.'.

"SEC. 15. Section 405 of such Act is amended by inserting '(a)' at the beginning thereof, by striking out '(a)' and '(b)' and inserting in lieu thereof '(1)' and '(2)', respectively, and by adding the following new subsection:

"'(b) Any person whose sugar processing operations otherwise meet the requirements of section 101 (n) and who subjects to such processes sugar imported or brought into the continental United States under a declaration that it is raw sugar but which sugar subsequently is determined to be of direct-consumption quality, shall forfeit to the United States a sum equal to 1 cent per pound for each pound, raw value, of such sugar in excess of that part of the direct-consumption portion of the applicable quota or proration or allotment thereof remaining unfilled at the time of such determination, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.'

"SEC. 16. Section 407 of such Act is amended by adding at the end thereof the following sentence: 'The provisions of this section shall not apply to persons whose services are obtained pursuant to section 305.'.

"SEC. 17. Section 411 of such Act is renumbered as section 412, section 412 of such Act is renumbered as section 413, and a new section 411 inserted as follows:

"'SEC. 411. The Secretary is authorized to issue such regulations as may be necessary to carry out article 7 of the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954), restricting importations of sugar into the United States from foreign countries not participating in such agreement, or to carry out the corresponding provisions of any such future agreements ratified by and with the advice and consent of the United States Senate.'

"SEC. 18. Renumbered section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out '1956' in each place it appears therein and inserting in lieu thereof '1960'.

"SEC. 19. Sections 4501 (c) and 6412 (d) (relating to the termination of taxes on sugar) of the Internal Revenue Code of 1954 are amended by striking out '1957' in each place it appears therein and inserting in lieu thereof '1961'.

"SEC. 20. Section 4502 (4), chapter 37, subchapter A, 'Sugar', of the Internal Revenue Code of 1954 is amended as follows: Strike out the parenthetical word '(Clerget)' where it occurs in the first sentence and delete the second sentence thereof.

"SEC. 21. (a) Section 4504, chapter 37, subchapter A, 'Sugar', of the Internal Revenue Code of 1954 is amended by adding before the period at the end thereof the following: ', and except that such tax may be subject to refunds as a tax under the provisions of section 6418 (a)'.

"(b) Section 6418 (a) of chapter 65 of the Internal Revenue Code of 1954 is amended by striking out the '(a)' immediately following 'section 4501'.

"SEC. 22. Except as otherwise provided, the amendments made hereby shall become effective as of January 1, 1956, except that sections 1 through 4 shall become effective upon publication in the Federal Register of regulations implementing such sections, or six months after the date of enactment of this Act, whichever is earlier."

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
T. G. ABERNETHY,
CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WILLIAM S. HILL,
Managers on the Part of the House.

HARRY FLOOD BYRD,
WALTER F. GEORGE,
ROBT. S. KERR,
E. D. MILLIKIN,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill and substituted new language which was in many respects identical with that adopted by the House and differed from the House provisions on only four major points: (1) the length of the extension of the Sugar Act, (2) the proportion of the increased demand in the United States allocated to foreign and to domestic producers, (3) the manner in which the domestic share of this increase is to be distributed among various domestic producing areas, and (4) the division of the foreign share of the growth in consumption among the producing countries. Following is the manner in which these major differences were resolved by the committee of conference:

(1) The Senate conferees receded on the length of the extension of the Act and agreed to the 4-year period in the House bill rather than the 6-year extension passed by the Senate.

(2) The House conferees receded on the division of the increase in consumption between domestic and foreign producing areas and adopted the Senate provision which will allocate 55 percent of the increase to domestic producers and 45 percent to foreign areas. The House bill would have divided the increase 50 percent to each.

(3) The conferees adopted the Senate formula with respect to the manner in which the first 188 thousand tons of increase in domestic quotas are to be allocated among domestic producing areas. Under the provisions of the House bill, the first 188 thousand tons of increase in the domestic quota would have been shared between the domestic beet area, the mainland cane area, Puerto Rico and the Virgin Islands in proportion to their present share in the sugar quota. Under the provisions of the Senate bill, adopted by the conferees, the first 165 thousand tons of increase will be divided between the mainland beet and cane areas—51.5 percent to the domestic beet area and 48.5 percent to the mainland cane area. The next 20 thousand tons of increase will be apportioned to Puerto Rico, and the next 3,000 tons of increase to the Virgin Islands. Thereafter, any further increases in domestic quotas will be shared proportionately among all the domestic producing areas, including Hawaii.

(4) With respect to the division among foreign suppliers of the 45 percent of the increase in consumption which will be allocated to foreign countries, a compromise was worked out which was substantially half way between the maximum and minimum quantities allocated to the countries in the two bills. The following table summarizes the provisions of the House and Senate bills and the conference compromise on the basis

of the percentage of the total foreign quota which will be supplied by the major foreign producing areas during the 4-year life of the bill, assuming an increase in consumption of 135,000 tons per year.

	House bill	Senate bill	Conference agreement
Cuba	92.4	94.4	93.75
Mexico	1.4	1.2	1.2
Peru	2.5	2.2	2.3
Dominican Republic	2.6	1.2	1.75
Other	1.1	1.0	1.0
Total	100.0	100.0	100.0

In terms of shares in the annual increase in consumption, the 45 percent of that increase which will be assigned to foreign countries will be divided as follows: Cuba, 29.59 percent; Peru, 4.33 percent; Dominican Republic, 4.95 percent; Mexico, 5.10 percent; other foreign countries, 1.03 percent.

The following table is a projection of the formula contained in the bill for the 4-year period covered by the bill, and shows the annual quotas and the cumulative total for foreign countries on the basis of the assumed increase in consumption of 135,000 tons per year:

Quotas under Sugar Act of 1948, as amended in 1956 [1]

[Short tons, raw value]

	1956	1957	1958	1959	1960	Total, 1957–60
Assumed requirements	8,535,000	8,670,000	8,805,000	8,940,000	9,075,000	35,490,000
Total, domestic areas	4,545,750	4,620,000	4,694,250	4,768,500	4,842,750	18,925,500
Total, foreign areas	3,989,250	4,050,000	4,110,750	4,171,500	4,232,250	16,564,500
Philippines	980,000	980,000	980,000	980,000	980,000	3,920,000
Total, Cuba and full-duty countries	3,009,250	3,070,000	3,130,750	3,191,500	3,252,250	12,644,500
Cuba	2,888,880	2,903,648	2,943,594	2,983,541	3,023,488	11,854,271
Full-duty countries	120,370	166,352	187,156	207,959	228,762	790,229
Peru	56,224	63,919	69,765	75,610	81,455	290,749
Mexico	12,394	27,579	34,464	41,349	48,234	151,626
Dominican Republic	29,892	45,320	52,002	58,685	65,367	221,374
Other countries	21,860	29,534	30,925	32,315	33,706	126,480
Nicaragua	8,472	9,837	10,613	11,387	12,162	43,999
Haiti	2,892	5,489	5,771	6,053	6,335	23,648
Costa Rica	[2] (1,084)	3,188	3,267	3,347	3,426	13,228
Formosa	[2] (1,114)	3,190	3,270	3,350	3,431	13,241
Netherlands	[2] (1,123)	3,223	3,317	3,411	3,504	13,455
Panama	[2] (1,114)	3,190	3,270	3,350	3,431	13,241
Belgium	[2] (182)	182	182	182	182	728
British Guiana	[2] (85)	85	85	85	85	340
Canada	[2] (631)	631	631	631	631	2,524
Hong Kong	[2] (3)	3	3	3	3	12
United Kingdom	[2] (516)	516	516	516	516	2,064
El Salvador [3]	4,478					

[1] 1955 requirements of 8,400,000 tons plus annual increments of 135,000 tons.
[2] Average 1953–54 charges shown for countries which do not have specific prorations in 1956.
[3] No charges against quotas since 1949.

In agreeing to the Senate provisions with respect to the method of distributing among domestic areas the first 188,000 tons of quota increase provided by the bill, the House conferees were motivated primarily by the urgent need of producers in the mainland cane and beet area for relief from the curtailment in production which has been required of them in the past 2 years. Although the bill does not direct the manner in which this first increase in domestic quotas is to be apportioned among producers, it is assumed that the Department of Agriculture will utilize these first quota increases insofar as practicable to relieve the distress of producers in these domestic areas.

Since enactment of the last previous extension of the Sugar Act, the Commonwealth of Puerto Rico and the Congress have adopted respectively the Constitution of the Commonwealth and the Puerto Rican Federal Relations Act. The committee of conference points out that Section 9 of such Act may be inconsistent with the proper operation of the sugar program in Puerto Rico and suggests that the Puerto Rico Legislature consider prompt action to resolve this possible conflict.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
T. G. ABERNETHY,
CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WILLIAM S. HILL,
Managers on the Part of the House.

Mr. POAGE. Mr. Speaker, I ask unanimous consent that any Members desiring to do so may extend their remarks at this point in the RECORD and that all others may have 5 legislative days in which to extend their remarks.

The SPEAKER pro tempore (Mr. McCORMACK). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOPE. Mr. Speaker, as far as I know there is no opposition to the conference report on H. R. 7030 to extend the Sugar Act of 1948. I think the bill agreed upon in conference is an improvement on both the House and Senate bills.

As agreed on in conference the bill gives domestic producers 55 percent of the increase in consumption and foreign producers 45 percent, thus restoring the traditional division which existed for a number of years prior to the act of 1948.

Domestic producers at present, both cane and beet, are ready and anxious to increase their production. Certainly foreign countries cannot object to going back to the provisions which began with the original Jones-Costigan Act and which continued until 1948 at which time domestic producers expressed their temporary willingness to accept a fixed quota in lieu of the original formula. The willingness of domestic producers to accept a fixed quota at that time was due in part to our inability to meet the production required under the previous formula and partly because it was felt that foreign areas, particularly Cuba, should be given an opportunity to adjust their wartime production to postwar levels without too much of a strain on their economy.

While there have been wide differences of opinion as to the basis on which the 45 percent of the increase going to foreign producers should be allocated, I believe that the provisions as worked out by the conference committee are as fair as can be devised and should be generally satisfactory to our foreign suppliers.

I therefore heartily favor the bill as set out in the conference report and hope that it will be accepted by both the House and Senate without opposition.

Mr. WOLVERTON. Mr. Speaker, the answers that have been given to the questions I have addressed to the gentleman from Texas [Mr. POAGE] indicate that under this conference bill, now before the House, Mexico will receive an increased allotment of sugar that may be exported into this country. The amount that it is entitled to export under present law is so small that it can hardly be considered as worth while when we consider the importance of Mexico in its relationship to our own country. And, while I am gratified that there has been an increase in Mexico's allotment above that which is now allowed, yet, even with this increase it is, in my opinion, much too low. I am strongly of the opinion that we have been very derelict in our treatment of Mexico in this matter of sugar allotment and also in many other matters that pertain to the welfare of Mexico, and all of which could have been to our mutual benefit.

In my opinion, it is highly important that we should recognize that Mexico has been, and now is, an ally of the United States. We should treat it as such whenever and in whatever way is within our power. I do not mean to infer that it is not our duty to maintain friendly and helpful relations with the other nations in this matter of sugar as well as in other matters. But, in no instance is there a greater obligation, nor, in my opinion, as great an obligation, as we owe to Mexico. There are many elements that upon consideration would certainly justify this statement. For instance, and, by way of illustration, it would be highly appropriate if serious consideration should be given to the following:

First. Mexico is the only country that can deliver sugar to the United States overland, an inestimable advantage for United States consumers, especially in times of emergency.

Second. During World War II the United States strictly rationed its sugar consumption. If Mexico is granted an appropriate United States quota, it will be able to contribute to the relief of any future emergency to the benefit of United States consumers.

Third. Mexico is the most secure source of sugar for the United States. During World War II, sea lanes were frequently cut off even from countries as close as Cuba.

Fourth. From fourth place in 1954, Mexico today has advanced to third place among the countries of the world as a buyer of United States products. In this respect Cuba occupies 8th place, Peru, 24th; and the Dominican Republic, 40th. These are the Latin American countries whose United States quotas are greatly in excess of Mexico's.

Fifth. Mexico's 1954 purchases in the United States amounted to $630 million.

This total exceeded Cuba's by $200 million; it also exceeded the combined totals of Cuba, Peru, and the Dominican Republic by $50 million.

Sixth. While Mexico purchased $630 million worth of United States products in 1954, the United States bought only $330 million worth of Mexican products. In other words, for each dollar the United States spent in Mexico, Mexico spent almost $2 in the United States. Mexico's unfavorable balance of trade with the United States is 10 times greater than the combined balances of Cuba, Peru, and the Dominican Republic.

Seventh. Mexico, the third largest purchaser of United States products in the entire world, and the first in all of Latin America, is buying $1.60 worth of United States products for each $1 worth of Mexican products bought by the United States. Furthermore, Mexico's sugar industry is buying more than $7 worth of United States products for each $1 worth of Mexican sugar bought by the United States. A reasonable increase in Mexico's sugar quota will help protect this valuable foreign trade, which contributes to the industrial and agricultural prosperity of each State.

According to the United States Bureau of Census the total purchases in 1954 by Mexico were $624,473,000.

In view of the facts I have given, it is amazing that there should be such a discrimination, or what seems to be discrimination, against Mexico in this matter of a sugar allotment. The committee is to be commended for its effort to increase the allotment for sugar. And, while it is too small, in my opinion, it nevertheless is an increase over the allotment allowed under the existing law. It is a step in the right direction. It gives hope that in the future we can expect a further increase. I hope that such will be the result and at no distant day.

Mr. BAUMHART. Mr. Speaker, it is with great pleasure that I support the conference report dealing with the extension of the Sugar Act of 1948. This provides that mainland beet and cane producers will share in the increased consumption of sugar, under a formula providing that the first 165,000 tons of increase will be divided 51.5 percent to the domestic beet area and 48.5 percent to the mainland cane area.

I am sure that the beet-sugar producers in northwestern Ohio will welcome enactment of this new policy. It will mean long overdue relief for this important agricultural group in the form of increased acreage for them after lean years of curtailed production.

Mr. GATHINGS. Mr. Speaker, charity begins at home. That philosophy has gone with me from my mother's knee to this very day. This conference report which is being considered today allocates 55 percent of the growth in United States sugar consumption to the domestic areas and 45 percent to Cuba and the high-duty countries. The domestic areas are entitled to this 5-percent additional allocation in the increased amount of sugar that will be consumed in the next 4 years as covered by this bill. The House passed a 50–50 division. The 55–45 agreement reached in conference will go a long way in alleviating the desperate situation which exists in the beet and cane areas in this country. These domestic growers have suffered cutbacks in acreage which should to a degree be restored. The acreage reduction taken by them is not as severe as the cotton, rice, and wheat farmers have had to assume, although it has been considerable. In the States where cane is grown the reduction in acreage has been about 18 percent. One of the main reasons for increasing the domestic quota of sugar is that there was an actual carryover of 396,000 tons over and above the quota that had been assigned to such area. Too, this sugar cannot be sold into channels of trade unless the domestic quota is increased. The excess quota sugar was built up due to the farmer applying more fertilizer on his crop as well as through better farming practices.

It is nothing but common justice that we allow the domestic growers of cane and beet sugar to have a shade of advantage over the foreign grower. The Senate bill carried this 55–45 ratio which was sustained by the conferees.

The conference report has given due regard and consideration to Cuba's need to maintain a sizable share of the nondomestic sugar quota. There is a reason for Cuba's acquiring and maintaining a goodly share of the increased consumption of sugar in the years that lie ahead. I am glad to have supported Cuba's interests as a member of the conference on this bill. Cuba is our friend. She is a good neighbor. She is deserving of our full support in the enactment of sugar legislation that is fair, equitable, and reasonable. This conference report deals more fairly with her than the House bill. Cuba is entitled in reality to even more liberal treatment than that contained in this report.

Out of the 6 million people who reside on the island, 500,000 are now unemployed. It has been necessary for the Government of Cuba to spend $100 million in public works in order to keep her people employed. Another thing that I would like to point out is that $676 million has been accumulated in balance of payments with the United States. This is due to the fact that Cuba imports more goods and services from the United States than the United States buys in sugar and other commodities from her. Another thing is that Cuban tourists spend more dollars in the United States than United States tourists spend in Cuba. One of the main reasons that the conference has agreed to give 94.75 percent of this 45 percent nondomestic quota of sugar to Cuba over the next 4 years is that she came to our rescue during the stress and strain of World War II. The then Secretary of Agriculture, CLINTON P. ANDERSON, went down to Cuba and begged for two crops of sugar to meet the needs of America at war as well as for the sustaining and maintenance of the economy at home.

At a risk of not being able to build up new markets for her sugar elsewhere, Cuba adhered to the urgent appeal of Secretary of Agriculture ANDERSON and agreed to turn over to the United States two full crops of sugar during the period of this horrible and disastrous war. Cuba sold us that sugar for about 4 cents per pound while the world price was 8 cents to 10 cents per pound. No doubt, she could have disposed of this sugar elsewhere at a higher figure. We are under moral obligation to Cuba to assure her of the major share of our business in sugar. Secretary ANDERSON speaking for the people of this Nation said to the officials of the Cuban Government:

> If you will help us out of this emergency, we will not forget you.

I believe that the conferees have in a great measure fulfilled this obligation, although I feel that it would have been wise and proper to have given Cuba even a larger share of this increased use of sugar that will be consumed by the people in this country. Our housewives during World War II cried out for sugar not only to meet ordinary daily family needs, but they were most anxious to obtain sugar for the canning of food, principally fruits. In addition, the bottlers of soft drinks were urging that they obtain a sufficient amount of sugar to carry on operations. These demands were in addition to the necessary sugar requirements of our armed services and allies. Yes, Cuba came to our aid when we needed her. She is a true friend.

The 4-year duration provision as contained in the House bill was adopted in conference as against the Senate 6-year extension. All in all, the conference report is meritorious, and I trust that the membership of the House will approve it.

Mr. HILL. Mr. Speaker, on July 30, 1955, this House passed H. R. 7030, revision and extension of the Sugar Act of 1948, by a vote of more than 4 to 1. Almost a year later we have H. R. 7030, as amended by the Senate and adjusted by the conference committee, before us for final action.

I urge the members to support this compromise bill to extend the Sugar Act of 1948 for 4 more years.

This conference report is, in my opinion, an excellent compromise. It continues one of our better farm programs. The main feature of the conference report is the return to the historic formula of dividing increase quotas caused by the increasing use and demand for sugar due to population growth.

The original Sugar Act of 1937 reserved 55.59 percent of this increasing consumption of sugar to domestic cane and beet areas. The Sugar Act of 1948 eliminated this provision. It provided that the allocation of increased consumption of sugar should be on the basis of 96 percent to Cuba and 4 percent to other foreign producers.

Prior to the enactment of the present law my home State of Colorado planted and harvested more than167,000 acres of sugar beets. After the fixed quotas of the 1948 act were applied, Colorado harvested 60,000 acres less than in 1947. For the past 2 years there has been a continued tightening of the quotas and a resulting drop in sugar-beet acreage. Under this bill domestic producers will once again be able to share in supplying the increasing demand for sugar.

Coupled with this return to the historic formula of dividing increased consumption the conferees adopted a provision of the Senate bill which would set aside the first 165,000 tons of increased quota to be divided between the sugar beet and cane growers of the continental United States. This will restore some of the recent acreage cuts.

The Secretary of Agriculture, I assume, will make the same provisions for allocating these increased quotas to domestic areas as he has done in the past.

The operation of the Sugar Act has been the most orderly and successful of all our agriculture programs. It is necessary to extend and improve this act to meet changing conditions. The conference committee adopted this report unanimously and I believe the House should accept these recommendations.

Mr. DIXON. Mr. Speaker, I rise in support of the conference report.

Our honored members of the conference committee are to be congratulated upon this splendid conference report. Their work has borne fruit because:

First. It gives greater sugar allotments to the domestic sugar beet and sugarcane industries.

Second. It takes nothing from present offshore allotments, but merely permits the domestic industry to enjoy 55 percent of the increase in consumption of our own country.

Third. It gives some increased allotment to Mexico, Peru, and the Dominican Republic, which countries give the United States so much of their trade by permitting them to share more equitably in supplying America's increased consumption needs.

Fourth. It diverts into the production of sugar, a commodity not in surplus supply in the United States, acreages now employed in producing surplus crops.

Fifth. It carries no appropriation of money. The sugar program supported by a very small excise tax on imported sugar has shown a profit of $312 million since it became effective in 1937.

For these and other reasons, I urge the adoption of the conference report.

Mr. THOMSON of Wyoming. Mr. Speaker, this is a moment for which the American farmers producing sugar have waited a long time—a much longer time than they should have been required to wait. I urge the immediate adoption of the conference report. It is a tremendous improvement over the bill that passed the House last July 30, almost a year ago. Those conferees and others who have supported these changes have shown a real understanding of the farm problem and a real concern for the American farmer and the American economy. They are to be congratulated.

Under the conference report the domestic producer will share to the extent of 55 percent—his historic basis—in the increased sugar consumption commencing next year. This reestablishes the principle that the American farmer producing sugar beets or cane sugar is to be permitted to share in the growth of America. The implications on the overall farm program are far broader.

That the American beet and sugar growers have had to wait too long is regrettable, to say the least. An increase in the tonnage allotment with a corresponding increase in acreage planted to sugar should have been granted this year. It seems to be pretty well established that our farm problem is one of surpluses and acreage restrictions. Here is a crop that we produce domestically only about one-half of what we consume. Land put into the production of sugar would have been taken out of the production of some other crop with a snowball effect to improve our general agricultural condition. Under other legislation, land is to be taken out of production at taxpayers expense. Here was an opportunity to put land into production to improve the farm economy and the general economy of the Nation. Let the record speak for itself. Myself, and several others, introduced bills early in the last session to accomplish this. Not until last July 30, on the eve of adjournment, was a bill presented to the House and acted upon. The Senate passed a bill in February 1956. Not until last Friday, May 11, did conferees meet. I repeat—it is regrettable that action was not taken in the time and in the form to have done some good this year.

I again call attention to the fact that we did not at any time propose to reduce the amount of sugar that Cuba or any other country had previously exported to this country. We merely asked that the American farmer be permitted to share in the growth of America by being allowed to share in the increased demand for sugar.

Some people would still attempt to confuse this with the price support programs on our so-called basic commodities. It is obvious to anyone that this is not such a price support program but is a control on the amount of imports which may come into this country. No one should object to that, particularly when we keep in mind that on some of the so-called basic crops we permit no import of competitive products and have been or are considering subsidizing the export of such commodities.

I again urge the immediate adoption of the conference report. Commencing in 1957, it will benefit not only our farmers who raise sugar but our general agricultural economy.

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

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

Mr. GROSS. Do I understand that this bill provides for increased production of domestic sugar?

Mr. POAGE. This bill gives to the domestic producers 55 percent of the market, which is more than they have been having; yes.

Mr. GROSS. So it does provide for increased production?

Mr. POAGE. Yes; it does.

Mr. GROSS. Increased acreage for sugar beets and so on and so forth?

Mr. POAGE. Yes.

Mr. GROSS. Does this have the approval of Ezra Benson?

Mr. POAGE. I did not ask Mr. Benson about it.

Mr. GROSS. I thank the gentleman.

Mr. POAGE. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this is the conference report on the recurring sugar bill. I think most of the membership are familiar with the fact that it becomes necessary from time to time to pass a sugar bill. We have been passing sugar bills for more than 20 years. It has been one of the agricultural programs that has worked very well.

This program actually supports sugar at 98 percent of parity for domestic producers. So those of us who have believed in high supports have felt that it had some special merit. This program supports sugar at a rather high level, a good deal higher than almost any other level of agricultural support in the United States.

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

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

Mr. GROSS. That is one of the reasons why I asked whether this bill has the support of the Secretary of Agriculture.

Mr. POAGE. Of course, the gentleman possibly is in a better position than I am to know the mind of the Secretary of Agriculture; but it is a program which most people of the United States have felt for some years worked reasonably well.

Mr. GROSS. Let me put it this way. The Secretary of Agriculture did not oppose the bill, then?

Mr. POAGE. He did not. As a matter of fact, the Secretary of Agriculture is definitely on record in favor of this kind of program for sugar and of a similar program for wool. But he is on record as being opposed to a similar program for almost anything else that I know of.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

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

Mr. HAYS of Ohio. At what percentage of parity is sugar supported?

Mr. POAGE. Ninety-eight percent.

Mr. HAYS of Ohio. And what is the percentage for wool?

Mr. POAGE. One hundred and six percent.

Mr. HAYS of Ohio. What are the two principal crops of the State of Utah?

Mr. POAGE. I do not live in Utah.

Mr. HAYS of Ohio. Are they not wool and sugar?

Mr. POAGE. I could not deny that.

But getting back to this bill, I think we have a reasonably well-worked-out program here if you accept the philosophy that we should extend to the domestic growers more than half of the market. Personally I have felt that the 50–50 division that we have long had between domestic and foreign growers was rather sound. While I do believe in supporting domestic production at a substantially high figure, I have never believed that you could support production on any crop with unlimited production. Consequently it was my own thought that we were making a mistake when we attempted in this report to provide as much acreage in the United States as the American farmers would use and then support the crop at 98 percent of parity. I have always thought that if we had a high support price we ought to accept some

restrictions in production, just as we do with all other commodities. But that philosophy was rejected by a majority of the conferees so that this bill does provide for an increase in the acreage for American producers.

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

Mr. POAGE. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. Would the gentleman inform me what was done by the conferees with respect to the allowance that was granted by the House to Mexico for sugar?

Mr. POAGE. Yes. I have just mentioned the increase in the domestic production. That leaves only 45 percent of the increase for foreign nations. It leaves them with what they now have plus 45 percent of the increase in sugar consumption. Mexico had practically nothing to start with. We increased the allowance to Mexico so that Mexico gets a little more than 5 percent of the total increase.

Let me give the rest of the figures: 29.59 percent of the total increase goes to Cuba; 4.33 percent goes to Peru; 4.95 percent goes to the Dominican Republic; 5.1 percent goes to Mexico. All others get 1.03 percent of the total increase.

Mr. WOLVERTON. I take it from what the gentleman has said that it is an increase of the allowance to Mexico?

Mr. POAGE. It is a larger percentage increase, I believe, than to any other foreign country.

Mr. WOLVERTON. I am gratified to note that because I think there are reasons why Mexico would be justified in expecting a larger percentage than it has formerly had.

Mr. POAGE. The committee felt that due to the geographical location and the possibility of supplying the United States no matter what happened to the sea lanes it was well to give special consideration to Mexico.

Mr. WOLVERTON. In addition, there is no country in Central and South America that trades with us to the extent that Mexico does.

Mr. POAGE. That is correct, although I believe it was shown that the Dominican Republic buys more from the United States in proportion to what we buy from them than any sugar-producing country. The only other thing that I think is noteworthy in this report is that this extends the Sugar Act for 4 years. That was the House figure. I believe that is all there was in dispute between the House and the Senate.

The SPEAKER pro tempore (Mr. McCORMACK). The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

REPUBLICAN CURTAILMENT OF MAIL SERVICE TO RURAL PATRONS

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

The SPEAKER pro tempore (Mr. McCORMACK). Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PRESTON. Mr. Speaker, I rise to invite the attention of this body once again to the shameful curtailment of mail service to the rural citizens of this country. The claim is made that small post offices have been closed, rural carrier service curtailed, and rural mail service generally rendered inconvenient and inadequate because of alleged savings. I shall demonstrate that these so-called savings are minute in the extreme while the destruction of adequate rural mail service has been devastating to millions of our rural citizens.

In testimony before the Appropriations Subcommittee considering the 1957 budget, Mr. Norman R. Abrams stated:

> The discontinuance of small post offices has continued. We discontinue small post offices whenever we can do it and give equally good or better service with economy being shown. We have to date closed 3,048 post offices up to December 31 of this year from January 20, 1953, with savings of about $4,267,000.

Mr. Speaker, here we have the admission, nay the boast, that literally millions of rural citizens have had their mail service curtailed at a savings to the Post Office Department that is so small as to be negligible.

As to the claim that "equally good or better service" is given the patrons of the discontinued post office, this is absurd. Every Member of this House knows from his own constituents that the service substituted is practically never commensurate with that offered by the small post offices.

But let us consider the so-called savings effected by the hardships on our rural citizens. Mr. Abrams says that $4,267,000 have been saved.

Now, what is the budget of the Post Office Department for 1957? The 1957 budget is $3 billion.

Mr. Speaker, the Post Office Department has with deliberate premeditation worked untold hardship on millions of our rural citizens at a savings of less than two-tenths of 1 percent of its budget.

The Post Office Department is spending 3 billions of dollars. Yet it has deprived millions of our citizens of adequate mail service at a total saving over a period of 3 years of a little more than one-tenth of 1 percent of our budget.

The so-called saving of slightly more than $4 million in a total budget of $3 billion is being made at the cost of hardship on millions of our rural citizens.

We know what this Republican administration has done to farmers in the matter of lowering their income by billions of dollars. The closing of thousands of rural post offices at an infinitesimal saving seems additional evidence of the Eisenhower administration's determination to grind down our rural population to the status of second-class citizens.

FOREIGN AID COSTS

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

The SPEAKER pro tempore (Mr. McCORMACK). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Speaker, as the time draws near for our annual debate on the global giveaway program, it seems to me that we may understand it better if we can relate it to some local issue.

Such an issue was a proposal for $1,306,000 in new school bonds that appeared on the ballot in Plain Township, Ohio, last week, and failed to pass. The money was to be used to complete Plain Township high school, to add 12 classrooms to another school, and to build a new junior high school. I feel that the voters probably recognize a need for these schools and want to build them. I think that if there is any one reason for defeat of the bond issue, it is the fact that citizens generally feel they are overburdened with taxes and they are unwilling to add to that burden no matter how desirable the purpose.

I mention this because my computation shows that the cost of the new foreign-aid program for the citizens of Plain Township is almost the same as the amount of their bond issue. My analysis indicates that $1,352,312 of the Federal taxes collected from the people of Plain Township would be used as their share of the $4.9 billion foreign-aid program now before us.

The margin by which these citizens defeated the bond issue was very narrow.

If they had an opportunity to vote on foreign aid, I think they would vote "No" by an overwhelming majority.

If we could reduce Federal taxes by the amount these good Americans must now pay for our worldwide WPA, there would be little doubt about their willingness and ability to support local schools.

Similar comparisons could be made for any of our communities, and I think they should be in order to give an understanding of just what these vast amounts really mean.

I am told that the total cost of foreign aid since the end of World War II is about $57½ billion. Since Ohio contributes 6.36 percent of total Federal revenue this means Ohio people have a heavier per capita load than Americans generally.

While the national per capita cost of foreign aid for the past decade is about $380, the per capita cost based on Ohio's actual contribution to Federal income is $459.44 for every man, woman and child in our State. Based on the last census, we have contributed over $3½ billion to foreign aid. The 16th Congressional District has sent $189 million to foreign lands.

On the same basis, each Ohio resident is now asked to contribute an additional $39.21 for the new aid program. I should not have said "asked." Unless Congress reverses its record of the past several years, it will simply be taken from them, over my protest.

The new proposal means a drain of $11 million on Stark County, nearly $3 million from Tuscarawas, and over $2 million from Wayne County.

We are facing a taxpayers revolt in this country. The most common topic of conversation, the most frequent complaint in congressional correspondence is about high taxes. The defeat and near defeat of bond issues all over the Nation this spring is a symptom of public

sentiment on this subject. The people are critical of extravagance in Government at every level, from the school district to the Federal Government. And, they are particularly critical of the continued flow of American tax dollars abroad. I hope that this sentiment has made itself felt in Washington this spring, and that the Congress will not again acquiesce, almost without objection, to the tremendous outlay required for continued foreign aid.

Mr. Speaker, the following are the facts. I submit them for study:

Foreign aid costs, 16th District, Ohio (based on 1950 census): New proposal, $4,900,000,000.

Stark County:	
Alliance	$1,025,772
Beach City	36,857
Brewster	63,441
Canal Fulton	49,346
Canton	4,574,119
East Canton	39,249
Louisville	149,037
Massillon	1,160,390
Minerva	128,608
Navarre	69,127
North Canton	161,094
Waynesburg	49,326
Wilmot	13,900
Total urban [1]	7,911,480
Total rural	3,192,556
Total county	11,104,036
Tuscarawas County:	
Baltic	19,320
Barnhill	15,391
Bolivar	30,427
Dennison	175,761
Dover	375,711
Gnadenhutten	35,082
Midvale	24,493
Mineral City	32,585
Newcomerstown	178,795
New Philadelphia	508,891
Parral	7,832
Port Washington	20,155
Roswell	10,595
Shanesville	18,222
Stone Creek	8,954
Strasburg	53,586
Sugarcreek	34,857
Tuscarawas	27,447
Uhrichsville	260,402
Zoar	7,962
Total urban [1]	1,504,095
Total rural	1,253,151
Total county	2,757,247
Wayne County:	
Apple Creek	21,505
Burbank	15,429
Congress	7,293
Creston	50,993
Dalton	36,780
Doylestown	53,267
Fredericksburg	20,271
Marshallville	17,979
Mount Eaton	8,079
Orrville	202,311
Rittman	149,590
Shreve	50,583
Smithville	29,603
West Salem	33,726
Wooster	550,936
Total urban [1]	898,575
Total rural	1,302,679
Total county	2,201,254
Total, 16th District	16,062,538

[1] Cities and villages listed do not total the county urban figure inasmuch as many of the villages listed are classified rural by the Census Bureau.

Total foreign aid since 1945	$57,406,403,019.00
Ohio share (6.36 percent)	3,651,047,231.00
National per capita	381.60
Ohio per capita	459.44
New aid proposal	4,900,000,000.00
Ohio share	311,640,000.00
National per capita	32.51
Ohio per capita	39.21
Total foreign aid, 1945–55, for 16th Congressional District:	
Stark	$130,110,651.36
Tuscarawas	32,307,870.80
Wayne	26,976,479.04
Total	189,394,991.20
Per capita, Federal taxes	487.00
Per capita, Ohio State taxes	66.99

MASS TRANSPORTATION IN THE DISTRICT OF COLUMBIA

Mr. PRIEST. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 8901) to provide for an adequate and economically sound transportation system or systems to serve the District of Columbia and its environs; to create and establish a public body corporate with powers to carry out the provisions of this act; and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 8901, with Mr. KELLEY of Pennsylvania in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Tennessee [Mr. PRIEST] had 17 minutes remaining of the general debate and the gentleman from California [Mr. HINSHAW] had 19 minutes remaining.

The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Chairman, I appreciate the consideration and I know the pressure upon the Committee for time. Consequently, I am not going to do something that I intend to do under the 5-minute rule. At that time I shall propound two parliamentary inquiries as to whether a substitute will be in order—I understand it will not be unless the committee substitute is voted down—and whether a motion to recommit with instructions will be in order. I understand only a general motion will be in order. However, I expect to obtain formal rulings as soon as we start to read the bill for amendment.

Time being limited as it is, I also intend to discuss certain other features of this bill during consideration under the 5-minute rule as far as I have the opportunity to do so.

There are some things I should like to say to the Members, certainly to those present. You and I all know that the gentleman from New York [Mr. KLEIN] was eminently right yesterday when he said that this was a perfect illustration of what Congress ought not to be having to do, that we have been occupying our time now for two afternoons at some heavy expense to the taxpayers, for whom some sympathy has been expressed, doing what ought to be done by a city council and what would have been done by a city council in any one of our districts. But I will deal with that a little bit more fully later.

What I want to do now is to comment on and quote two brief sentences that are in the RECORD of yesterday. Those sentences, in my opinion, crystallize the whole situation that is before us this afternoon. The gentleman from Ohio [Mr. BROWN], an honored, former member of the Committee on Interstate and Foreign Commerce, and now, as we all know, a ranking member of the Committee on Rules, made it clear to the few people who were assembled here yesterday afternoon that he did not vote for the rule. I want to quote the two sentences from what he said yesterday:

> If we do this, it will be the silliest, most asinine and stupid action I have ever seen a legislative body take. I just do not like to be in a position, as a Member of the Congress, of permitting Mr. Wolfson or any of his group to make a fool out of either me or any other Member of Congress.

I underline and emphasize every single one of those words because that is exactly what will be the situation if that happens.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I shall be glad to yield, but, first, Mr. Chairman, I make the point of order at this time that a quorum is not present.

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

The time of the gentleman from Massachusetts has expired.

Mr. HESELTON. Mr. Chairman, will the gentleman from California yield me 1 more minute.

Mr. HINSHAW. Mr. Chairman, I yield the gentleman 1 more minute.

Mr. HESELTON. I yield to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. I rise, inasmuch as the gentleman mentioned my name, to ask him if he can tell this committee the amount of profits or dividends that have been taken out of the Capital Transit Co. funds thus far by the operating group.

Mr. HESELTON. Since 1949, according to the public records of the District of Columbia, something like 339 percent.

Mr. BROWN of Ohio. And if this franchise, which was canceled by the Congress, is reinstated, then would not the present operating group have an operating franchise to sell as well as their equipment?

Mr. HESELTON. Without the slightest question. It is in the hearings. Mr. Broadwater was asked if they did not have about the same control now, and he said they did.

Mr. BROWN of Ohio. I would like to ask the gentleman one other question. Congress granted the original franchise; did it not?

Mr. HESELTON. That is correct.

Mr. BROWN of Ohio. Congress took away that franchise; did it not?

Mr. HESELTON. That is correct.

Mr. BROWN of Ohio. Congress took away the franchise effective, as I believe, next August 14.

Mr. HESELTON. Yes, without a dissenting vote.

Mr. BROWN of Ohio. And such was done at the request of the same people who are now asking us to pass this bill to restore the franchise. Let me ask the gentleman if this same Congress could not give an entirely new franchise to the Bell group, who want to form a free enterprise operation, with such a new franchise effective 1 minute after this present franchise expires?

Mr. HESELTON. There is not the slightest question about that—if we knew what the Bell group was going to do, but we do not know and cannot know before we have to vote this afternoon.

Mr. BROWN of Ohio. In view of those facts, do you not believe it would be the better part of wisdom and judgment if this bill were referred back to the committee for further study in order to give an opportunity to the Bell group to negotiate for the purchase, not of the franchise, but of the present company's operating equipment?

Mr. HESELTON. I do, and that will be the basis of the motion to recommit, which I shall offer.

Mr. BROWN of Ohio. If this franchise is not extended, the present operating group will be compelled, under the provisions of the expiring franchise, to tear up the tracks and rebuild the streets of the District of Columbia, and, of course, to sell its operating equipment to someone?

Mr. HESELTON. So I understand. If others want to see the RECORD, look at page 8289, where the gentleman from Ohio [Mr. BROWN] made that clear beyond question yesterday. Just turn to yesterday's RECORD, pages 8283 and 8289.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. HESELTON] has expired.

Mr. PRIEST. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. FLYNT], a member of the subcommittee.

Mr. FLYNT. I yield to the gentleman from California.

Mr. ROOSEVELT. Mr. Chairman, I want to make it clear that because of official business I shall not be able to be here if there is a record vote. If I were here I would vote against the bill and would vote for the substitute offered by the gentleman from Massachusetts [Mr. HESELTON].

Mr. FLYNT. Mr. Chairman, as a member of the subcommittee which drafted this substitute to H. R. 8901, I think it is necessary to correct a few statements made yesterday during general debate and during the discussion on the rule.

In the first place, it was stated by at least 1 Member, and I believe by more than 1, that when a similar bill was considered last year by the Congress, in the House of Representatives, there was not a dissenting vote. Mr. Chairman, the RECORD shows otherwise. On a similar bill the RECORD rollcall vote, No. 144, on the 1st day of August 1955, shows that the vote was divided 215 on one side and 150 on the other.

Mr. HESELTON. Will the gentleman yield?

Mr. FLYNT. I yield.

Mr. HESELTON. Was that not on a vote on a motion to suspend the rules and pass the bill, which was turned down, and the next day the bill was passed without a dissenting vote?

Mr. FLYNT. That was on a motion to suspend the rules, which was the only rollcall vote taken on this measure at the last session in this body. It failed to receive the necessary two-thirds, and was taken up the next day again. There was a motion to recommit, which preceded the vote on final action, and the RECORD of the 2d of August 1955 shows that there were votes in support of the motion to recommit. My recollection is, and I have confirmed it by conversation with other Members, that on final passage there were many Members of this body on both sides of the aisle who voted "no" on final passage, even though there was not either a rollcall or a vote by division.

In the second place, I think it is worthy of note, all 11 members of the subcommittee which drafted this substitute went into consideration of this measure with a fair and impartial and open mind. There was not a single member of this subcommittee—indeed, there was not a single member of the Committee on Interstate and Foreign Commerce—who held any brief for or against any group or interest which had been parties to either side of this controversy. As a Member of this body, I resent, with every ounce of strength I have, the implication made in the other body that there was some ulterior motive in bringing this bill to the floor of the House. Those of us who served on this subcommittee had but one thing in mind, and that was to come forward with a bill that would provide mass transportation for the metropolitan area of the District of Columbia on the 15th day of August, 1956, and at the lowest possible cost to those who ride and to those who pay the taxes, alike. It is our considered judgment and our sincere belief that we have come forward with the only measure which will insure mass transportation after August 14, 1956. From the statements contained in the copy of the hearings, and which are reflected in the committee report on this bill, it would not have been physically and humanly possible for any private company or group other than the Capital Transit Co. to come forward with any method of mass transportation by August 14, 1956. It was also equally clear that it would have been impossible to set up the mechanics and the machinery for the operation of a public authority such as has been proposed by the other body.

The questions are purely and simply these: First of all, do you want a privately operated transit system in the District of Columbia? Or do you want public ownership of the transit system in the Nation's Capital?

Second, do you want any mass transportation at all in the District of Columbia on August 15, 1956.

Under all the testimony from the District Commissioners, from the Public Utility Commissioners of the District of Columbia, indeed, from every representative of every group, from every witness who appeared before our committee, the only possible way we can provide mass transportation to the people who live in this area after this franchise expires is by the adoption of H. R. 8901 and its being agreed to by the conferees of this body and the other body.

We of the committee have gone into this matter just as thoroughly as we could. This committee brings this bill before you and urges you to support it in order to make mass transportation possible after August 14, 1956, in the District of Columbia.

Mr. PRIEST. Mr. Chairman, I yield to the distinguished chairman of the Committee on the District of Columbia, the gentleman from South Carolina [Mr. MCMILLAN], 5 minutes

Mr. MCMILLAN. Mr. Chairman, I am delighted to have this opportunity to speak a few minutes on this important bill we have before us here today. I first want to congratulate the members of the Committee on Interstate and Foreign Commerce for the fine work they have done in preparing and reporting this bill to the floor of the House. They have given very generously of their valuable time in trying to settle this tough and very important problem.

I believe every person here who thinks twice will agree with me when I say that if we do not pass this bill the people who ride mass transportation in Washington will be walking after August 14.

Let me say that my committee held extensive hearings for almost a month last year on an almost identical bill, and we came up with almost the same conclusion the Interstate and Foreign Commerce Committee has in this bill. There has been a lot of talk about sending this bill back to the committee for further study. However, I have not heard anyone say how the committee could settle the problem if we sent the bill back to them.

I would dislike very much to have to go back to my district and tell my constituents that I dipped down into the Treasury of the Federal Government for $25 million to finance the operation of a transit system here in Washington. I certainly would not want any opponent to oppose me on any such vote as that or any such suggestion as taking the taxpayers' money and setting up a public transit authority in the city of Washington when we have a private operator who is doing a good job here in the city at the present time.

The District Commissioners testified before my committee to the effect that the transit company here was rendering efficient and good service; and what more can the Congress ask of any company?

So far as Mr. Wolfson is concerned, I have never seen him but once; but I do know that the transit officials here in Washington have been doing a good job, and that is all I care about.

There has been much emphasis placed on the vote last year. The bill we passed in the House last year did not even carry a provision canceling the franchise of the Capital Transit Co. The House conferees when we met with the conferees of the Senate adopted the Senate provision canceling the franchise.

I did not sign the conference report because I thought we would be right back here today as we are if we did adopt any such idea as canceling the franchise when we had no logical reason and when we did not have any operator ready and able to purchase the franchise or company at that time.

We have heard much talk about Congress being made to look silly, by being led down the road. Now, you can take your choice of being led down the road by the Congress or you can be led down the road by the Washington Post; you can take your choice. My good friend the gentleman from Virginia [Mr. BROYHILL] and I spent altogether 40 hours last year meeting with union and company officials. We had excellent cooperation from the Capital Transit Co. officials while the union people would not agree to 1 thing or 1 offer made by the Capital Transit officials.

At this time I should tell you, Mr. Chairman, it is my opinion this matter would never have come before the Congress and there never would have been a strike if the Public Utilities Commission had properly and promptly performed the functions it is supposed to perform here in the District of Columbia. They expected the Transit Co. to increase the wages of the union employees without rearranging or adjusting their fares. I do not think any company that is operating a business or has any business sense at all would promise to grant an increase in wages to its employees unless it first knew where it was going to get the money to pay the additional expense. That is where this trouble we have today began. It lies on the doorsteps of the Public Utilities Commission.

Then we were promised by certain people on the other side of the Congress and the Commissioners that there were several purchasers ready to buy the Transit Co. immediately upon passage of the bill calling for cancellation of the Capital Transit franchise.

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

Mr. McMILLAN. I yield to the gentleman from Florida.

Mr. HALEY. Is it not true also that the management said it recognized the right of labor to have an increase but where were the revenues coming from at that time?

Mr. McMILLAN. That is absolutely true. The lawyer representing the union said he did not care where the funds came from, that was not a concern of his, they wanted the salary increase notwithstanding.

Mr. Chairman, as a part of my remarks I include the following letters and papers:

DUPONT CITIZENS ASSOCIATION,
Washington, D. C., March 21, 1956.

CLERK OF THE HOUSE DISTRICT COMMITTEE,
House of Representatives,
Washington, D. C.

DEAR SIRS: The following resolution was passed by the Dupont Circle Citizens Association at their regular monthly meeting on March 5, 1956.

"1. That it reiterates its opposition to the precipitous decision to abandon all street car operations in the District of Columbia and its environs;

"2. That it strongly urges the District of Columbia and Public Utilities Commissioners to hold public hearings on the preference of riders as between street cars and buses; and

"3. That it recommends that the District of Columbia and Public Utilities Commissioners make an objective study of relative costs and merits of street cars and buses, including, but not limited to, such pertinent factors as the possible use of some street car facilities in connection with the ultimate need of Washington for a rapid transit system; the trend of fuel costs; the probable increase in street maintenance costs if an all-bus system is instituted; the comparative accident experience of the two types of vehicles; and the influence on the public health of the noxious fumes and gases emmitted by buses; and be it further

"*Resolved,* That copies of this report and resolution be sent to the District Commissioners, the Public Utility Commissioners, each member of the clerks of the House and Senate District Committees, and the Capital Transit Co."

ELIZABETH P. REYNOLDS,
Recording Secretary of the Dupont Circle Citizens Association.

FEDERATION OF CITIZENS ASSOCIATIONS OF THE DISTRICT OF COLUMBIA,
Washington, D. C., April 8, 1956.

Hon. OREN HARRIS,
Chairman, Subcommittee Considering District of Columbia Transit Interstate and Foreign Commerce Committee, United States House of Representatives, Washington, D. C.

DEAR MR. HARRIS: Enclosed is a copy of a resolution adopted at the regular meeting of the Federation of Citizens Associations last night and bearing on the local transit situation. To our knowledge, our proposal has not been considered to date or at least no publicity has been given any suggestion that any renewal of the Capital Transit Co. franchise be for only a limited period.

Our Public Utilities Committee is unanimously opposed to renewal of the franchise on the basis of company proposals—no PUC regulation, charges for transfers (since a transfer is required to get downtown from some sections but not from others), elimination of special school fares, etc.

We hope that your committee will give serious consideration to our proposal which, we believe, would be a satisfactory solution to our local transportation problem until such time as recommendations of the official committee studying transportation from the metropolitan area viewpoint can be implemented.

Very sincerely yours,
MABEL E. MORRIS
Mrs. Edward B. Morris,
Secretary.

FEDERATION OF CITIZENS ASSOCIATIONS OF THE DISTRICT OF COLUMBIA RESOLUTION

Whereas it is evident that some definite provision must be made very soon for continuation of mass transit in the District of Columbia after August 14, 1956;

Whereas no applicant has appeared who seems fit, willing, and able to become a successor to the Capital Transit Co.;

Whereas for this reason, Congressmen McMILLAN and BROYHILL have introduced bills (H. R. 9977 and H. R. 9978) to restore the franchise of the Capital Transit Co.;

Whereas these bills contain many detailed provisions which are adverse to the interests of the citizens of the District of Columbia;

Whereas such bills also ignore, and may be prejudicial to, the results of the areawide mass transportation survey provided for by the Congress, due to issue in about a year; and

Whereas there have been proposed many and varied solutions to the present impasse: Therefore be it

Resolved by the Federation of Citizens Associations of the District of Columbia at its regular meeting on April 7, 1956:

(1) That, in the absence of any practical alternative, it would be in the public interest to restore the franchise of the Capital Transit Co.;

(2) That such restored franchise should be subject to substantially the same statutory and administrative regulation and control which were in effect prior to August 15, 1955, with the exception of the terms of taxation, concerning which some relief to the Company appears to be justified;

(3) That such restored franchise be limited, however, to a 5-year period, so that the Congress and the District authorities can take into consideration the results of the above-cited mass transportation survey before any permanent commitments are made regarding transit service in the District of Columbia; and be it further

Resolved, That copies of this resolution be sent to the District Commissioners; the Public Utilities Commission; the Chairmen of the Senate and House Committees on the District of Columbia, and the House Committee on Foreign and Interstate Commerce; the National Capital Planning Commission; and the Capital Transit Co.

LINCOLN PARK CITIZENS' ASSOCIATION OF WASHINGTON, D. C.,
April 18, 1956.

CHAIRMAN, DISTRICT COMMITTEE,
House of Representatives,
Washington, D. C.

DEAR SIR: It is evident that some provision must be made soon to provide for continuation of mass transportation in Washington, D. C., after August 1956 and, since no applicant has appeared who seems to be fit, willing, and financially able to become a successor to the Capital Transit Co., two bills have been introduced in the United States Congress to restore the franchise to that company.

The Congress has also provided for a survey of mass transportation and none of the many and varied solutions have materialized.

In view of the transportation situation, the Lincoln Park Citizens' Association at a regular meeting on April 16, 1956, unanimously agreed that, in the absence of any alternative, it would be in the public interest to restore the franchise of the Capital Transit Co., subject to approximately the same regulation and control in effect in the past, with the exception of the exemption of certain taxes which have been offered other prospective companies.

Very truly yours,
J. WATSON FLANNAGAN,
President, Lincoln Park Citizens' Association.

(Copy to Senate District Committee; House Committee on Interstate Commerce; Public Utilities Commission; Board of Commissioners, District of Columbia; Capital Transit Co.)

FORT DAVIS CITIZENS' ASSOCIATION,
SOUTHEAST WASHINGTON, D. C.,
Washington, D. C., February 27, 1956.

Mr. WILLIAM N. MCLEOD, Jr.,
Clerk, House District of Columbia Committee, House Office Building, Washington, D. C.

DEAR SIR: The Fort Davis Citizens' Association in regular meeting on February 20, 1956, voted unanimously to pass the resolution, a copy of which is attached.

Sincerely yours,
HATTIE S. CARAWAY,
Mrs. John D. Caraway, Jr.,
Secretary.

RESOLUTION

Be it resolved by the Fort Davis Citizens' Association, in regular meeting this 20th day of February 1956:

(1) That it deplores the irrevocable decision to abandon all streetcar operations in the District of Columbia and its environs;

(2) That it urges the District of Columbia and Public Utilities Commissioners to hold public hearings on the preference of riders as between streetcars and buses; and

(3) That it recommends that decisions to continue or abandon service by streetcars on individual lines be arrived at only after competent traffic studies have been made by impartial experts respecting considerations of passenger cost and adequacy of service to the public; and be it further

Resolved, That a copy of this resolution be sent to the District Commissioners, the Public Utility Commissioners, and the clerks of the House and Senate District Committees.

WASHINGTON, D. C., *February 12, 1956.*

Hon. JOHN MCMILLAN, *Chairman,*
Committee for the District of Columbia, United States House of Representatives, House Office Building, Washington, D. C.

DEAR SIR: It is my privilege and honor to forward the enclosed three resolutions relative to our local transportation problem for the consideration of your committee. I apologize for the delay in sending these resolutions to your group.

Sincerely yours,
JOHN P. DODGE, *Secretary, Citizens Transit Improvement Association.*

RESOLUTION

Resolved, That the Citizens Transit Improvement Association urgently request the Congress of the United States to enact immediate legislation that will make possible the speedy establishment of a statutory authority, if such authority be found necessary or desirable, to assure adequate local, public transportation service after August 14, 1956; and be it further

Resolved, That Congress be urged to grant such an authority the right to operate a transit service, subject to regulation by the Interstate Commerce Commission, in the District of Columbia and in any territory contiguous to the District where appropriate State governing bodies request or approve such service; and be it further

Resolved, That copies of this resolution be sent to the Committee for the District of Columbia of the United States Senate and the United States House of Representatives, and to the Governors of the Commonwealth of Virginia and the State of Maryland.

The above resolution was passed by the vote of our membership at the January 27, 1956, meeting of the Citizens Transit Improvement Association.

JOHN P. DODGE, *Secretary, Citizens Transit Improvement Association.*

RESOLUTION

Resolved, That the Citizens Transit Improvement Association urge the Congress of the United States to authorize the President after August 14, 1956, by Executive order, in the same general manner previously employed in coal, steel, and railroad strike emergencies, to direct the Public Utilities Commission of the District of Columbia (or other agency as designated) to seize and operate the facilities of any privately owned company engaged in furnishing local bus or street railway transportation in or into the District of Columbia, if, at any time, service by such company shall be terminated by strike, riot, refusal to render service, or termination of its franchise, such operation to continue only so long as the emergency exists and until normal service or service by a successor-operator is available to the public; further

Resolved, That the Citizens Transit Improvement Association urge the Commissioners of the District of Columbia and the Public Utilities Commission of the District of Columbia to seek and help prepare such legislation, and that copies of this resolution be sent to the Committees for the District of Columbia of the United States Senate and the United States House of Representatives, to the Commissioners of the District of Columbia, and to the Public Utilities Commission of the District of Columbia.

The above resolution was passed by the vote of our membership at the January 27, 1956, meeting of the Citizens Transit Improvement Association.

JOHN P. DODGE,
Secretary, Citizens Transit Improvement Association.

RESOLUTION

Resolved, That the Citizens Transit Improvement Association urge the Congress of the United States to enact without delay such legislation as may be required to enable the District of Columbia or any transit authority created by Congress to seize by condemnation proceedings any local property which may be needed to facilitate and assure adequate transit service in Washington after August 14, 1956; and further be it

Resolved, That copies of this resolution be sent to the Committees on the District of Columbia, of the United States Senate, and the United States House of Representatives, and to the Commissioners of the District of Columbia.

The above resolution was passed by the vote of our membership at the January 27, 1956, meeting of the Citizens Transit Improvement Association.

JOHN P. DODGE,
Secretary, Citizens Transit Improvement Association.

CATHEDRAL HEIGHTS-CLEVELAND
PARK CITIZENS' ASSOCIATION,
Washington, D. C., February 28, 1956.

Mr. WILLIAM N. MCLEOD,
Clerk, House District Committee, Washington, D. C.

DEAR MR. MCLEOD: The accompanying resolution was unanimously adopted at a meeting of the above-named association held on February 21, 1956, and I was directed to request your earnest consideration of the proposals it contains.

Yours very truly,
E. L. FLORANCE, *Secretary.*

RESOLUTION

Be it resolved by the Cathedral Heights-Cleveland Park Citizens' Association, in regular meeting this 21st day of February, 1956:

(1) That it reiterates its opposition to the precipitous and irrevocable decision to abandon all street car operations in the District of Columbia and its environs;

(2) That it strongly urges the District of Columbia and Public Utility Commissioners to hold public hearings on the preference of riders as between street cars and buses; and

(3) That is recommends that the District of Columbia and Public Utility Commissioners make an objective study of relative costs and merits of street cars and buses, including, but not limited to, such pertinent factors as the possible use of some street car facilities in connection with the ultimate need of Washington for a rapid transit system; the trend of fuel costs; the probable increase in street maintenance costs if an all-bus system is instituted; the comparative accident experience of the two types of vehicles; and the influence on the public health of the noxious fumes and gases emitted by buses; and be it further

Resolved, That copies of this report and resolution be sent to the District Commissioners, the Public Utility Commissioners, each member and the clerks of the House and Senate District Committees, and the Capital Transit Co.

Resolution unanimously voted February 21, 1956.

E. L. FLORANCE,
Secretary, Cathedral Heights-Cleveland Park Citizens' Association.

WASHINGTON HIGHLANDS CITIZENS' ASSOCIATION,
Washington, D. C., January 24, 1956.

The Honorable JOHN L. MCMILLAN,
Chairman, House District Committee, United States House of Representatives, Washington, D. C.

HONORABLE SIR: The Washington Highlands Citizens' Association at its regular January meeting approved a motion stating that it is the opinion of this body that a privately owned and operated transit system for the District of Columbia is preferable to a publicly owned and operated transit system and that the Public Utilities Commission should not preclude the possibility of private ownership but rather diligently keep looking for other qualified private owners willing and able to operate a transit system in the District of Columbia. It is further suggested that the franchise be offered back to the Capital Transit Co. with the same franchise concessions as the Commissioners for the District of Columbia offered the Tydings group.

Sincerely yours,
CHARLES W. PRICE,
Corresponding Secretary.

REPORT AND RESOLUTION OFFERED BY ITS PUBLIC UTILITIES COMMITTEE TO THE DISTRICT OF COLUMBIA FEDERATION OF CITIZENS ASSOCIATIONS IN MEETING ASSEMBLED SATURDAY, FEBRUARY 18, 1956, IN RE KEEP THE STREETCARS

REPORT

Previous resolution

At its meeting of Saturday, October 1, 1955, the Federation passed a unanimous resolution opposing any precipitous and irrevocable decision to abandon all streetcars in the District of Columbia and its environs. This resolution was based upon similar actions taken by several of our member bodies. Upon passage by the Federation, copies of the resolution were sent to each District and Public Utilities Commissioner, each member and clerk of the House and Senate District Committees, and to the Capital Transit Co.

No response

Although one Commissioner advised the Secretary of the Federation that the authorities would answer its resolution, no such response has yet been received.

Commissioners continue antistreetcar remarks

In the period since passage of the resolution mentioned above, the District of Co-

lumbia authorities have continued to voice the opinion that the streetcars must go. On January 26, Commissioner Lane was quoted as saying "Buses are cheaper to run. The economics of the situation is as clear as that." On February 6, in a talk to one of our member bodies, Commissioner McLaughlin affirmed that "it costs 40 percent more to run streetcars than buses" and that streetcars "put traffic in a straitjacket." Mr. McLaughlin also said that one of the reasons for the proposed streetcar abandonment is that many other cities are getting rid of streetcars.

On February 13, Commissioner Spencer asserted before a women's organization, that "There is a difference of some 50 percent in the cost of operating the two types of vehicles."

Reasons for this report

With constant repetition since last October of these and similar statements, your committee was much concerned that it had been in error in proposing the previous resolution to the Federation. Hence, it undertook to investigate the matter further, and this report is to advise the Federation of its findings.

Findings as to economy

The committee undertook initially, through a member of the Federation, to inquire of one of the Commissioners as to the basis of his claim that buses are more economical than streetcars. The Commissioner advised that his views were expressed by the data on pages 27–30 of the September 1955 issue of Mass Transportation, a trade publication. Upon examination, these pages were all found to be an advertisement of the General Motors Corp. Your committee believes that reliance upon the advertisements of bus manufacturers is hardly a sound basis for urging streetcar abandonment.

Next, your committee undertook to analyze the statistical and accounting data upon which the District of Columbia Public Utilities Commission has determined that it costs almost 30 cents a mile more to run streetcars than to operate buses. Our analysis found these data to be questionable in several respects, as follows:

Firstly, present practice of the District of Columbia Public Utility Commission is to make an arbitrary assignment of overhead costs, such as general office expense, executive salaries and administrative expenditures of the transit system. This arbitrary assignment results in an almost even division of overhead between streetcar and bus portions of the system, with a slightly greater share of such costs assigned to the streetcars than to the buses. Your committee found that this type of arbitrary assignment was contrary to accepted practice elsewhere, which tends to assign overhead costs on the basis of mileage operated by different types of vehicles. Had normal practice been followed in this respect, the bus share of Capital Transit Co. overhead would be almost twice as great as that for streetcars, instead of being recorded as somewhat less. Thus, in its assignment of overhead costs, the Public Utilities Commission is following an accounting procedure which inflates the cost of streetcar operation and tends to favor bus operation.

Secondly, the same conclusion was unavoidable in connection with the depreciation charges allowed by the Commission. With respect to streetcars, the normal life expectancy of these vehicles and their related facilities has been shortened by what the Commission calls an "economic obsolescence factor." This results in depreciation charges levied against streetcars which are in excess of actual wear and tear, as the result of an arbitrary determination that these vehicles are obsolete. Again, this tends to inflate the recorded costs of streetcar operation. Buses, on the other hand, are charged with depreciation on the basis of a 14-year life, this being the historical average life span of all transit buses which have been used in Washington. It was ascertained that the national average life of city buses is about 10 years. Why then have Washington's buses lasted 14? The answer appears to be in the fact that a major portion of CTC's bus mileage has been operated on the lighter traffic routes outside the central business district, where wear and tear are less than is to be expected on the trunklines now served by streetcars. The use of an economic obsolescence factor for streetcar depreciation by contrast to the depreciation of buses on a light-traffic base leads to this result: greater streetcar cost and lesser bus cost on the records. This type of bookkeeping seems to your committee to be definitely open to question.

Third, and more serious perhaps than either situation described above, is the PUC practice of measuring the operating and maintenance costs of all the streetcars against the operating and maintenance costs of all the buses, using what are called fleet averages. This, in your committee's judgment, is the same as comparing apples with grapefruit. What is means is that the costs which vary with service conditions are completely ignored. Most of the CTC bus mileage is chalked up outside the downtown area. Here traffic moves faster, vehicle wear and tear is less, fuel consumption is less. Most streetcar mileage, on the other hand, is operated on major downtown traffic arteries, where all vehicles move slowly, start and stop constantly, and operating conditions are at their most expensive. When, as in the transit business, labor costs are 60 percent of the total and a driver gets $2 an hour whether he drives at 30 miles per hour outside the central downtown area, or at 5 miles an hour along F Street, it is obvious that the costs per mile will be higher downtown than elsewhere, irrespective of the type of vehicle used. Since most streetcar miles are operated downtown or on heavily trafficked streets leading to downtown, whereas most bus mileage is on less heavily traveled thoroughfares, the costs of streetcar operation will show up higher when figured on a fleet average basis. By the same token, if buses are substituted on present streetcar routes, their cost experience is likely to be less favorable than present bus fleet averages, which are based substantially on light traffic routes. Thus the use of fleet average costs, which has been PUC practice, is misleadingly unfavorable to streetcars.

On the other hand, where the measure of cost is taken to be operating expense per passenger carried, official American Transit Association data give a decided advantage to streetcars in 5 out of 6 cities still running such vehicles, as follows:

Operating cost per passenger carried

[In cents]

City	Streetcar	Bus
Los Angeles	5.36	5.56
Baltimore	7.27	6.85
Washington	5.34	6.85
Toronto	4.90	6.27
Kansas City	8.27	8.95
Pittsburgh	6.76	9.35

Your committee could find only one study made of the investment required per year, to provide one transit seat to the riding public. This was made at Milwaukee 6 years ago, on the basis that trolleys were larger and lasted longer than buses, and included a 5 percent compound interest rate on investment. At 1950 prices, the study showed that the annual cost of furnishing a trolley car seat was $35.40, a trackless trolley seat $37.20, and a bus seat $47.20.

On the bases already described, your committee has concluded that present PUC bookkeeping practices quite possibly tend to distort the relative economics of the two types of vehicles, and, through certain arbitrary procedures, may very well be inflating the true cost of streetcar operation while reflecting less than actual cost of bus operation.

Findings as to traffic congestion

The committee next undertook to analyze the contention that streetcars contribute to traffic congestion. It found, initially, that streetcars bring downtown, according to the 1953 official traffic (cordon) count, about 25 percent of all the persons entering the central business area. On the other hand, the number of streetcars equals only about 2.5 percent of all vehicles entering the area. This would seem to indicate that streetcars use scarce downtown space about 10 times more efficiently than other types of vehicles, and that, to eliminate congestion we need more, not fewer, streetcars.

On the relative merits of the different vehicles insofar as they relate to traffic congestion, it was believed that automobile club officials could speak with relative objectivity. In this connection, the committee ascertained that Mr. William J. Gottlieb, president of the Automobile Club of New York, had this to say on the subject, in a letter he wrote on March 28, 1949:

"In many ways buses have tended to become far greater traffic disrupters than the trolley cars they have succeeded."

Even in Detroit, home of the bus builders, the automobile people don't favor buses. In the Free Press, Mr. W. L. Potts, traffic engineer of the Auto Club of Michigan, was quoted as having observed that buses are a major source of Detroit's growing traffic problem. Said Mr. Potts:

"Jammed beyond capacity, they (the buses) travel in pairs, trios, and foursomes, spreading their bulk across all available lanes of traffic. They cut in and out between passenger cars. They jockey with each other for position in the mad scramble to get in or out of the city. They load and unload virtually in midstreet, instead of at the curb. Buses are not the answer to the mass transportation problem in a city the size of Detroit."

On the west coast, experience is the same as in New York and the Midwest. The Los Angeles Times quotes the city board of public utilities and transportation as finding that "the actual experience of numerous buses in congested areas of the city has indicated that they have caused more traffic jams than the streetcars."

Whereas the above statements may not be conclusive for Washington, they seem to your committee at least to throw some doubt on the flat assertion that street cars are the less desirable vehicles in heavy traffic.

Finding as to general abandonment of streetcars

The Commissioners have told us that Washington should abandon its streetcars because other cities are doing so. But the Commissioners have not told us why they were. So your committee attempted to find out. The first fact that seemed pertinent was that almost $90 million has been spent on about 2,500 new streetcars in the United States since World War II. Why, if all this money was spent, are streetcars suddenly being junked everywhere? After much effort your committee believes it has unearthed the major, if not the only, answer. Published court records disclose that the Federal Government entered an antitrust suit against General Motors Corp., Phillips Petroleum Corp., Mack Manufacturing Corp., Firestone Tire & Rubber Co., and Standard Oil Company of California on a charge that these companies "conspired to acquire control of local transportation companies in numerous cities located in widely different parts of the United States, and to restrain and monopolize interstate commerce in motor buses, petroleum supplies, and tires and tubes sold to these companies."

The court report (334 U. S. 576) shows that the corporations named above developed an interesting merchandising technique. They furnished capital to a firm known as National City Lines, which was and is a transit holding company. National City Lines, using the capital supplied by General Motors, etc., bought control of local street railways, with the understanding that City Lines would substitute buses as quickly as possible, and then cause all requirements of the local systems in buses, petroleum products and tires and tubes to be purchased exclusively from the suppliers cited by the Government in its suit.

By the time the Government found out about this activity, National City Lines had already acquired 44 transit companies in 16 States from Maryland to California. In all these cities, including St. Louis, Salt Lake City, Los Angeles, Oakland and Baltimore, streetcars have been abandoned entirely or for the most part, so that the public has gotten the impression that streetcars are obsolete, whereas in fact their abandonment has nothing to do with their relative merits versus buses, but, rather, results from a conspiracy which the courts have found to be illegal.

Other pertinent findings

Has the widespread substitution of buses for streetcars cured the economic troubles of the transit companies? was the next question to which your committee addressed itself.

Our research disclosed that the substitution of buses has in many cases increased the economic difficulties of transit companies. For example, the Third Avenue Railway System, largest privately owned transit operation in the State of New York, went into bankruptcy 1½ years after it had abandoned its streetcars.

Los Angeles experience

In Los Angeles, in spite of all the economies and better service promised by the buses which have been largely substituted for streetcars, fares have risen 240 percent in the first zone since substitution. Gross revenue has declined from $20 million per year at the lower fare with streetcars to $16 million at the higher fare with buses. Obviously, the decline in riding has been enormous.

Youngstown experience

In 1947, the last year of streetcar operation at Youngstown, Ohio, approximately 1 million passengers were carried. Three years later an all-bus system was carrying only half as many passengers, and fares had gone up 140 percent.

Twin Cities experience

In their struggle to keep solvent despite streetcar abandonment, the transit companies have resorted to some interesting tactics, your committee found. Here is what one such company did, as described in the words of its president:

"We first of all cut schedules to the quick and, of course, ran into the immediate opposition of the city councils. First they issued a unanimous order directing us to restore all the service cuts. We refused. We appealed to the supreme court of the State and in the first decision affecting our business after taking over[1] the supreme court decided we were right, and that to deny us the right to tailor our own service would be taking property without due process of law. Thus the council learned for the first time that intemperate, arbitrary, and unreasoned action would get nowhere against our company.

"Following this definition of our rights, we subsequently tailored the service by more than 6,600,000 miles, made hundreds of schedule changes, relocated various lines, eliminated a great deal of costly shuttle operation, and discontinued 10 or more losing lines which were costing the company over $300,000 a year.

"During the time that we have managed the property, we reduced the personnel from 3,700 to 1,700 employees, due, in part of course, to the acceleration of our conversion (streetcar abandonment) program from 7 to 2 years.

"When we took over there was a 12-cent cash fare. During the 4-year period, we made 6 applications for increased fare and today we are operating with a 20-cent cash fare The Collier's article mentioned above describes how these applications were processed. It says, 'On July 17 (1951) the State railroad and warehouse commission granted the demanded boost in the transit company's fare to 15 cents. However, the commission's new chairman, Leonard E. Lindquist, had withheld his approval. In a letter to transit officials, Lindquist gave his reason. The company's president had threatened that unless the commissioner promised to grant the increase within 1 week, in only 48 hours, he would stop all transit service. "It would be hard to imagine," Lindquist wrote, "a more improper attempt to influence the decisions of a quasi-judicial body such as this."'

"Our next problem was one of taxes (continues the transit company president). We were paying close to a million dollars in personal and real taxes alone, in addition to all other impositions for a multiplicity of license and inspection fees. We felt these taxes to be exorbitant. * * * We prepared to go to the courts, but a few hours before the matter was for trial, the Commissioners granted us relief for 1 year alone in the amount of $135,000. Subsequently, and due to persistent effort on our part, we obtained additional relief so that after 4 years we were able to cut more than $600,000 off the personal property assessment.

"We likewise saved some $50,000 on real property taxes."[2]

Your committee was curious to determine what effect all this had had upon transit riding in the city described. It was developed that the number of passengers carried by the transit system had slid from 201,500,000 in 1946 to less than 100 million in 1953, 1954, and 1955.

The town described is, by the way, Minneapolis, Minn., which in some quarters is being advanced as a model transit operation for Washington. On the record in Minneapolis, here is what was happening while the street cars were being abandoned:

1. Two thousand men were thrown out of a job.
2. Service was discontinued on 10 routes.
3. The remaining service was reduced by over 6 million vehicle-miles a year.
4. The city lost tax revenues amounting to $350,000 a year.
5. Fares were increased 100 percent.
6. Riders declined over 50 percent.

Furthermore, your committee noted that the vice president and general manager of the Minneapolis transit company during the period when the above changes were taking place was Mr. B. M. Larrick, who has been mentioned in the press as a possible candidate for head of Washington's transit system. It was also determined that Mr. Larrick came to Minneapolis from the employ of the National City Lines, the corporation mentioned above as found guilty of antitrust violation.

Rider preference

Your committee was also interested to ascertain whether the rider preference for streetcars over buses was peculiar to Washington. Insofar as the committee could discover, every time these two vehicles have been put to popular vote, street cars have been preferred. For example, in Chicago, a poll showed 87.7 percent of those polled as preferring modern street cars to buses. In Cleveland, a similar vote went 93.3 percent in favor of the street cars. Flouting the popular choice, buses have been substituted in both these cities, and in both transit riding and revenues have declined, it was ascertained. Moreover, the experience of Cleveland and Chicago seems typical: insofar as we could find out, wherever street cars have been done away with, transit traffic and revenues have decreased.

Shaker Heights experience

By contrast, the city of Shaker Heights, Ohio, has retained its streetcars, and is the only transit company in the country where riding has increased since World War II.

Toronto experience

In Canada, Toronto is the only major city planning to retain large-scale streetcar operation. And consistently, only in Toronto has Canadian transit riding gone up—this despite a 110 percent increase in Toronto's auto registrations during the last decade. It was pointed out to your Committee that Toronto subsidizes its streetcars, but it was also pointed out that subsidy payments to Toronto's transit operation would not pay for one mile of superhighway at today's average costs.

Remarks of Mr. Blucher

Your committee was interested likewise to note some statements made by Mr. Walter H. Blucher, former executive director of the American Society of Planning Officials, and a noted city planning expert, who said:

"Transit companies are not providing comfortable and convenient vehicles. The PCC car, which is comfortable, is rapidly losing popularity with transit companies. What we have, for the most part, is a bus which is noisy, bumpy, jerky, often smelly and just plain uncomfortable.

"The Municipal League of King County in Seattle recently made a survey to determine why people refused to ride the transit buses. Some of those queried said they simply didn't like buses and would like the streetcars back. Others complained about the excessive price for a short haul."

Conclusions as to rider preference

From the data cited above, your committee concluded that many people will not ride buses if they can avoid it, and the widespread adoption of these vehicles is a real, if unpublicized, factor in the decline of the transit industry. This conclusion seems confirmed by Major Clarence A. Winder of Pasadena, Calif. Pasadena got rid of its streetcars some years ago, and now operates only buses. In the authoritative publication, The American City, for February 1955, Major Winder stated: "To say that rail transportation is dead, and that buses provide the total solution is to close our eyes to the facts."

Fuel costs

Your committee noted that Purdue University has issued a study showing that the price of electric power (used by street cars) has declined in the last decade, whereas the base price of gasoline has increased 41 percent and of diesel fuel has increased 146 percent.

Fares with an all-bus system

Your committee next checked on the probable rates of fare if an all-bus system is instituted for Washington.

On February 7, 1956, Senator Tydings testified at a Senate hearing that an all-

[1] On how they took over, see Collier's magazine, Sept. 29, 1951, p. 30, How Mobsters Grabbed a City's Transit Line, by Gordon Schendel.

[2] See Mass Transportation, August 1955, p. 26.

bus system would cost $30 million, as follows:

1,100 [1] large buses	$24,750,000
100 small buses	1,250,000
Plant	4,000,000
Total investment	30,000,000

[1] In view of the Minneapolis story, the statement of Mr. Larrick that 900 buses "would be enough for the District" as quoted in the Post of February 14 is most revealing. The Star, same date, quoted Larrick as predicting (a) a fare rise; (b) elimination of transfer privileges, and (c) cutting of feeder lines, if District Transit Co. is selected to operate Washington's local transportation.

This presumes that an investment in plant equal to $3,300 per bus will be sufficient. Your committee noted that the equivalent national average is about $9,000 per bus, which would bring the total required investment to $36,800,000.

However, Mr. Tydings' data were adequate for the committee's analysis, because it seems highly improbable that the present volume of service can be maintained in Washington with less than a $30 million investment. Moreover, the Tydings figures show that an all-bus system, giving present service, would at least require an investment 50 percent greater than the present combined rail-bus system of CTC, which has a value for rate-base purposes of approximately $20 million. The PUC has permitted a 6.32-percent rate of return on the 1954 CTC investment of $23 million. This requires a 20-cent fare to sustain. The PUC has stated that it believes a 7-percent rate of return on invested capital is justified and reasonable. It is obvious to your committee, without probing the details of public-utility calculations, that a 6.32-percent or 7-percent return after taxes on a $30 million investment would require a higher fare to sustain, than does a 6.32-percent return on a $23 million investment, regardless of other petty variables.

Your committee recognizes that its analysis is greatly simplified by comparison with the involved procedures required by the law in determining rates of fare. Your committee recognizes also that other factors, such as the effective (as contrasted with the cash) fare, the level of traffic, the amount of tax liability and many other things also influence the fare level established by the PUC. For this reason, the committee has avoided any forecast of the probable rate of fare should an all-bus system be established, but the committee is firmly convinced that an increased rate of fare will be an inevitable result of the proposed streetcar abandonment.

Conclusion

In view of the facts recited above, the public utilities committee believes it would work a financial hardship on the working people and transit riders of the District of Columbia, without compensating advantages to the community, to substitute buses for the streetcars now operating in Washington. In this connection, the words of Guy A. Richardson, late chief executive of Chicago's transit system, seem pertinent. Said Mr. Richardson, in opposing streetcar abandonment in Chicago:

"It must be admitted that it is worthwhile to prevent the destruction of billions of dollars of invested capital by the junking of street railways and the substitution of a service which cannot be as economical or as satisfactory in large centers of population."

RESOLUTION

In view of the facts cited in the foregoing report of the public utilities committee:

"Be it resolved by the District of Columbia Federation of Citizens Associations, in regular meeting this 18th day of February 1956:

"(1) That it reiterates its opposition to the precipitous and irrevocable decision to abandon all streetcar operations in the District of Columbia and its environs;

"(2) That it strongly urges the District of Columbia and Public Utilities Commissioners to hold public hearings on the preference of riders as between streetcars and buses; and

"(3) That it recommends that the District of Columbia and Public Utilities Commissioners make an objective study of relative costs and merits of streetcars and buses, including, but not limited to, such pertinent factors as the possible use of some streetcar facilities in connection with the ultimate need of Washington for a rapid-transit system; the trend of fuel costs; the probable increase in street maintenance costs if an all-bus system is instituted; the comparative accident experience of the two types of vehicles; and the influence on the public health of the noxious fumes and gases emitted by buses; and be it further

"Resolved, That copies of this report and resolution be sent to the District Commissioners, the Public Utility Commissioners, each member and the clerks of the House and Senate District Committees, and the Capital Transit Co."

RESOLUTION IN RE RESTORATION OF FRANCHISE TO CAPITAL TRANSIT CO.

Whereas there is pending Congress H. R. 9977, and 9978, which, if enacted into law, would authorize the Capital Transit Co. to continue to furnish mass transportation for Washington after August 14, 1956, but under a revised franchise; and

Whereas it is believed that the buses, streetcars, and roadbed found in our city will compare very favorably with those in use in any city of the United States, and that the streetcars should not be abandoned for an all-bus system of mass transportation; and

Whereas several months have now elapsed, during which time the Commissioners and the Public Utilities Commission have searched diligently, but have not found a satisfactory private organization qualified to furnish mass transportation for Washington: Therefore, be it

Resolved by the Petworth Citizens' Association, Inc., in regular meeting, this the 20th day of March, 1956, That—

(1) It does approve of repealing Public Law 389, 84th Congress, which would revoke the franchise of the Capital Transit Co., August 14, 1956;

(2) It does approve that necessary legislation be enacted authorizing the Capital Transit Co. to furnish mass transportation for the city of Washington after August 14, 1956, but under a revised franchise;

(3) It does approve of subsidizing the Capital Transit Co. by exempting it from a gross-receipts tax;

(4) It is opposed to the abandonment of the streetcars as a means of mass transportation on any of the trunklines, such as Pennsylvania Avenue, 14th Street, 7th Street and Georgia Avenue, and Wisconsin Avenue; and

(5) It does accordingly approve in principle of the above-mentioned bills; be it further

Resolved, That copies of this resolution be sent to the chairmen of the Senate and the House Committees on District of Columbia legislation, the Capital Transit Co., the Commissioners, the Public Utilities Commission, and the Federation of Citizens' Associations.

MARION WEAVER,
President.

Attest:

FLORENCE V. CRAVER,
Secretary.

MARCH 20, 1956.

Whereas the Commissioners and the Public Utilities of the District of Columbia fail to regard the wishes of the citizens relative to the kind of transportation they prefer, but instead arbitrarily declare for a bus system; and

Whereas much objection has been raised by the people, hearings requested and articles in the press against forcing the public to change from the transit to buses; and

Whereas should a shortage occur in oil or gasoline from any unforeseen cause, the people would have no transportation by buses, or when ice and snow cover the city, or traffic is hindered from causes that may develop in the future, buses would not supply the public, as would the old tried and true transit system which the people want: Therefore be it

Resolved by the Columbia Heights Citizens Forum in regular meeting assembled this 17th day of March 1956, That Congress be requested to substitute the transit system even if it becomes necessary to return the Capital Transit Co. to Wolfson; that prior to forcing a bus system on the citizens of the District of Columbia that their wishes be had by a poll; and be it further

Resolved, That Congressmen BROYHILL and MCNAMARA be congratulated for their efforts in behalf of a transit system, and that a copy of this resolution be transmitted immediately to members of the Senate and House District Committees for earnest consideration.

Adopted unanimously.

NORTHEAST BUSINESS MEN'S ASSOCIATION, INC.,
Washington, D. C., March 14, 1956.

GENTLEMEN: The Northeast Business Men's Association, at the last meeting February 23, 1956, discussed the matter of public ownership of the transit system.

The association wishes, at this time, to go on record as opposing public ownership, and advocates the private ownership and operation of the transit system, and believe that it would best serve the interest of the public.

Respectfully submitted.

AUGUST R. TERNEAK, *Secretary.*

(Copy to chairman of the House District Committee; chairman of the Senate District Committee; Board of Commissioners of the District of Columbia; chairman of the Public Utilities Commission.)

DISTRICT OF COLUMBIA DEPARTMENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,
Washington, D. C., March 28, 1956.

Hon. JOHN L. MCMILLAN,
Chairman, District of Columbia Committee, United States House of Representatives, Washington, D. C.

DEAR SIR: I am enclosing a copy of a resolution adopted by the District of Columbia Department, American Federation of Government Employees, AFL–CIO, which is self-explanatory.

We would appreciate your assistance in carrying out the intent and purpose of this resolution.

Yours very truly,

RICHARD R. BAISCH,
President, District of Columbia Department, AFGE, AFL–CIO.

HAROLD W. JENNRICH,
Corresponding Secretary.

Harold W. Jennrich,
Arlington, Va.

Richard Baisch,
Cottage City, Md.

RESOLUTION ON WASHINGTON TRANSPORTATION SITUATION

Whereas we as Federal and District Government employees have a vital interest in the transportation situation in the city of Washington and environs; and

Whereas the present system, as operated by the Capital Transit Co., goes out of

existence next August 14, by act of Congress; and

Whereas there appears to be a hasty and unwarranted decision to abandon all streetcar operations; and

Whereas such abandonment would cause untold hardship and suffering to Government employees, the public and the employees who operate these streetcars by wholesale dismissal; and

Whereas competent authorities in transit operations state that the street railway as a major form of internal transportation has many noteworthy advantages, among which are that it represents the most efficient form of utilizing maximum street capacity, and is useful in moving large passenger loads in and out, and within the most congested areas, like the city of Washington, where limited street capacities make it virtually impossible to handle the passenger loads by motor cars, or even by bus; and

Whereas the rail and equipment including street cars in this city are considered to be in first class condition, and to abandon and destroy such property would be economically unsound either in a peacetime status, or more importantly in a war economy when gasoline, tires, and replacement parts are curtailed and rationed: Therefore, be it

Resolved, That the District department, American Federation of Government Employees, AFL–CIO, in meeting assembled, regrets the tendency of some public officials of the Federal and District Governments, and others, to abolish the excellent streetcar operation in this city, and supplant it with an all-bus system; and be it further

Resolved, That we believe that for the present at least, the street car service should be retained regardless of who will eventually control the transit system in the District of Columbia; and be it further

Resolved, That copies of this resolution be sent to the Senate and House District Committees, the District Commissioners, the Public Utilities Commission, and to the press.

WASHINGTON, D. C., *January 11, 1956.*

Hon. JOHN L. MCMILLAN,
Chairman, District Committee,
House of Representatives,
Washington, D. C.

DEAR MR. CHAIRMAN: As a lifetime resident of Washington and one who is sincerely interested in its transit future, I take this opportunity to set forth the following views for careful study by those of your committee charged with the local transportation problem:

As usual, in their role of deciding what they want and not what the public wants, the Public Utilities Commission and District Commissioners have decided that we will have an all-bus system. In spite of the fact that all facts, figures, and public opinion point to a desire and need for continued rail operation here, the PUC has made up its mind, and the transit-riding public has the choice of busses or busses (if that could be called a choice). A survey would reveal that bus riders would rather ride streetcars, and the streetcar riders have no desire to ride busses.

A more apt name for the PUC would be "Private" Utilities Commission, as evidenced by their lack of regard for the public and their ability to ride roughshod over public opinion and interest. They are determined to perpetuate this economic waste by abandonment of the streetcar system, without regard for future rapid transit and in spite of the testimony of experts of industry and transportation that an all-bus system is a mistake.

The PUC seems determined to have buses in Washington at any price, the price being what the District taxpayer will have to pay in future years for a rapid-transit system when it is started from scratch. A transit survey made by a firm of experts for San Diego, Calif., reveals that a rail rapid-transit system is the only solution to the traffic problem in that city. This rapid-transit system will cost millions, because San Diego abandoned its fine streetcar system in 1949. How many millions would be saved now of the taxpayers' money if the nucleus of the rail system were still intact?

Washington has had many transit surveys and not one has recommended an all-bus system, but rather an integrated system of both bus and streetcar with an idea to removing all public transit to private right-of-way rapid transit.

Why won't the District Commissioners recognize the obvious—the obvious being that the citizens of Washington do not want an all-bus system. Stop trying to force a setup like that on us. Of course, the Commissioners are appointed and not elected, so they have no stake in the well-being of the city, and nothing to lose when it is shown in future years that the all-bus system was a mistake.

The favorite method used by the all-bus advocates is to compare the cost per mile between streetcar and bus operation, which would, of course, show that streetcar operation is more costly. If the New York transit system used this method they would abandon the subways. However, a more accurate method is to use the cost-per-passenger-mile method, and it shows that rail operation is quite a bit less costly than bus operation.

In order that you may see what other cities are doing for future rapid transit I enclose an article from the January 8 issue of the New York Times.

With the sincere hope that through the District Committees of the Congress the future of rapid transit in Washington may be protected, I remain,

Very truly yours,

ROBERT S. CROCKETT.

[From the New York Times of January 8, 1956]

COAST PLAN FILED FOR RAPID TRANSIT—SAN FRANCISCO BAY REGION GETS PROPOSAL FOR SYSTEM TO COST $1,500,000,000

(By Lawrence E. Davies)

SAN FRANCISCO, January 7.—A $1,500,000,000 rapid-transit system for the San Francisco Bay area was proposed this week on the basis of 2 years of engineering studies.

The study was sponsored by the San Francisco Bay Area Rapid Transit Commission, created by the California Legislature. It was made by the New York firm of Parsons, Brinckerhoff, Hall & MacDonald. The Commission provided $750,000 to cover the costs.

The Stanford Research Institute is scheduled to report about March 1 on how the proposed transit system can be financed.

San Francisco spent much money on earlier rapid-transit plans only to have them pigeonholed. This time the entire bay area tackled as a unit the transit problem presented by virtually unplanned and uncontrolled growth of the area.

The plan filed this week is envisioned for completion in 1990. The population of the area is now about 3 million and by 1990 is expected to be at least 7 million.

SCOPE OF PROPOSED SERVICE

The projected rapid-transit system would take hundreds of thousands of interurban motorists from behind their steering wheels and put them in comfortable seats on subway-elevated trains.

The trains, perhaps traveling on rubber-tired wheels, would cover a 9-county area at speeds up to 70 miles an hour. They would negotiate San Francisco Bay between this city and Oakland to the east by underwater tube. They would cross the Golden Gate Bridge at a new level and would penetrate the Marin County district to the north. They would run deep into the San Francisco Peninsula to serve growing housing developments and industry.

The new, integrated system would take over the commuting business of the Southern Pacific Co., the key system, and the Greyhound Bus Lines, assertedly with no objections from these companies.

The report on the engineering study pictured the system as a "must" if the area's urban centers were to be reinvigorated instead of being permitted to decline through continued decentralization.

The engineers estimated that the basic features of the system, including bay tube, San Francisco subway and 123 miles of an eventual 390 miles of double track facilities, could be completed by 1962 at a cost of $720 million.

The second stage, involving 42 miles of track extension at a cost of $112,500,000, could be ready in 1970, according to the estimates. Ultimate extensions over the following 20 years would cost about $700 million.

UNDERWRITING ESTIMATE

The engineers estimated that the public would have to underwrite $30 million to $35 million a year for about 30 years for interest and amortization of funds that must be borrowed for capital costs of the first-stage construction.

"In the broader sense," the report declared, "this is the price of a dominating aspect of the bay area's standard of living. It is the cost, in terms of transportation, of fulfilling the accelerating demand for single-family houses in dispersed suburban areas and of presuming and enhancing at the same time the urban concentrations of employment and commerce, where the means to earn that standard of living must largely focus."

One result of the establishment of the system, the report said, would be postponement of the need for a second San Francisco Bay bridge, which would cost more than $300 million. It cited that, with construction of an underwater rapid transit tube, trains would be eliminated from the present Bay Bridge. The area now used for the rails would be concreted to provide additional motor traffic lanes.

The engineers offered alternative plans, but recommended only one. This, the "optimum plan," provides for subway under Market Street and tube under the bay.

The minimum plan, less costly, offers an elevated railway on Mission Street and retains rails on the Bay Bridge.

The first phase of the optimum plan would cost an estimated $716,500,000, that of the minimum plan $586 million.

FIGURES ON TRAIN COST

Neither of these estimates includes the cost of the trains. Walter S. Douglas, a partner in the engineering firm, outlined the details at a press interview. He said that the thinking about the trains was in terms of about 700 modern cars seating 76 passengers each and costing an aggregate of almost $100 million.

The average speed of the trains, including station stops, smooth acceleration and deceleration, would be 45 miles an hour. Automatic controls would permit operation at a minimum of 90-second intervals between trains.

The engineers indicated a preference for "supported" rails over a "suspended" system, such as the monorail system. They announced that Gibbs & Hill, Inc., of New York, retained for a special study of suspended systems, had reported such a system feasible.

Gibbs & Hill recommended that a test section be built and operated at a cost of $5 million before a complete installation of suspended rapid transit was approved. This would take about 2 years. Parsons, Brinckerhoff, Hall & MacDonald recommended that

tests be made on the supported type of train of several possible improvements, including the use of rubber tires to reduce noise. These tests would cost up to $4 million.

The rapid transit system, as envisioned, would not only reduce commuting time but could be operated at fares lower than those of existing commuter agencies and could compete successfully with the costs of private automobile transportation.

Until beyond mid-January the plan will be explained to groups in the nine interested counties. Then the bay area commission will begin to prepare the legislation necessary if the system is to be adopted.

WASHINGTON, D. C., *February 8, 1956.*

Hon. JOHN L. MCMILLAN,
House of Representatives,
Washington, D. C.

DEAR MR. MCMILLAN: In the Washington Star of January 31 it was reported you were introducing a bill to cancel the August 14 termination date of the Capital Transit Co. franchise in order to protect the public against loss of transportation after that date.

This letter is to assure you of appreciation for your taking this step and to voice the hope that your bill will receive favorable consideration by Congress.

May I state that I think it would be sheer folly to abandon the excellent Washington streetcar service for buses. I have lived on the Mt. Pleasant line for over 40 years and it is very good service indeed, as are other rail routes about the city, much better than the 16th Street bus service on which line I also reside.

The other day an errand took me to Walter Reed Hospital. It was an uncomfortable journey and a comparatively slow one in a jouncing bus. Returning via the Georgia Avenue streetcar line I was favorably impressed with the contrast in service, the streetcar trip being smooth and quick despite the heavy passenger traffic.

It appears that District Commissioner McLaughlin is rendering the District a regrettable disservice in telling citizens' associations here that streetcars are on the way out, as he did according to the enclosed article, and as he has been doing at other such meetings.

When he was Chairman of the Public Utilities Commission I tried to get the Commission to discontinue an abandoned taxicab stand at Argonne Place and Harvard Street across the way from my home, but the Commission would not do so. The stand has not been used for years and is still not used and the curb space is much needed for parking of private cars in this overpopulated neighborhood.

The Commisison is as indifferent to this matter as it was to the ordeal the public experienced in the loss of transportation for 52 days last summer.

Very truly yours,

LEWIS L. YOUNG.

WASHINGTON, D. C., *January 9, 1956.*

Hon. JOHN L. MCMILLIAN,
Chairman, District Committee,
House of Representatives,
Washington, D. C.

DEAR MR. MCMILLAN: I recently saw an article in the Washington Post regarding the transit problem in which it stated among other things that you had said you were getting a lot of mail from people who want the streetcars retained in service. I would like to add the names of Mr. Kitchen and myself to this list.

So many people we know have expressed this same desire but so often have added that they didn't think it would do any good for us to write to Congress about it since we do not have any vote in the District. So, it warmed my heart to have you express some consideration for the wishes of the people of the District, who after all are the ones most affected by what is done regarding this matter.

For myself I always use a streetcar in preference to a bus if it is possible for they not only seem safer but are much more comfortable riding. We have excellent service on the Mt. Pleasant line and we will certainly be sorry to see any change made in this line. I know I am speaking for many, many other people who seem "resigned" to the worst.

Thanking you for your consideration, I am,

Very truly,

MRS. CLARENCE KITCHEN.

WASHINGTON, D. C., *May 9, 1956.*

Hon. JOHN L. MCMILLAN,
United States House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN MCMILLAN: In a letter, dated February 17, 1956, you expressed your agreement with my view that the people of Washington should not be deprived of street car service. I hope you continue to support this position.

In view of the fact that H. R. 8901 makes it the duty of Capital Transit Co. to convert to an all-bus operation, generally along the lines suggested by the Gilman report, I hope you will seek to leave the conversion section deleted from the bill.

Please consider these factors:

1. The people of Washington want street cars.

2. In his testimony before the Harris subcommittee, the president of C. T. C. stated that if it had been profitable to convert to an all-bus operation, C. T. C. long ago would have sought permission to do so.

3. Judging by the reasoning of the Gilman report, it is readily apparent that the Gilman concern was aware of the PUC's desire for an all-bus operation. The Gilman report seems to be preoccupied with averting immediate conversion to buses; hence, the working out of a program of gradual conversion. It is significant that the Gilman report makes no attempt to compare the profitability of present type operations with the estimated profitability of an all-bus system. Can it be that the Gilman concern despaired of convincing the Public Utilities Commission that total conversion to buses was unnecessary?

4. An all-bus operation would accelerate the decline in patronage that C. T. C. has been experiencing for 7 or 8 years. It would aggravate Washington's traffic problems by causing greater use of private automobiles, thereby causing more accidents. The earnings of Capital Transit Co. would be adversely affected. Moreover, Washington would experience smog on days of low wind velocity and high humidity, and the costs of maintaining Washington's streets would increase. Efforts to rejuvenate the downtown shopping district would be thwarted.

Sincerely yours,

HILLIARD H. GOODMAN,
Chairman, Public Utilities Committee, Cathedral Heights Cleveland Park Citizens' Association Legislative Committee, Citizens' Transit Improvement Association.

Mr. MCMILLAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include letters and papers.

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

There was no objection.

Mr. HINSHAW. Mr. Chairman, I yield myself the balance of the time on this side.

Mr. Chairman, I think it is time that we rehearse a little of the history of this matter. In Senate report No. 1274 of the 83d Congress, 2d session, which is the report of the Senate District Committee on the District of Columbia, there is found on page 7 the following:

> There has been a question as to why some local financial group did not purchase the Capital Transit Co. stock owned by North American. The subcommittee have concluded that the conservatism of the local financial community, a belief that the company was not an attractive long-range investment, and, perhaps sheer lethargy, were the reasons why no local group came forward in the period from September 1947 to June 1949, when North American was open to offers.

Mr. Chairman, that is a very significant statement. Some people have wondered why somebody else did not buy control of the company from North American, but nobody came forward, although one man particularly was very active in attempting to find a purchaser among the local community. His name was, I believe, Gore. Finally the North American company was forced to divorce itself of certain stock owned by that company under the Holding Company Act. So there was ultimately an offer to purchase by the Wolfson brothers and their associates. North American held 109,485 shares, or 45.61 percent of Capital Transit's 240,000 shares. It is interesting to note that at the time the stock was worth something more than $13 a share above the market price. That is, the book value was worth $13 more than the market price. That had been caused by the very conservative dividend policy which had been exercised by the former local management of the company, in retaining earnings instead of paying them out in dividends.

I would like to recap the situation for just a moment. This has been taken from the records, and Members who wish to controvert the statement may check the record and check figures.

During the 10-year period from 1940 to 1949 the Capital Transit Co. paid cash dividends amounting to $3,960,000 out of net earnings which had amounted to $14,114,000. In other words, some $4 million was paid out in dividends and $10 million of net earnings were retained in the company. Now, because of the low dividend rate, the stock was not an attractive purchase by investors generally, but to a person who was on his toes, you might say—you can call it sharp if you want to—a company which was evidently worth $14 a share more than its market value was something to look at. They had $10 million of money which had not been paid out in dividends. In the 6-year period following the purchase by the Wolfson group, the Capital Transit Co. paid cash dividends amounting to $8,688,000, with earnings over the period of some $5,500,000. During this period, therefore, the company has paid out in dividends about $3 million more than it earned. Obviously, the dividend payments in the last 6 years have been partially made out of the earnings which had accumulated in past years and had not been paid out to stockholders, in those 10 years before 1950.

Capital Transit dividends

[Based on present 960,000 shares resulting from 4-1 stock split in 1951]

Year	Net earnings reported to PUC	Net earnings restated [1]	Dividends paid	Net earnings (restated) per share	Dividends per share
1940	$872,082	$937,458	$240,000	$0.98	$0.25
1941	1,299,969	1,546,768	300,000	1.61	.31
1942	1,717,188	2,710,049	420,000	2.82	.44
1943	1,508,844	2,571,926	480,000	2.68	.50
1944	1,534,920	2,321,024	480,000	2.42	.50
1945	1,317,958	1,915,231	480,000	2.00	.50
1946	965,854	1,025,002	480,000	1.07	.50
1947	(93,416)	(52,602)	480,000	(.05)	.50
1948	396,315	452,522	120,000	.47	.12½
1949	325,816	751,675	480,000	.78	.50
Total	9,845,530	14,179,043	3,960,000	14.77	4.12½
1950	878,274	1,082,123	720,000	1.13	.75
1951	1,413,250	1,418,270	960,000	1.48	1.00
1952	1,046,389	1,046,389	3,744,000	1.09	3.90
1953	897,461	897,461	1,536,000	.93	1.60
1954	754,898	653,143	[2] 1,152,000	.68	1.20
1955 (6 months)	532,031	532,031	576,000	.55	.60
Total	5,522,303	5,629,417	8,688,000	5.86	9.05

[1] Net earnings have been restated to give effect to retroactive applications of adjustments determined subsequently to the time that reports originally were filed with the Public Utilities Commission, and to include in the determination of net earnings of the years affected, certain items of income and expense which previously had been credited or charged directly to surplus, such as tax adjustments applicable to prior years and profit on sale of property.

[2] Plus 1 share, Continental Enterprises, Inc., for each share held.

Now, there is no contention that the net earnings themselves were unreasonable or not properly accruing to the stockholders. The Payne report, which has been referred to here, states:

It has been determined that the company's earnings in the aggregate since its formation have not been excessive—

And further states in connection with a restatement of earnings for 1946–52 that the effect of different treatment of income taxes resulting from accelerated amortization "becomes academic in light of the fact that Capital Transit net earnings would at most have ranged from 1.7 percent to 6.2 percent of its rate base."

As the Payne report says, the real question is whether the dividend policy of the management is depleting the resources of the company to the point where its ability to render service may be impaired.

In May 1954, the two-member majority of the court of appeals held that a case had been made for a preliminary injunction against paying the April 1, 1954, dividend until the Public Utility Commission should have opportunity to pursue its investigation of depreciation. It stated that the Commission should have opportunity to consider the depreciation matter "because dividends and depreciation reserve draw upon the same reservoir." It explicitly stated it was not then deciding whether any dividend payments would jeopardize the ability of the company to perform its public obligations. The dissenting judge stated:

The record shows, I think, that such payment will not impair the utility's capital nor its ability to furnish adequate service.

The Public Utilities Commission subsequently, August 6, 1954, reached an agreement with Capital Transit, under which the dividend payments were renewed. It is most interesting to note that the Commission, by the terms of this agreement, clearly shows that its opposition to payment of dividends did not stem from any belief that the company's working capital position was being impaired through the payment of cash dividends.

The Commission proposed that the claimed accumulated deficiency in depreciation reserve of $2,400,000 be cured by a reduction in capital of this amount which would be transferred to depreciation reserve, and stated that if this were done, the dividend suit would be dropped. Note that the Commission approved this bookkeeping entry, involving no impoundment of cash, and approved decreasing cash for dividends. Had the Commission been of belief that too much cash were being paid out, impairing the company's obligations to serve, it had other remedies, as the court pointed out. In passing, it may be noted that the Securities and Exchange Commission would not approve this unaccepted accounting practice, which in effect was payment of dividends out of capital surplus, and the capital reduction was not made.

What are the facts since that time, and the fact today? The Utilities Commission has taken no other steps to impound funds for working capital. Nevertheless, the company as of December 31, 1955, showed cash of $3,488,000 out of a total current assets of $4,620,000, with current liabilities being $2,246,609, or net working capital of $2,273,480.

Indeed, the Commission's consideration of cash working capital came in for comment by the Payne subcommittee, which, under date of May 1, 1954, reported:

Recommendation:

1. The PUC should reconsider its decision to exclude cash working capital from the rate base. It would be very difficult to operate any company without working capital, and it is inequitable to require the investors to provide this capital without receiving a return for it. It would be particularly inequitable on the one hand to consider the restriction of dividend payments and on the other hand to exclude these restricted funds from the rate base. If the funds are needed in the business, then a reasonable return should be allowed the people who supply the funds. If they are not needed in the business, then there is no reason to restrict the payment of dividends.

Obviously, a man with money, a group with money, saw an opportunity to make money which nobody else seemed to want, and they took it. It was very simple. They have not been charged with illegal dealings, with improper dealings, in any sense of the word. Now, if they had been so charged, they could have been taken to court and convicted under the law if they were found guilty.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. Is it not a fact that if the present management of the company had not been so liberal in paying out more in dividends than it earned, it would not now have to be necessary for Congress to take out of the taxpayers' money funds to make it possible for them to continue their operations?

Mr. HINSHAW. My dear sir, that is an erroneous thought, because they are not asking the Government for a cent.

Mr. BENNETT of Michigan. Well, the Government is giving them some money if this bill is passed.

Mr. HINSHAW. No; they are not. The Government is not giving them a cent.

Mr. BENNETT of Michigan. Well, they are exempting them from taxation. What do you call that? Is that not giving them something?

Mr. HINSHAW. Will the gentleman let me describe the situation?

Mr. BENNETT of Michigan. I think the gentleman is in error, and I wish he would.

Mr. HINSHAW. I will be glad to describe the situation. You see, not everybody understands that a public utility is entitled to an "opportunity to earn" a return on its investment. It is entitled to earn a return which has been generally established by decisions of the Supreme Court of the United States in past cases at something like 7 to 8 percent of the value of the property used and useful in the public service. Now, the provision that is made in this bill for reduced taxes does not add to the earnings of the company. It simply means that by lowered taxes they can make lower rates or pay higher wages or pay other expenditures of that sort. As a matter of fact, if you had a public authority, there would be no taxes paid at all; because an authority pays no taxes. This company pays taxes regularly into the treasury of the District of Columbia, and the taxes that would be forgiven by this bill are the same taxes that would be forgiven under any other proposal that was made by the District Commissioners to give over the operation of the District transit to any other organization.

During the course of the committee hearings on the bill no criticism was voiced of the actual transit operations by Capital Transit Co. Indeed, on the contrary, witnesses, including the Board of Commissioners of the District of Columbia and representatives of the Public Utilities Commission, commented upon the very favorable service being offered and the fact that the local operation

stacked well at the top of all transit operations in the country.

Some adverse criticism was voiced, however, of the management itself and certain statements were made concerning certain practices by the management during the past few years that were not favorable. Such adverse criticism has not implied any allegation of misconduct. Indeed, even the Payne committee of the Senate District Committee acknowledges that nothing illegal has been done. Basically, the adverse criticism is that the management, coming in in 1949, has undertaken to declare more dividends than the company's earnings in the period following 1949. This apparently is true. That is, the dividends have exceeded net earnings during the last 6 years. But remember that dividends fell far behind the earnings in the preceding 10 years, leaving a net balance of earnings that could be paid out of the $10 million.

How did they apply those payments that they made? Three million dollars, or a little more, was paid to retire the last of the bonds of the Capital Transit Co. They had a bonded indebtedness incurred some years ago of $12.5 million, reduced it by $9 million to $3 million. Those were paid off out of those earnings. The following statement clarifies that matter:

REDEMPTION OF 4-PERCENT BONDS DUE 1964

Capital Transit Co., in January 1945, issued $12,500,000 of first and refunding 4-percent bonds due December 1, 1964. The proceeds of these bonds were used to redeem all bonds and equipment trust obligations then outstanding relating to streetcars.

In 1948 and 1949, $9 million principal amount was outstanding. Thereafter, the company redeemed bonds as follows: 1950, $1 million; 1951, $1 million; 1952, $1.3 million; 1953, $1 million; forepart of 1954, slightly less than $1 million, so that the amount outstanding in February 1954 was $3,797,000. At that time, the company deposited with the trustee sufficient funds to call the entire balance outstanding, including a call premium of 1.65 percent.

On February 25, 1954, the company declared a quarterly dividend payable April 1, of 40 cents a share, or a total of $384,000. Inasmuch as the indenture securing the first and refunding 4-percent bonds contained a provision restricting payment of dividends on common stock except from earned surplus accumulated subsequent to November 30, 1954, which unrestricted earned surplus as of January 31, 1954, was only $89,536, it was obvious that the earned surplus had to be freed of the restriction by calling of the bonds before the dividend could be paid.

On February 27, the Public Utilities Commission filed complaint in the district court praying that the payment of the dividend and the redemption of the bonds be temporarily enjoined until it had completed an investigation into these transactions which it had authorized February 26. A temporary restraining order was issued, and the Commission appealed to the court of appeals for a temporary injunction.

The court of appeals decided, May 7, 1954, that no case had been made for an injunction against the bond redemption program.

The court stated:

The Commission contends in substance that the disbursement of $3,910,277.17 to redeem all outstanding bonds and of $384,000 for a quarterly dividend, as part of a program of total dividends during 1954 of $1,536,000, with revenues showing an unstable tendency, might result in depletion of the company's liquid assets and working capital so that it could not maintain intact its capital devoted to the public service and adequately serve the community, and that the investigation will lead to some order within the Commission's statutory authority which would be rendered ineffective unless these disbursements are held in abeyance.

* * * * *

We are unable to conclude, however, that there is substantial likelihood the Commission validly can require a cancellation or modification of the bond redemption program. This is so because, aside from the new $1,500,000 loan, the redemption will practically free the company of debt and its assets of lien. The reduction now of liquid assets and working capital by the required outlay of nearly $4 million might be unwise. But the money will be used to pay a bonded indebtedness; and the Commission is quite unlikely to be able to find that the immediate redemption of all bonds is so improvident that it can be validly prohibited. This being so, this court should not require that it be enjoined. Good business administration might argue for a slower pace of redemption. But this hardly comes to saying that immediate redemption will render the company unable to perform its responsibilities to the public, either at present or as the Commission hereafter might validly direct. Should need arise for additional cash the borrowing capacity of the company, enhanced by elimination of the existing bonded indebtedness, would be available. Insofar, therefore, as our order of March 29, 1954, extended to May 7, 1954, enjoins the redemption of the bonds it will be allowed to expire and the denial by the district court of the preliminary injunction against this aspect of the company's program will be affirmed.

As long as a utility has adequate capital to perform its obligations, it would appear a matter of mere prudence to retire its indebtedness when it is able to do so. In this connection, it may be well to note the report of the so-called Payne subcommittee, of the Senate District Committee, which, speaking May 1, 1954—practically the same time as the court of appeals—said, at page 28:

In a declining industry such as we have here, it would not be economically sound to withdraw the equity capital (through payment of dividends) in preference to paying off the debt. * * * If the capital requirements of the company continue to decline because of decreasing business, there will come a time when all of the debt has been paid off and all of the surplus has been paid out in dividends and there still is equity capital which is not needed in the business. When this point is reached, it is inevitable that the stockholders will want to withdraw the unneeded part of the capital, through redemption in part of the capital stock. While this point has not been reached, there is a definite trend toward it, especially with regard to Capital Transit, which, in addition to having a declining volume of service, will in all probability eventually replace its street car facilities with much less expensive buses. Both of these factors point toward a future reduction of capital requirements. It would not be at all wise to permit the company to reduce its capital stock without having first eliminated all of its debt, in addition to having provided adequate reserves for depreciation and obsolescence.

I reiterate that your subcommittee, having heard the bill, was unanimous in being unable to find that the Capital Transit Co. management had done anything illegal or had done other than provide good service to the people of the District of Columbia, Wolfson or no Wolfson.

Mr. HARRIS. Mr. Chairman, will the gentleman yield to me?

Mr. HINSHAW. I yield to the gentleman from Arkansas.

Mr. HARRIS. With reference to the question asked by our distinguished colleague from Michigan [Mr. BENNETT] a moment ago regarding concessions, is it not true that under the settlement that was made through the District Commissioners last year, a 10-cent-an-hour increase was granted to the employees of the Capital Transit Co., plus an additional 5 cents an hour to become effective July 1 of this year?

Mr. HINSHAW. That is correct.

Mr. HARRIS. And on July 1 an additional 5 cents will be paid to the employees of the Capital Transit Co.?

Mr. HINSHAW. That is correct.

Mr. HARRIS. And is it not a fact that the hearings reveal that each 1 cent per hour of increase to the employees costs a total of $75,000 a year?

Mr. HINSHAW. I believe that is correct.

Mr. HARRIS. Therefore the additional increase in wages which goes to the employees on July 1 of this year will take up the amount of the concession on the gross income-tax receipts.

Mr. HINSHAW. That is about right. I should like to discuss another aspect of the business, because there was a time, very early in my career, when I was district manager for national account sales of a motor truck company in Chicago. I know something about the selling of buses and trucks. I have had a little experience in that, a long time ago, it is true.

According to the staff report of the Subcommittee on Antitrust of the United States Senate Committee on the Judiciary, 84th Congress, the General Motors Corp. has now acquired approximately 75 percent of the bus business in the United States.

The main business of those people at the present time is to find out how they can sell more motor buses and get the whole market, I presume. Two competitors have already gone out of the business, Twin Coach and Fageol. General Motors has owned slightly more than 50 percent of the stock of Yellow Truck and Coach Manufacturing Co., and the management of Yellow set up a holding company called the National Co. with a capital stock of $300,000 for the purpose of financing the conversion from streetcars to buses in certain small cities during the years of the depression, and has since carried on the business.

The General Motors Corp. has been convicted, along with others, in an antitrust action under the Sherman Act.

That interesting story is also contained in this Senate record.

It is interesting to note that a representative of the General Motors Corp. bus department has been stationed here in Washington for some time. I think he has taken a very keen interest in the forced sale of the Capital Transit Co. to a public authority assets and the transfer of this operation from streetcar to all-bus operation. He sees in the offing, I have no doubt—I would see it if I were in his place, and so would you—that something like 1,400 buses are to be purchased in the near future at a cost of about $22,000 each, and that is no small piece of business.

One of the objects of this company and of any other bus manufacturing company is to set up situations where you pretty nearly have to sell out a streetcar operation and get into the bus operation, and I would not be surprised but what there are some very favorable aspects to a strike in that respect. It would be interesting to know the full truth. But you can see yourself that the commission alone on the sale of $12 or $15 million worth of buses would be a considerable plum. The commission in the old days was 5 percent. I do not know what it is now. There is a tremendous profit that goes to the salesman who is on duty in the locality, and he wants to use every means he can, every method he can, to bring about the sale to what he considers a responsible buyer, and that responsible buyer under the authority bill would be the Government of the United States and not the people of the District of Columbia.

Mr. PRIEST. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I ask unanimous consent to proceed out of order, and to revise and extend my remarks.

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

There was no objection.

THE SUPREME COURT MUST BE CURBED

Mr. COLMER. Mr. Chairman, there is an old saying that where there is smoke there is fire. The Supreme Court of these United States is now under attack from many sectors. That attack is not confined to any section of the country. Neither is it confined to any one decision or action of the Court.

All Americans have respect for the Court as an institution. But in the final analysis, we all realize that the Court is what the personnel of the Court make it. It is nothing new for the Supreme Court to be criticized. It has been criticized from its inception. There have been no stronger critics than Presidents Andrew Jackson and Franklin D. Roosevelt. However, it is something new when a former member of that body takes it to task. In this week's issue of the U. S. News & World Report, one of the better and more reliable publications of the country, carries an article by the elder statesman, former Justice James F. Byrnes.

Few, if any, men have served their country in more varied fields than has former Justice Byrnes. Mr. Byrnes has served as a Member, United States House of Representatives, 1911 to 1925; United States Senator, 1931 to 1941; Associate Justice, United States Supreme Court, 1941 to 1942; United States Director of Economic Stabilization, 1942 to 1943; United States Director of War Mobilization, 1943 to 1945; United States Secretary of State, 1945 to 1947; and as Governor of South Carolina, 1951 to 1955.

Therefore, when this distinguished American says, "The Supreme Court must be curbed," it is time for all good Americans to give heed.

The article follows:

Two years ago, on May 17, 1954, the Supreme Court of the United States reversed what had been the law of the land for 75 years and declared unconstitutional the laws of 17 States under which segregated public-school systems were established.

The Court did not interpret the Constitution—the Court amended it.

We have had a written Constitution. Under that Constitution the people of the United States have enjoyed great progress and freedom. The usurpation by the Court of the power to amend the Constitution and destroy State governments may impair our progress and take our freedom.

An immediate consequence of the segregation decision is that much of the progress made in the last half century of steadily advancing racial amity has been undone. Confidence and trust have been supplanted by suspicion and distrust. The races are divided and the breach is widening. The truth is, there has not been such tension between the races in the South since the days of reconstruction.

One threatened consequence is the closing of public schools in many States of the South.

A further consequence is the harm done to the entire country by the demonstrated willingness of the Supreme Court to disregard our written Constitution and its own decisions, invalidate the laws of States, and substitute for these a policy of its own, supported not by legal precedents but by the writings of sociologists.

Today, this usurpation by the Court of the power of the States hurts the South. Tomorrow, it may hurt the North, East and West. It may hurt you.

Though there was no dissenting opinion from any member of the Court, the South dissents. That dissent is reflected in State legislation and in the day-by-day occurrences throughout the South, developments which portray the feeling of the people.

Only now do people living elsewhere begin to comprehend the determination behind the dissent of the South. Only now is an effort being made in the northern press to give thoughtful, balanced and reasonably impartial presentation of what might be called the southern point of view.

The suppression of that viewpoint outside the South has caused much of the Nation to suppose that such dissatisfaction as existed with the Supreme Court's decision was due to petty prejudice and would soon disappear. That theme has been further developed by the publication of "encouraging" reports of school-integration experiences here and there below the Mason-Dixon line. Those reports may be true of some border States and of predominantly white areas in mountain sections of the South; it is not true of any section where Negroes constitute as much as 10 percent of the population.

The problem is numerical as well as legal, educational, and—in recognition of the Supreme Court's concern—sociological.

The corruption of the reconstruction era is a matter of recorded history. The memory of the sufferings endured by the white people of the South is an inheritance. It was during this tragic era that the 14th amendment was literally forced upon the helpless States of the South.

When the white people finally wrested control of the State governments from the carpetbaggers and newly freed slaves, and the army of occupation was withdrawn, the South started on the long road to recovery. Agriculture and industry were gradually restored. A public school system was developed.

No one then seriously asserted that mixing the races in the schools was contemplated by the 14th amendment. In the constitutions of most of the States of the Union, not just those of the South, provisions were adopted for the segregation of the races in the schools.

In 1896 in a case known as Plessy against Ferguson, involving a statute providing for segregation of the races on railroad trains, the United States Supreme Court held that a statute providing for separate but equal facilities was not in violation of the 14th amendment to the Constitution. Thereafter, the Supreme Court in several cases involving schools upheld this doctrine.

Later, the Court, when it included such great judges as Chief Justice Taft and Justices Holmes, Brandeis and Stone, unanimously said that segregation in public schools had been "many times decided to be within the constitutional power of the State legislatures to settle without interference of the Federal courts under the Federal Constitution."

SOUTH'S STAKE IN SEPARATE SCHOOLS

Relying upon the stability of the law of the land, and upon the guaranty of State sovereignty in the Federal Constitution, the people of the South invested hundreds of millions of dollars in separate schools for the races. Under this segregated school system, the southern Negro made greater progress than any other body of Negro people in the history of the world.

The facilities for Negro students in many States were not equal to the facilities provided for white students. The degree of equality differed not only in States, but in counties within a State. The situation in South Carolina was typical of the South. As a rule, the facilities for Negro students in the urban centers were superior to the facilities provided in rural areas. The same was true of facilities for white students. Schools were dependent upon local taxation, and much of the inequality was due to the greater value of industrial property and higher income of the city dweller.

A realization of the inequality that existed between rural schools and urban schools, as well as between the races, influenced me greatly to become a candidate for Governor of South Carolina in 1950.

In my inaugural address I advocated a bond issue of $75 million and the levying of a sales tax of 3 percent for the purpose of equalizing the school facilities. In presenting this, I said:

"It is our duty to provide for the races substantial equality in school facilities. We should do it because it is right. For me, that is sufficient reason."

Of the $75 million authorized, 70 percent was allocated to Negro schools even though the Negro-school enrollment constitutes but 39 percent of the total school enrollment.

Subsequently, the bond issue was increased until it is now $137.5 million. In every school district there is a high school for Negroes and more than one elementary school. On the whole, the Negro school buildings are superior to the white schools because they are modern. The number of Negroes transported by bus to these schools was increased 450 percent in 3 years.

Similar educational programs have been under way in other Southern States.

In South Carolina, with a Negro population of 823,622, there are 7,500 Negro schoolteachers, whereas in 12 States east of the Mississippi and north of the Mason-Dixon line, with a Negro population of 3,351,402, there are only 7,712 Negro teachers. There is no difference in the scale of pay for white and Negro teachers.

About the time the educational program was inaugurated in South Carolina, there was pending in the United States court a case from Clarendon County, asking equal facilities for Negro schools. Later, that suit was withdrawn, and a suit was brought by the same complainants, asking the court to declare unconstitutional all segregation laws.

The three-judge court, presided over by Judge Parker, senior judge of the fourth circuit, held that under the decisions of the United States Supreme Court from 1896 to that date, the segregation provisions of the Constitution and statutes of South Carolina were not in violation of the 14th amendment. The lawyers for the National Association for the Advancement of Colored People appealed the case to the United States Supreme Court.

In that Court, the case for Clarendon County was argued by the late Hon. John W. Davis. He was so convinced of the soundness of the decision of the three-judge court that he agreed to argue the case and declined to accept compensation for his services.

Had the Court been unanimous in the view that segregation statutes were in violation of the 14th amendment, such an opinion would have been written within a few months.

Instead, after many months, the Court announced that the cases should be reargued, and counsel should direct their argument to certain questions.

The first question was:

"What evidence is there that the Congress which submitted and the State legislatures and conventions which ratified the 14th amendment, contemplated, or did not contemplate, understood, or did not understand, that it would abolish segregation in public schools?"

Such a question would not have been asked if a majority of the Court was already satisfied that Congress and the State legislatures did contemplate that the amendment would prohibit segregation in public schools.

Attorneys representing the parties involved and the attorneys general of many States having segregation statutes filed briefs. The overwhelming preponderance of the legislative history demonstrated that abolishing segregation in schools was not contemplated by the framers of the 14th amendment, or by the States.

We can only speculate as to how the Court reached its decision. In that speculation, it is interesting to read in the Harvard Law Review of November 1955, an article entitled, "The Original Understanding and the Segregation Decision," written by Alexander M. Bickel, who, according to the Review, was the law clerk to Mr. Justice Frankfurter during the October term, 1952, when the case was first argued. After a lengthy résumé of the evidence, the writer states:

"The obvious conclusion to which the evidence, thus summarized, easily leads is that section 1 of the 14th amendment, like section 1 of the Civil Rights Act of 1866, carried out the relatively narrow objectives of the moderates, and hence, as originally understood, was meant to apply neither to jury service, nor suffrage, nor antimiscegenation statutes, nor segregation. This conclusion is supported by the blunt expression of disappointment to which Thaddeus Stevens gave vent in the House."

The Court, in its opinion, did not admit, as did Mr. Bickel, the conclusiveness of the evidence that the 14th amendment did not apply to school segregation. The Court said the evidence was inconclusive.

PREVIOUS DECISIONS WERE REVERSED

Our Constitution is a written instrument. The 14th amendment does not specifically mention public schools. Having decided unanimously that the legislative history was not conclusive that the Congress or the States intended it should apply to schools, one would think the Court would have stopped there and upheld the previous decisions of the Court. Instead, it proceeded to reverse those decisions and legislate a policy for schools.

An explanation of this extraordinary decision is offered by Mr. Bickel in his Harvard Review article on page 64, where he said:

"It [the Court] could have deemed itself bound by the legislative history showing the immediate objectives to which section 1 of the 14th amendment was addressed, and rather clearly demonstrating that it was not expected in 1866 to apply to segregation. The Court would in that event also have repudiated much of the provision's 'line of growth.' For it is as clear that section 1 was not deemed in 1866 to deal with jury service and other matters 'implicit in * * * ordered liberty * * * to which the Court has since applied it."

If this law clerk is correct (and I can assure you the law clerks in the Supreme Court are well informed), it means that the Court, having previously interpreted the 14th amendment to apply to jury service and other matters not specifically delegated by the Constitution to the Federal Government, felt that the soundness of those decisions would be questioned unless the Court held the 14th amendment to apply to schools.

But there was a distinction. Previously the Court had held that State laws providing separate but equal school facilities did not deny a constitutional right. The control of schools had been proposed by some framers of the 14th amendment and rejected. There was no legislation by Congress prohibiting segregated schools. The only change in conditions was that several million Negroes had migrated to the big cities in Northern States and constituted the balance of political power in several States.

Once the Court becomes committed to a course of expanding the Constitution in order to justify previous expansions, there is no turning back. When next the Court is called upon to "read into" the Constitution something which was never there, another segment of the people may be the victim. It may be you.

The Constitution provides that any amendment submitted to the States must be ratified by three-fourths of the States.

Change was purposely made difficult by the framers, who jealously guarded their liberties. They knew "the history of liberty is the history of limitations on government."

COURT IGNORED A WARNING

In amending the Constitution, the Court ignored the warning of George Washington in his Farewell Address:

"If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed."

Frequently, the Court has applied a constitutional principle to subjects not specifically mentioned in the Constitution, and not conceived of by its framers. That has been done, for instance, in applying the "commerce clause" to congressional legislation affecting forms of transportation and communication not in existence when the "commerce clause" was adopted. Material progress, which could not have been anticipated, justified the Court in applying the principle of the "commerce clause" and sustaining the laws affecting commerce between the States.

Ordinarily, the Court has been controlled by legal precedents. In the segregation opinion, it could cite no legal precedent for its decision because all the precedents sustain the doctrine of separate but equal facilities.

In 23 of the States that ratified the 14th amendment, the courts of last resort held it did not abolish segregation. The Supreme Court itself, in 6 cases decided over a period of 75 years, upheld the doctrine of equal but separate facilities.

The Court ignored all of these legal precedents and the Constitution and said, "We cannot turn the clock back to 1868 when the amendment was adopted, or even to 1896 when *Plessy* v. *Ferguson* was written."

Why not? The function of the Court is to interpret the Constitution, not amend it. Heretofore, whenever in doubt about the proper interpretation of the Constitution or a statute, the Court has turned the clock back to the time of adoption to ascertain the intent of the draftsmen. When the Court states, "We cannot turn the clock back to 1868," will it ever consider the intent of the framers of the Constitution in 1787?

If the age of a constitutional provision is to be held against its soundness, what about the age of our religion? If time invalidates truth in one field, will it not do so in another?

If the Court could not turn the clock back in these cases, why did it ask counsel for the litigants and the attorneys general of all interested States to file briefs as to the intent of the Congress in 1868, in submitting, and the States, in ratifying, the amendments?

And why were counsel asked to argue whether the Court was bound by its previous decisions, such as *Plessy* v. *Ferguson?*

It is apparent that, when the Court found the legislative history it requested was overwhelming against the conclusion it had reached, it declared the evidence "inconclusive," disregarded the Constitution and—invading the legislative field—declared that segregation would retard the development of Negro children.

That was a terrible indictment of the Negro race. Because—whether a person be black, brown or yellow—whenever the Supreme Court says he cannot develop unless while in school he is permitted to sit by the side of the white students, the Court brands that person an inferior human being.

Now mark this well! The Court not only ignored the Constitution and its own decisions, but, in establishing a policy for schools, ignored the record in the case.

In support of its decision, after citing K. B. Clark, who was employed by the National Association for the Advancement of Colored People, it cited the writings of a group of psychologists who had not testified in the trial court. Counsel for the States had no opportunity to rebut the opinions of these psychologists. In such procedure there lies danger for all of us.

And the Court was guilty of what it has frequently condemned. As late as 1952 in the case of *Beauharnais* v. *Illinois* (343 U. S. 250), the Court said:

"It is not within our competence to confirm or deny claims of social scientists as to the dependence of the individual on the position of his racial or religious group in the community."

Counsel had no opportunity to cross-examine these psychologists as to their qualifications as well as their affiliations. However, in the United States Senate on May 26, 1955, Senator EASTLAND, chairman of the Senate Judiciary Committee, submitted an amazing record of several of the authorities cited by the Court. He said:

"Then, too, we find cited by the Court as another modern authority on psychology to override our Constitution, one Theodore

Brameld, regarding whom the files of the Committee on Un-American Activities of the United States House of Representatives are replete with citations and information. He is cited as having been a member of no less than 10 organizations declared to be communistic, communistic-front, or Communist dominated."

As to E. Franklin Frazier, another authority cited by the Supreme Court, Senator Eastland said, "The files of the Committee on Un-American Activities of the United States House of Representatives contain 18 citations of Frazier's connections with Communist causes in the United States."

In support of its findings, the Court said, "See generally Myrdal, 'An American Dilemma, 1944.'" I have seen it. On page 13, Professor (Gunnar Karl) Myrdal writes that the Constitution of the United States is "impractical and unsuited to modern conditions" and its adoption was "nearly a plot against the common people."

On page 530, Myrdal states, "In the South the Negro's person and property are practically subject to the whim of any white person who wishes to take advantage of him or to punish him for any real or fancied wrongdoing or insult."

Millions of people, white and colored, know this is absolutely false. Members of the Supreme Court know it is false. It is an insult to the millions of white southerners.

Senator EASTLAND also listed some of those who were associated with Myrdal in writing his book. He stated that the files of the House Committee on Un-American Activities show that many of Myrdal's associates are members of organizations cited as subversive by the Department of Justice under Democratic and Republican administrations.

I am informed by the Senator that no member of the Senate and no responsible person outside of the Senate has challenged the accuracy of his statements on this subject. Loyal Americans of the North, East, South and West should be outraged that the Supreme Court would reverse the law of the land upon no authority other than some books written by a group of psychologists about whose qualifications we know little and about whose loyalty to the United States there is grave doubt.

And loyal Americans should stop and think when the executive branch of the Federal Government brands as subversive organizations whose membership includes certain psychologists, and the Supreme Court cites those psychologists as authority for invalidating the constitutions of 17 States of the Union.

RIGHT TO CRITICIZE COURT

Some advocates of integrated schools shudder to think of anyone's criticizing a decision of the Supreme Court or, certainly, this decision of the Court. Well, whenever a member of the Court dissents from the majority opinion, he expresses his views and criticizes—sometimes in vigorous language—the Court's opinion.

In recent years there are many examples. But a case in point is the dissent of the late Justice Owen J. Roberts, who differed with his colleagues on the Court in the case of *Smith* v. *Allwright*, The Supreme Court in that case reversed prior decisions and declared the Democratic Party in Texas was, in effect, an agency of the State and that its actions (in conducting white primaries) was "State action." Said Mr. Justice Roberts:

"I have expressed my views with respect to the present policy of the Court freely to disregard and to overrule considered decisions and the rules of law announced in them. This tendency, it seems to me, indicates an intolerance for what those who have composed this Court in the past have conscientiously and deliberately concluded, and involves an assumption that knowledge and wisdom reside in us which was denied to our predecessors."

The decisions of the Supreme Court must be accepted by the courts of the United States and the States, but not necessarily by the court of public opinion. The people are not the creatures of the Court. The Court is the creature of the people.

One hundred representatives of the people in the United States Congress have issued a manifesto criticizing this decision. Such criticism is nothing new. There is precedent for criticism by the people.

After the decision in the Dred Scott case, Abraham Lincoln criticized the Court, declaring the decision erroneous and pledging the Republican Party to "do what we can to have it overruled."

President Franklin D. Roosevelt, on March 9, 1937, commenting on a decision of the Supreme Court, said:

"The Court in addition to the proper use of its judicial functions has improperly set itself up as a third house of the Congress—a superlegislature, as one of the Justices has called it—reading into the Constitution words and implications which are not there.

"We have, therefore, reached the point as a Nation where we must take action to save the Constitution from the Court and the Court from itself * * *.

"Our difficulty with the Court today rises not from the Court as an institution but from human beings within it."

ENFORCEMENT OF DECISION

The fifth section of the 14th amendment authorizes Congress to enforce that amendment. Congress never legislated to require integrated schools because the 14th amendment did not embrace schools. On the contrary, Congress specifically appropriated for segregated schools in the District of Columbia. Now that the Supreme Court has amended the Constitution to embrace schools, Congress could legislate on the subject but the Supreme Court knows the representatives of the people will not legislate. Therefore, it calls upon the States of the South to enforce its new policy for schools.

The people of the South are law-abiding. They do not talk or even think of armed resistance. They realize the United States Government has the power to enforce a decision of the Supreme Court. But they believe the decision will close many schools, and think that the Court that ignored the Constitution and rendered the decision should assume the responsibility for its enforcement.

It is unrealistic to expect local school officials to destroy the public schools. With few exceptions, school trustees in the South are white men. They are highly respected in their communities. They serve without compensation. Do you think they will force the children of their neighbors into mixed schools? Many trustees will resign. Negroes will not be selected to succeed them. The schools will be closed.

When northern newspapers criticize local officials who will not cooperate in the enforcement of this decision, they should recall the prohibition era. There were few northern newspapers clamoring for the enforcement of that law by local authorities.

The so-called "best people" of many States did not hide their violations of the prohibition law. They regarded it as "smart" to boast of making gin in the bathtub and carrying whisky in a silver flask to public places. They fought the law until it was repealed.

However, there was this difference: The prohibition law was enacted as a result of an amendment to the Constitution which was adopted in the manner provided by the Constitution. It was not, as in this case, a decision of nine men on the Supreme Court—in effect—amending the Constitution.

The National Association for the Advancement of Colored People, financed by tax-exempt organizations and some well-intentioned but misguided people, for years demanded the reversal of the "separate but equal" decisions of the Supreme Court, even though 40 years ago Justice Charles Evans Hughes, speaking for the Court, said the question could "no longer be considered an open one." Now these same people would deny to the people of the South even the right to criticize the recent decision in the school case.

"PRACTICAL DIFFICULTIES" AHEAD

A statement of some of the practical difficulties certain to follow enforcement of the segregation decision demonstrates the seriousness of the problem.

The case from South Carolina originated in a school district in Clarendon County where there were approximately 2,900 Negro students and 290 white students. The goal of educators is to limit a class to 30 students. In the Clarendon district, all classrooms have more than the standard.

No white student will ask to go to a Negro school. But suppose some Negroes in the 10th grade of a Negro school ask for a transfer to the 10th grade of a crowded white school and the trustees decide it is unwise to further increase the enrollment in that school. Will the Court decide the rejection was on account of race, instead of efficiency, and cite the trustees for contempt?

Suppose the Negroes are admitted. It is agreed that the average Negro child, having had little training at home, does not possess the training of the average white child in the same grade and age group. Shall the white children be held back to help the Negroes progress?

The white parents in the District of Columbia can answer that question. They have had some sad experiences in the last year. As a result, approximately 60 percent of the students in the public schools of the Capital of this Nation are Negroes. Many white families have moved to Virginia; many, though they can ill afford it, have placed their children in private schools.

If the Negro students are not able to do the work of the white students, can the races be segregated in the classroom and assigned different class work? Would not the scars inflicted upon the Negro child by such segregation be far deeper than the harm done him by associating with only Negro students in segregated schools?

Should the races be mixed in a school, will a board of trustees composed of white men in a Southern State employ Negro teachers? If not, what will happen to the Negro teachers now employed in the South?

Today, high schools in the South are more social institutions than in the past. There is a cafeteria where all students lunch together. There is a gymnasium where students of both sexes engage in various sports.

Athletic contests, as a rule, are held at night. Students, following the team, travel in school buses. When the races have been accustomed to separation in buses, who can assure there will not be serious consequences?

These are only a few of the problems.

There is a fundamental objection to integration. Southerners fear that the purpose of those who lead the fight for integration in schools is to break down social barriers to childhood and the period of adolescence, and ultimately bring about intermarriage of the races. Some Negro leaders deny this. Others admit this objective. Because the white people of the South are unalterably opposed to such intermarriage, they are unalterably opposed to abolishing segregation in schools.

Disraeli said, "No man will treat with indifference the principle of race. It is the key to history."

Pride of race has been responsible for the grouping of people along ethnic lines throughout the world.

Race preservation is the explanation of the political unrest in South Africa. In the United States, it is not peculiar to the white people of the South. For many years, fear of the Japanese influenced legislation in California.

Today, in 23 of the States, intermarriage of the races is prohibited by law. These laws reflect the fear of mongrelization of the race. To prevent this, the white people of the South are willing to make every sacrifice.

It is useless to argue whether the racial instinct is right or wrong. It exists. It is not confined to any race or to any country. It cannot be eliminated from the minds and hearts of people by the views of psychologists or by the order of a court.

The degree of tension between the races depends upon the percentage of Negro population. In Vermont, where there are few Negroes, there is little tension. But in Detroit, Chicago and Washington, where the Negro population is increasing, tension is increasing.

Frequently it has been asked why the white man of the South who owned no slaves fought in the Confederate Army as bravely as the slaveowner. He had no financial interest. It was not greed. It was to preserve the rights of the States and thereby preserve his race. For this he fought and died. His grandchildren have the same racial instincts.

Abraham Lincoln was not charged with racism, but he said, "While the races remain together there must be the position of superior and inferior, and I as much as any other man am in favor of having the superior position assigned to the white race." He further said, as to political equality, "My own feelings will not admit of this, and if mine would, we well know that those of the great mass of the whites will not. Whether this feeling accords with justice and sound judgment is not the sole question, if indeed it is any part of it. A universal feeling whether well or ill-founded cannot be safely disregarded."

Since Lincoln's words were uttered, the Negro living by the side of the white man of the South, under segregation laws, has made great progress—educationally, culturally, and economically. The white man of the South wants to help the Negro continue to progress, first because it is right and, second, because it is to his own advantage. Unlike Lincoln, he does not say there must be the position of superior and inferior. He says in State-supported facilities there should be equality but he also says "equal facilities" does not mean the same facilities.

WHERE DO WE GO FROM HERE?

Frequently, the question is asked: Where do we go from here? Solomon, with all his wisdom, could not give a positive answer. We do know that the approximately 40 million white southerners will do everything that lawfully can be done to prevent the mixing of the races in the schools.

The hope is for voluntary segregation. As the Negro has progressed educationally and economically, a constantly increasing percentage of them have developed a pride of race. That Negro does not want his children forced into schools where they will not be welcomed. He prefers to have them attend schools for Negroes, taught by Negroes. However, recent events indicate such men will be coerced by the National Association for the Advancement of Colored People and northern Negroes to demand admission to white schools. Therefore, there is fear for the future.

Plans vary. In some States, the legislature has repealed the statute requiring children to attend schools. When the overwhelming majority of the people of a State are opposed to integrated schools, they could not be expected to enforce laws requiring children to attend mixed schools.

In most States, the law now requires trustees or other school officials to assign children to schools. In the cities where the Negro population is usually concentrated in 2 or 3 areas, schools have been placed in those areas. It is reasonable that Negroes should be assigned to the schools nearest their homes. In the rural districts there is no such segregation of homes. There the problem will be more difficult, and more dangerous.

In South Carolina and in some other States, laws have been enacted providing that if—by order of any court, State or Federal—a student is assigned to a school different from that to which he is assigned by school officials, all appropriations for the school to which that student is assigned and all appropriations for the school from which he comes shall immediately cease. Similarly, it is provided that funds appropriated for operation of school buses shall be available only for segregated buses.

The theory of this legislation is that under the Constitution there are three branches of Government which shall forever be kept separate. It is the function of the legislative and executive branches of State governments to appropriate for and administer school funds. If a State or Federal court shall arrogate to itself the right to assign children to schools different from the assignment made by the officials designated by the legislative and executive branches of the State government, no funds shall be available for such schools.

It is predicted by counsel for the National Association for the Advancement of Colored People that the United States Supreme Court will declare these appropriation laws unconstitutional. In view of the segregation decision, no man can say positively the prediction will not come true.

If the Supreme Court shall declare unconstitutional all State statutes having, in its opinion, the effect of continuing segregated schools, then as a last resort many States will discontinue public schools. Some financial assistance would be provided for parents, white and colored, sending children to private schools. Such a plan is proposed in Virginia.

By an overwhelming vote in South Carolina in 1952, there was eliminated from the State Constitution the provision that public schools must be provided for "all children between 6 and 21 years of age." The purpose was to permit the legislature to be free to discontinue public schools should all other efforts fail.

NEGROES COULD SUFFER MOST

Should this happen, it will be unfortunate for both races. It would be particularly unfortunate for Negroes because they do not have the financial ability to purchase or to build and equip schools. That fact does not deter the reckless leaders of the National Association for the Advancement of Colored People from jeopardizing the continued existence of Negro schools as well as of white schools.

Should the public schools close, the white people of the South will see that an education equal to that given white children is available to the Negro children who are being used as pawns by the National Association for the Advancement of Colored People in an effort to solve overnight a great social problem.

Integration is now demanded in other fields. In South Carolina, for example, there are recreation parks, supported by public funds and equipped with vacation cabins, lakes and other facilities. For the maximum enjoyment of all, and for the preservation of good order, the parks are operated on a segregated basis—some for whites and some for Negroes.

Recently, a suit was brought in a Federal court to force the admission of Negroes to a park set aside for white people. The General Assembly, rather than wait for another race-mixing decree, promptly and unanimously ordered the park closed. The suit was dismissed by the court. For the future, money is appropriated only for segregated parks. Similar suits have been brought in other States. All parks may soon be closed as a result of litigation inspired by the National Association for the Advancement of Colored People and some northern sentimentalists who do great injury to their fellow man. Woodrow Wilson once said:

"It will be a bad day for society when sentimentalists are encouraged to suggest all the measures that shall be taken for the betterment of the race."

THREATENED: POWER OF STATES

Tragic as may be the consequences in destroying the public-school system in the South, more frightening are the consequences of the trend of the present Court to destroy the powers of the 48 States.

In the case of *Pennsylvania* v. *Steve Nelson*, decided April 2, 1956, the same Court that declared unconstitutional the segregation statutes of 17 States invalidated the laws of 42 States prohibiting the knowing advocacy of the overthrow of the Government of the United States by violence, as long as there is a Federal law against sedition.

The Department of Justice protested to the Court that the State laws did not interfere with the enforcement of the Federal statute. But the Court struck down the laws of 42 States. Justices Reed, Burton, and Minton vigorously dissented.

One week later the Court declared unconstitutional a provision of the charter of New York City under which Professor Slochower, an employee, was dismissed for failure to answer a question in an authorized inquiry, on the ground that his answer might incriminate him. It is encouraging to the people that the same three Justices dissented and were joined by Justice Harlan.

Power intoxicates men. It is never voluntarily surrendered. It must be taken from them. The Supreme Court must be curbed.

The Constitution authorizes the Congress to regulate the appellate jurisdiction of the Supreme Court. Loyal Americans who believe in constitutional government appeal to the court of public opinion in the hope that you will urge the Congress to act before it is too late.

The present trend brings joy to Communists and their fellow travelers who want to see all power centered in the Federal Government because they can more easily influence one Government in Washington than the 48 governments in 48 States.

But the trend of the Court is disturbing to millions of Americans who respect the Constitution and believe that in order to preserve the Republic we must preserve what is left of the powers of the States.

You may be unconcerned today. You may cry tomorrow.

Mr. PRIEST. Mr. Chairman, I yield the remainder of the time to the gentleman from Illinois [Mr. MACK].

Mr. MACK of Illinois. Mr. Chairman, I wish to commend the chairman of the subcommittee, Mr. HARRIS, on his leadership in solving one of the most difficult if not one of the most embarrassing problems we have had confronting this Congress. I am proud to have been associated with his subcommittee and to have participated in the writing of this legislation.

Due to a short period of hospitalization, it was not possible for me to attend all the public hearings held on the transit problem, but without exception, I attended every executive session which was held on this subject. When I first entered into the discussions I wanted to

vote against Wolfson. But when I became familiar with the problem confronting us, I found that there would be no opportunity to vote for or against Wolfson and also found that to enact public authority legislation at this late date would be extremely ill advised.

Our committee has acted to the best of our ability and we feel we have acted in the public interest. We are not performing a miracle nor are we proposing anything revolutionary. We are merely reinstating the franchise for the Capital Transit Co. A franchise slightly amended—but the same basic franchise they have operated under for the last 25 years. Some reference has been made that this is bad legislation. I cannot agree, but if it is bad legislation it has been bad for a quarter of a century.

The members of this subcommittee who are most familiar with the complexities of this subject—the ones who have studied it for nearly 6 months—have reported this legislation without a dissenting vote. In our full Committee on Interstate and Foreign Commerce of 31 members, we had only 2 dissenting votes on our recommendation to solve this dilemma. We must enact some legislation, otherwise the people in the District of Columbia will be without transportation on the 14th of August. It has been suggested by one of our colleagues that we recommit this bill and take an attitude of "wait and see." The difficulty with this theory is that we have already consumed too much time before constructively approaching this problem. Perhaps Congress acted too hastily last August in passing Public Law 349. Perhaps Congress should have gone even further and prepared appropriate legislation or standby legislation. Unfortunately, this was not done and, therefore, the Congress must face this responsibility and take action immediately.

The question before us today is whether we are going to provide an adequate transportation facility at fair and reasonable prices after August 14.

In this bill, we are accomplishing just that. We are continuing the present transit system at present fare for at least a year. This is a transportation problem. We are not voting for Wolfson. We are voting for or against adequate transportation.

Many of my friends from the city areas are laboring under the misapprehension that this vote is for or against a public transportation system. This is not the case. This is not a question of private versus public transportation exclusively.

I hope the Members have read sections 203 and 204 of the Heselton substitute. It reads as follows:

The Authority shall have the power to acquire in its own name by purchase, lease, gift, or otherwise, or under such terms and conditions, and in such manner it may deem proper or by the exercise or power of eminent domain to the extent authorized by this act, or the law of any State with like exception as in section 204 (a) of this act, all or any part of the facilities, plant, equipment, property, rights in property, reserve funds, pension and retirement funds, franchise, license, patents, permits, papers, documents, and records of any transportation system in the Washington metropolitan area.

Mr. Chairman, the substitute being offered by the gentleman from Massachusetts is not an authority bill—it is a seizure bill. If you want the Government to seize the property of the Capital Transit Co., then vote for the substitute being offered to our bill. I am not opposed to a transit authority bill, but I am bitterly opposed to public seizure of private property.

If you authorize this public authority bill, you are authorizing them to seize not only the rolling stock but the real estate of the Capital Transit Co. as well. This is not the way to enact public transportation legislation in the District of Columbia.

To accept the substitute bill would be authorizing the seizure of private property.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will read the substitute amendment printed in the reported bill for the purpose of amendment.

Mr. PRIEST. Mr. Chairman, I ask unanimous consent that the committee substitute may be considered as read, and printed in the RECORD at this point and open for amendment.

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

Mr. HESELTON. Mr. Chairman, reserving the right to object, and I shall not object if Members have an opportunity to express themselves. I shall object until they do have that opportunity. I object.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

REPEAL OF CERTAIN PROVISIONS OF LAW SO AS TO PERMIT CONTINUANCE OF OPERATIONS; EFFECT ON RATES

SECTION 1. (a) Section 14 of the joint resolution entitled "Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes", approved January 14, 1933 (47 Stat. 752), as amended (Public Law 389, 84th Cong.), is hereby repealed.

(b) The act entitled "An act to amend the joint resolution entitled 'Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes,' approved January 14, 1933, and for other purposes", approved August 14, 1955 (Public Law 389, 84th Cong.), is hereby repealed, except that the rates established under such act shall remain in effect as provided in section 2 (c) of this act.

Mr. HYDE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the application of a few facts and logic to those facts will certainly indicate to the House that the Capital Transit Co., at least under its present management, has no intention of continuing to operate this transit system in the Nation's Capital. The facts on their face I submit show that.

Mr. HARRIS. Will the gentleman yield?

Mr. HYDE. Just in a moment I will yield.

Mr. HARRIS. The gentleman is making some harsh statements. I just wanted to have the gentleman advise the House how he knows.

Mr. HYDE. That is the point I wish to make clear. I said I think the application of a few facts and the application of a little logic to those facts will indicate that. In the first place, the admissions made by the bill itself, namely, its tax-free features, and the arguments made that if you have a public authority you will have the transit system run at public expense, would certainly indicate that you do not expect a profit to be made from the future operations of the transit system in the Nation's Capital. They certainly do not intend to operate as a normal free enterprise when they operate with the tax concessions that are in the bill.

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

The CHAIRMAN. The Chair will count. [After counting.] One-hundred and twenty Members are present; a quorum.

The gentleman will proceed.

Mr. HYDE. Speaking of the burden on the taxpayers about which the opponents of the authority idea complain, it seems to me that from a reading of this bill you will find, by virtue of the tax concessions, there will be at least some $800,000 revenue for which the District will have to go to tax sources to obtain, which it is now obtaining from the Capital Transit system. So the very substitute being offered here will on its face throw a burden on the taxpayers.

Does the Capital Transit Co. under its present management really want to operate this company as a long-range income investment? Let me call your attention to what they have done with it. They bought it. They have, according to figures given on this floor, taken some 300 percent out of it already. They have stripped it down. In addition to that they bought it in the face of a Nationwide history of urban transit not paying. They bought it in the face of the fact that the number of passengers of the present system dropped in half since the war and revenues dropped proportionately. Those are the facts, Mr. Chairman, I submit that argue that the Capital Transit Company does not intend even if their franchise is restored, that is the present management does not intend, to continue operating this line as an income investment business. They have obtained what they wanted to obtain from the business; and now I submit the deduction from these facts certainly argues that they now simply want to dispose of it and they want to get the most out of it. I do not blame them for this from a financial standpoint; representing their stockholders they are perfectly justified in attempting to do the best they can to get the most they can for their investment, but I submit that we, as representatives of the public, have a duty. If the public is going to take this over through a public authority, which I submit they are eventually going to have to do anyhow, we should try to make the best deal for the public just as Mr. Wolfson wants to make the best deal he can for himself and his stockholders.

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

Mr. HYDE. I yield.

Mr. HARRIS. Would not the franchise of the Capital Transit Co. still exist in the district which the gentleman represents?

Mr. HYDE. Yes.

Mr. HARRIS. Then the situation insofar as the gentleman's district is concerned has not been changed at all, has it?

Mr. HYDE. I would say that when the arm has lost the body, the arm is substantially damaged.

Mr. HARRIS. Probably so, but they would still have the franchise; it has not been taken away from them in the gentleman's district in Maryland. How, then, would the gentleman's district benefit by the setting up of a public authority here? Would it be permitted to operate in the gentleman's district?

Mr. HYDE. The gentleman from Arkansas is completely wrong about that. The public authority would, as a matter of fact, be able to operate, for the Legislature of the State of Maryland in the session of last February passed legislation to enable the authority to operate there.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

(On request of Mr. HESELTON, and by unanimous consent, Mr. HYDE was allowed to proceed for 3 additional minutes.)

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

Mr. HYDE. I yield.

Mr. HESELTON. The gentleman represents the adjoining district in Maryland, as I understand.

Mr. HYDE. That is right.

Mr. HESELTON. Would the gentleman describe how this whole transit situation affects not only the people of the District of Columbia but also the people of neighboring Virginia and Maryland, and particularly the district which the gentleman represents so ably?

Mr. HYDE. It affects my district more seriously than it does any other, because people in Montgomery County, Md., rely almost wholly upon this system for transportation in and out of the Nation's Capital, whereas in Virginia they have other means that take care of the problem. I think as a matter of fact this Capital Transit line touches Virginia at one bridge, that is, one of the old bridges.

In southern Maryland, in the fifth district, the neighboring county, Prince Georges, Capital Transit does operate somewhat, but I believe there are several other busline services there also.

So this whole proposition affects my district more seriously, I believe, than any other neighboring district.

And I might say this, when I had some legislation before this Congress which eventually got to the President but was vetoed, to provide an areawide transit regulatory commission, that bill was opposed by the Capital Transit people. They did not appear and testify against it, but I know they were opposing that particular piece of legislation. It was said to me at that time, and on this I am afraid that is as far as I can go in documenting the matter, you do not want it, you do not need that, but what we are going to have to have is an authority to operate this company.

Let me call the attention of the members of the committee to the fact that Congress has appropriated $400,000 which is now being spent to study this problem and that a preliminary report coming from that study, the testimony on which has been given in the Senate, indicates that that study is going to recommend the authority.

Mr. HESELTON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it is not my intention to prolong this proceeding and I shall certainly not object to waiving of the reading of the bill when Members such as the gentleman from Maryland [Mr. HYDE] and others who are more directly concerned than any of the rest of us have had an opportunity to state some of the arguments against the bill and some facts upon which they base their arguments. I hope they will be given the opportunity.

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

Mr. HESELTON. I yield to the gentleman from Tennessee.

Mr. PRIEST. May I say to the gentleman that the unanimous-consent request was that it be considered as read and open to amendment, which would simply make it possible for gentlemen who wish to speak by striking out the last word or offering other amendments to do so quicker. That was the purpose of my request.

Mr. HESELTON. I am not in any way criticizing my chairman, whom I respect in every sense of the word. We all know he has a duty to perform and he is always courteous and considerate in every way. But I felt I should undertake to protect those who have not had an opportunity to speak, not being members of the committee. There are 2 or 3 things I want to clear up right now and I shall have to offer 1 or 2 pro forma amendments if the members of the Committee will bear with me.

Mr. Chairman, I regret very much that District legislation does not bring to the floor more Members. I think the latest count was 106. The earlier count was 102 if I recall correctly. It is obvious we cannot expect Members of Congress who are busy with many and tremendously important responsibilities to attend debates such as this. We are fortunate to have such a good attendance as there is here now. I say that because I know perfectly well that, first, from the parliamentary angle I cannot offer a motion to substitute unless the substitute offered by the committee is voted down, and I am under no illusion as to that. It is not going to be voted down. We have to recognize that. I wish I could place my substitute before you for a vote, but I cannot under the circumstances. Consequently, I will simply offer it for the RECORD and I shall ask for a ruling. I know what the ruling will be because I have consulted the House Parliamentarian, whom we all respect.

I can only offer a motion to recommit generally. I cannot offer a motion with instructions. I wish I could because I would include my substitute bill, H. R. 10871. That is why I asked my good friend and committee colleague, the gentleman from Illinois [Mr. MACK] to yield to me. I know he could not because he was under pressure as to time, too. But he said something inadvertently that I think he did not mean. I understood him to say that a motion will be offered by one of his colleagues on the committee to recommit this bill and to adopt, as I recall it, a wait and see attitude. Am I right?

Mr. MACK of Illinois. I do not believe the gentleman has correctly stated it. I think I said one Member of the House had suggested that as an alternative.

Mr. HESELTON. The gentleman meant me?

Mr. MACK of Illinois. No, I did not mean the gentleman.

Mr. HESELTON. I have publicly said I would offer a motion to recommit and I am the only member on the minority side against the bill so I thought I might be recognized. I apologize, however, if I misunderstood.

Mr. MACK of Illinois. I may say to the gentleman I did refer to him as being the Member who would propose to offer a substitute bill.

Mr. HESELTON. We have disposed of that, because a substitute will not be ruled in order.

Mr. MACK of Illinois. I referred also to another Member of the House who wanted to adopt a wait and see attitude.

Mr. HESELTON. All right. Then, that is clarified, and I apologize if I misunderstood.

But I want to make it clear that when I make this motion to recommit, and I shall seek recognition to offer it, it will not be for the purpose of adopting a wait and see attitude. We cannot afford to do that. Time is of the essence here. Something has to be done, and we all know it. We know what happened last year, and we know what this Congress did without a dissenting vote. And I firmly believe that H. R. 10871 is better legislation than the committee substitute and would be much more likely to result in satisfactory private ownership most of us want.

Now, my colleague on the committee, the gentleman from Georgia [Mr. FLYNT] referred to the vote to suspend the rules. That was on a motion which was not carried by a two-thirds vote on a rollcall. The rollcall is in the RECORD, and my friend knows where it is. I voted against suspension of the rules. So did many others, and the very next day, August 2, 1955, it came up on a closed rule, but with reasonable debate possible, which was offered by the chairman of the Committee on Rules, the gentleman from Virginia [Mr. SMITH]. It was passed by a voice vote. Why? Because the gentleman from Virginia [Mr. SMITH], the gentleman from Arkansas [Mr. HARRIS], and colleagues whom we all respect said we had to do it. That is a matter of record. I am not ashamed of the fact I voted for it and I have no apology for that vote. I thought we had to vote affirmatively after hearing the bill explained.

The President of the United States was confronted eventually with the bill we

passed without a dissenting vote and he signed it. We were away at the time, but the President made a public statement, and I want to read it:

Both the Congress and the Commissioners of the District of Columbia have concluded that Capital Transit Co., beginning several years ago and continuing up to the present time—

That was last August 14—

has failed to measure up to its responsibility to the District of Columbia.

Now, is it rancor, is it bitterness, is it unfairness on the part of any of us to oppose the return of this franchise at this time to this company with better conditions than they ever had before? I do not think so.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HESELTON. Mr. Chairman. I ask unanimous consent to proceed for 3 additional minutes.

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

There was no objection.

Mr. HESELTON. Mr. Chairman, I appreciate the consideration of the Members here.

There has been a charge in one of the newspapers of irresponsibility. Now, I can take a certain amount of criticism, as all of us can, and we, in public life, know there will be that sort of a charge made. But, last evening's Washington Star—and I am going to name the paper, because twice before it has misrepresented the facts as to my position on this legislation—in big headlines said: "BROYHILL hints plot against CTC." I did not understand the gentleman had done so. "Charges conspiracy is 'almost apparent.'" I do not think he did, and I do not think any Member of the House did. Why are they exaggerating this? Are they charging that Members of Congress who voted without a dissenting vote last year to cancel this franchise, upon ample evidence, are engaged in a conspiracy? Are they charging the President of the United States, who signed that bill, is a party to that conspiracy? If they are, I repudiate them. I say that 1 of 2 things is self evident, and that is, whoever in that press gallery wrote that story or whoever rewrote it downtown wants this bill, H. R. 8901, passed so much that they are attempting to smear and lie about the Members of this Congress or there has been gross negligence. And, I am not going to take it.

I want to go on further and point out what I mean. It was in that same issue of that paper, although they either did not publish it in another issue or withdrew it, but without any retraction or apology—and I do not expect them to give it to me and I do not want it—they published the statement "Representative HESELTON, Republican, of Massachusetts, who is leading the House fight"—I am simply expressing a lone dissenting voice here, and I was the only one signing the minority report, and they know it—"and supporting public ownership." Now, they know, if they took the trouble to read the public record, that I have said two times on May 7 and 9, on this very floor, in this very place, and once more on the rule yesterday, that I was against public ownership. I hoped that we would find a satisfactory and competent and financially able and experienced group, such as Mr. Bell thinks he has, who would come in and take this over and operate it. Why are they lying? I do not know. Maybe I am too resentful of it. Maybe you would not be quite so resentful of it. They suggested 2 weeks ago that I had hinted I would withdraw my support. I never made any such statement to anybody and they know it. I happen to know that they went into my district and, because there are provisions in this bill that are supported by the labor union organization here—and I respect them—they went into my district to try to find out whether I was a tool of labor unions. Well, they found out I was not. They found out that I had been opposed in most of my elections by members of the unions, who had every right to oppose me. But I resent, I resent deeply, not only their characterization of me, but their effort to draw this whole House membership, the Congress and the President of the United States into an alleged conspiracy.

Mr. SMITH of Virginia. Mr. Chairman, I move to strike out the necessary number of words.

Mr. Chairman, on this whole troublesome problem of transit in the District of Columbia we are confronted with a very practical proposition. I am sure that every Member of this Congress on both sides of the argument and both sides of the aisle is motivated only by one purpose, and that is to get transportation for the people of the District of Columbia at reasonable rates and transportation that will be stable and uninterrupted.

I have to disagree with my friend from Maryland [Mr. HYDE], because I rise in support of the pending bill offered by the Committee on Interstate and Foreign Commerce. It seems to me that in Maryland they are somewhat dependent upon this company for transportation and would prefer a public utility that would perhaps be supported by the District of Columbia or the Federal Government to some extent. I want to say that over on the Virginia side we have 2 private corporations who have been operating for many years, running buses on the Virginia side and into the District of Columbia. We do not have any trouble over there. They seem to be well financed and they seem to be making a profit. They are being run under private industry in which I know all Members of Congress believe.

I think that we should not undertake here to set up a public authority under which Congress is going to supervise the operation, all the details of this public authority; because that is what is going to happen to you. If you set up a public authority and some driver of a bus gets fired, he is going to be up here the next morning to see some of you in order to get back his job. You had better stay out of that kind of a mess.

Confronted as we were with this problem last year when this strike was going on and people were walking to work, Congress did what we thought was best. We did not do it on our own knowledge. We did it because the District Commissioners who had the matter in charge recommended it. They thought they could get a private concern to buy the company. They have been trying ever since. I know that. I have had some experience with the efforts which they have made to get some group of people who could finance this proposition to come in here and buy it. And they have not been able to do so.

In the face of this complicated situation what are we to do about it? We ought to do what we do with our committees. These complicated things we refer to a committee of the Congress. We referred this to a committee of the Congress, not to set up a private concern or to set up the other kind, but to bring us their honest judgment on what was the best thing to do.

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

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. It seems that everyone pretty much is agreed that we do not want a public authority, at least we do not want one permanently. Does the gentleman agree with me that if we ever once set up a public authority we will never get rid of it?

Mr. SMITH of Virginia. You surely will not, and you will have more trouble than you have now.

Mr. Chairman, what did we do about it? When this subject came back up to us this year it was referred to the Committee on Interstate and Foreign Commerce, and they referred it to a subcommittee. That subcommittee was composed of the gentleman from Arkansas [Mr. HARRIS] on the Democratic side and the gentleman from Minnesota [Mr. O'HARA] on the Republican side, both of whom are Members of long experience with District of Columbia affairs on the District Committee. You could not have gotten a better group of people to handle that subject and advise this House than you did. They have studied it carefully, they have done a lot of work on it, and they have brought it back to us.

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

Mr. SMITH of Virginia. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman mentioned the name of our colleague the gentleman from Minnesota [Mr. O'HARA] as being one of the members of the committee. As everyone knows, our colleague, Mr. O'HARA, had an attack several weeks ago and he is at home. I had the pleasure of viting with Mr. O'HARA Sunday afternoon, and he asked me to say to this Congress that he was 100 percent for the substitute bill which the committee has worked out and reported for the consideration of this House. I wanted that in the RECORD, and I thought this was an appropriate place for it.

Mr. SMITH of Virginia. Mr. Chairman, all I urge this Committee to do is this. Let us do the commonsense thing and take the advice of the people who have studied it and in whom we have confidence, and who know more about it than we do as individual Members of the House. Let us pass this bill and send

it over to the Senate. Let us see what they are going to do about it, and at least get it on the way, because if we do not get on the way to do something the people of Washington are going to be walking on the 15th day of August.

Mr. BROYHILL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from Massachusetts a few moments ago made reference to an article that appeared in the last edition of the Evening Star yesterday evening, in which I was quoted as saying on the floor yesterday that it seemed there was a certain conspiracy going on to drive the Capital Transit Co. out of this town.

I want to make perfectly clear right here and now that there was nothing stated by the gentleman from Virginia yesterday which cast any reflections whatsoever on the gentleman from Massachusetts or any other Member of this body.

That statement was made in answer to a question by the gentleman from California [Mr. HINSHAW] and I believe the purport of it, and he can correct me if I am wrong, was that, in my opinion, did it not appear that there was a conspiracy going on to get the Capital Transit Co. out of town. I said indeed it was, in my opinion, and I was referring to the District Commissioners, the Public Utilities Commission, and the union bosses.

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

Mr. BROYHILL. I yield to the gentleman from Arkansas.

Mr. HARRIS. Our distinguished colleague from Massachusetts seems to be quite concerned about the statement in the paper yesterday afternoon. I of course am not doing this to defend any paper or to take any side one way or the other, but in view of what has been said and what the gentleman has said, I think for the benefit of the membership it might be well to read just what was said in the RECORD on yesterday:

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

Mr. BROYHILL. I yield to the gentleman from California.

Mr. HINSHAW. I gather from the statement the gentleman has been making that it would almost appear there had been afoot a conspiracy to cause a revocation of the franchise of the Capital Transit Co.

Mr. BROYHILL. That is my opinion. Just as soon as that strike occurred last summer it seemed to be that the action taken by the District Commissioners was to get the Capital Transit Co. out of town, destroy the Capital Transit Co. first, rather than to look for a long-range program for public transit service here in the metropolitan area.

Mr. BROYHILL. I appreciate the gentleman reading from the RECORD in order to verify what was said. If there is any inference made on my part toward the gentleman from Massachusetts, or any other Member of this body, I want to make it clear right now that it was not so intended. But, I would repeat and reemphasize that it was my opinion yesterday and it is my opinion today that when this strike occurred, it seemed like every action taken on the part of the union, the Public Utilities Commission and the District of Columbia Commissioners were solely to destroy the company and get them out of town rather than to have a peaceful, proper and orderly settlement of the strike.

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

Mr. BROYHILL. I yield.

Mr. DINGELL. I wish the gentleman would tell me who those people are who are participating in this conspiracy because, frankly, I would like to join them and do what I can to get the Capital Transit Co. out of this city of Washington and get somebody in who would give decent rides for a decent fare and have some consideration for somebody besides Mr. Wolfson.

Mr. BROYHILL. I believe I have already stated twice who I thought was a part of the conspiracy. Of course, I can add to that several other groups including one of the newspapers here in town, namely, the Washington Post and Times Herald who have been just as anxious as anyone else to get the management of the Capital Transit Co. out of town. Throughout these negotiations last year, and I said this before here on yesterday, the Capital Transit Co. offered the union the same amount that they finally settled after the franchise was revoked. The Capital Transit Co. once before asked for the same fare increase from the Public Utilities Commission which was granted after the franchise was revoked So nothing was accomplished by the revocation of the franchise that could not have been accomplished if there was a willingness on the part of the public officials, including the union, to cooperate before the Congress adjourned last summer. Mention was made of this Public Transit Authority. I have no objections to public authorities as such. There are many authorities operating throughout the Nation which render a very fine service for the people including among them the New York Port Authority. I think a public authority is a proper thing when they can come into operation and operate certain facilities involving the movement of people and goods and give us what private industry has not, cannot and will not provide.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am speaking with reluctance because of my respect for the members of this committee and my great affection for one of the members of the subcommittee, my dear colleague the gentleman from Illinois [Mr. MACK]. I am speaking with a little awe because I am following the great gentleman from Virginia who has told us that always we should follow the advice and counsel of committees, a bit of advice, I am afraid, at times as chairman of the Committee on Rules he himself does not follow too rigidly. But a sense of conscience impels me to speak. I do not like to see a good friend of mine beset by a holdup man with his friends gathering around to counsel that he give up his money because the holdup has a gun. Perhaps if they were friends less scary and with more backbone, they would pounce upon the man with the gun and find that the gun was phony and as harmless as a piece of bologna sausage. That is exactly what we have here. The only excuse given us for passing a bill that strips the people of the District of Columbia as naked as an oak tree in December is that unless we do as we are told there will be no local transportation after August 14. That is what you might call bluffing big at poker. If the committee calls the bluff, and refuses to give the transit company its old franchise back plus everything else visible and grabbable, the bluffer tomorrow will be on his knees begging to be given one more chance to negotiate on an honest basis.

There was a time when pirates tried the bluff on the American people. Is not this a time to remember our reply to that bluff: "Millions for defense, not one cent for tribute."

After all, the House of Representatives of the Congress of the United States has some dignity. I think it has in its makeup a lot of virility and a lot of red blood. I do not want to see it cringing on the floor of this chamber in fear of a man with a phony gun.

I am speaking with such feeling and indignation because I have had a little experience in traction matters, enough at least to know on one reading a franchise that gives everything to the company and leaves the public entirely without the usual franchise protections. We had our traction problems in the city of Chicago. We went through on a large scale what the District is going through on a relatively small scale. We had years of litigation. Then we came up with an authority. In that work, as one of the three traction attorneys for the city of Chicago, I spent 10 of the busiest years of my life. With that experience and some measure of understanding that must have rubbed off, I cannot be silent when I see come before a body of which I am a Member, a proposed piece of legislation that, in my well-considered opinion and with all respect for the sincerity and integrity of the members of the subcommittee, is the most atrocious piece of traction legislation ever presented to any legislative body.

I think back to the days when we had traction scandals in our State legislatures and our city councils; when traction was a great political issue. We had it in Springfield, Ill., in the days of Yerkes, and when members who voted for Yerkes bills did not return to public office. Cleveland had its Johnson, Detroit its Pingree, Chicago its Dunne. Traction was the issue everywhere. Now, I am seeing presented in this bill a pattern of the things of half a century and more ago that aroused our people into a frenzy of indignation and remedial political action.

Have you taken time to read this bill, my colleagues? You do not have to read it as great lawyers. You just have to read it as little fellows with a little commonsense. In every sentence and in every provision there is a give-away and a lack of proper protection to the public interest.

If we were doing this in a city council, in a municipality where they had the power of the electorate—not in a district where the people are chained—the

people would drive us from public life. Not one of us would ever again come back to the city council or any other place in the public service or esteem.

Now I am not scolding. I am trying to save the dignity of this body and the future regrets of its Members.. Do you know what will follow in the District of Columbia if you pass this bill? I wish I had the time——

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent (at the request of Mr. YATES) Mr. O'HARA of Illinois was granted 5 additional minutes.)

Mr. O'HARA of Illinois. Thanks for the privilege of continuing 5 minutes. Let me make the most of it. Let us get right down to the bill. You will not find a paragraph or a page where there is not something given away that should have been held on to. This is in the nature of a franchise ordinance. It is a contract. What lawyer on this floor would say that in a franchise ordinance you should not bind the other party?

Just listen to this, you lawyers:

> The preceding sections of this act shall not become effective unless prior to August 14, 1956, the Capital Transit Co., after taking such action as may be appropriate under its charter and bylaws, has notified the Public Utilities Commission of the District of Columbia in writing that it will continue to engage in the transportation of passengers within the District of Columbia.

Not even a formal written acceptance or a commitment to abide in good faith. A city council elected by and answerable to the people would be most careful and particular to protect the public in what it was getting in exchange for privileges given to one using the public streets for profit. I would think the city council negligent that did not bind with a bond to performance of its obligations one to whom it was giving a valuable franchise.

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

Mr. O'HARA of Illinois. I am sorry; I have not the time. I may say to my dear friend that I found it impossible yesterday to get any time in general debate, and it seemed almost equally difficult for Members who desired to speak in opposition to the bill, so I must decline the suggestion that I surrender my little remaining time to the side that already has enjoyed a generous share of the debate.

Here is the provision in regard to the conversion to bus operation:

> It shall be the duty of the Capital Transit Co. to initiate and carry out a plan of gradual conversion of its street railway operations to bus operations in general conformity with the economic concepts—

Think of it. The economic concepts contained in some report; nothing else binding upon the company. Mr. Chairman, the streetcar is gone; everybody knows that. Streetcars are a liability, not an asset, since it is inevitable they must go, and then the tracks must be removed, the rails and the foundation torn up and the streets repaved. That runs into money. It is the obligation of the company in any municipal franchise I have seen. As I read this bill there is no obligation of any sort upon the company to purchase 1 bus or to remove 1 foot of trackage or repave 1 yard of the streets. New buses? Poppycock. All this bill requires the company to do is to read a report and put in a supply of economic concepts. Imagine the people of Washington riding around in a bus fabricated from concepts. How silly can we get in accepting such words as "general conformity with economic concepts" as legal language binding the beneficiary of our bounty to compliance with some clearly defined obligations?

I wonder also how you are protecting in this careless piece of legislation, how you are protecting the people of Washington from the cost of rebuilding the streets and their repaving. Mind you, the original franchise was drawn years ago before the bus had come into use. There is great expense in the conversion from street cars to buses, yet in this bill I fail to find one word to bind the company and protect the public. Instead we have an essay on economic concept.

Mr. Chairman, we should not be deceived by rainbows of diction. I know everybody is well-intentioned, and giving the subcommittee credit for more wisdom than God ever gave a similar number of men, I am saying to them that I doubt if after 3 or 4 months of study with all their other duties they possibly could have come to an understanding of the very complex matter of mass transportation. Yes, they are coming in here, sincere, honest, earnest, able but, nevertheless, overworked men like all of us in the Congress, and they are saying to us frankly that this is the best deal they can make under circumstances, therefore this must be good legislation; and I am saying to you with 10 years of experience in this field that I think this is the most unworkable and one-sided piece of traction legislation that has ever been presented in a legislative body, and that if you enact it the repercussions from the people of the District when time has proved its character will hit the Congress as a hurricane.

Mr. HARRIS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I fully realize that there are a lot of able and experienced Members of this Congress in various fields. I have learned from experience that regardless of what subject might be brought up you better know something about it if you get involved because somebody else, a Member of the House, will know something about it, too.

I appreciate the fact that my distinguished colleague from Illinois has given you something of the benefit of his long years in traction operations. I have never had any experience in the traction business. My experience has been in the legislative end of it. I do not claim to know how to operate one. I do not know anything about the Chicago situation, but I do think I know the problem here.

Our committee studied the legislative responsibility for a long time. The gentleman from Illinois castigates the bill. As we told you yesterday this bill is the only way by which the people can have transportation on and after August 14 of this year. The gentleman tries then to show you why it is such a bad bill. He refers to the language in the bill which says that the matter shall be referred to the board of the Capital Transit Co. and from them to the stockholders.

The Congress a year ago revoked the franchise of the Capital Transit Co. The gentleman, with his long years of experience, I am sure, must understand there is no way you can get the Capital Transit Co. back into business except by approval of the stockholders of that company. He says that is bad legislation. He must either be trying to be facetious or has no conception of the facts. I respect his sincerity, but I am sure it is for a different reason.

Then he refers to just one other matter in the bill which he says makes it bad legislation also. He referred to the changeover from streetcars to buses. The District Commissioners have insisted that there be an all-bus system. You have heard the members of the committee who sat days and days and heard the testimony say that it is not possible to have transportation in the District of Columbia and provide service with the limited time we have by using buses and buses only. There are not sufficient buses owned by the Capital Transit Co. to furnish such a service. General Motors and the Mack Co., the only bus producers in the Nation, say they cannot supply any new buses.

There is only one other alternative and that is to utilize what streetcar operations we have until there can be a realistic and practical changeover to an all-bus system. We provide that in this bill. We say it shall be done under the economic justification and according to the report of W. G. Gilman Co., one of the most outstanding consultants in this field in the United States.

Mr. Chairman, is this committee to accept a statement from Members who have heard none of the testimony, who are not and cannot be familiar with this program except maybe because of some experience they have had somewhere else, or are we going to take the word of an experienced consulting firm that came here and made a survey over weeks and weeks of the transportation problems of the District of Columbia?

Those are the only two items the gentleman from Illinois [Mr. O'HARA] cites as specific examples that this is such bad legislation. The fact is he does not even touch the major principles involved, yet he is so sure it is bad because of his familiarity with a public transit authority in Chicago.

Now, what is all this about? I am just putting it up to you. It does not mean anything in the world to me. And, we have got a choice, as we in the committee had. We have got the choice of using the buses and streetcars that are now available, or else we will not have transportation service when the franchise is up August 14.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. Does not the gentleman think that from now on the transit system is going to be an

uneconomic proposition and that it must be subsidized in order for this company or any other company to operate?

Mr. HARRIS. Let me answer the gentleman. Everyone who knows anything about the transit business in the country will say that it is a dying industry.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. PRIEST. Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas [Mr. HARRIS] may proceed for 5 additional minutes.

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

There was no objection.

Mr. HARRIS. That is the reason the committee accepted the recommendation of the District Commissioners and the Public Utilities Commission in granting concessions, and that is the reason we did it in this bill, because they were willing to give it to any other private operator to come in, and we feel, under good management, that the operation of such a system with the present equipment here and gradual change-over to the bus system is the way that it can be done and provide the best service for the people of the District of Columbia. As I said to you, we have got to decide whether or not we are going to use the existing equipment, or we are going to provide no transportation August 14.

I agree with the gentleman from Indiana and the gentleman from Virginia that once you set up a public authority you have got it from here on out; you cannot get rid of it. The testimony is that it will not cost you $20 million, but it will be, as it has been in Cleveland and Chicago, enormous; it is going to cost you many, many more millions of dollars to provide that service. It is just a question of what we are going to do, assume the responsibility or are we going to say to the people of the District of Columbia that the Congress is not going to permit you to have transportation. That is the question we have here today.

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

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

Mr. HALLECK. First of all I want to commend the gentleman and the members of his committee for the fine work that they have done on this very troublesome matter, and I would just like to comment for myself that I think we have had a very good attendance here in the Committee of the Whole.

Mr. HARRIS. I think it has been splendid, I will say to the gentleman.

Mr. HALLECK. I think the gentleman puts his finger on it when he says that if we do not pass this bill there will be no transportation in the District of Columbia on August 14.

Mr. HARRIS. And the Congress is going to be gone then, too.

Mr. HALLECK. Is it not also true that the committee bill is really a substitute for the bill from the other body, so that the whole matter will finally be adjusted in conference?

Mr. HARRIS. I want to comment on that.

Mr. HALLECK. And if this bill were to be recommitted at this time, we certainly would be destroying or avoiding the very objective that we want to attain.

Mr. HARRIS. Certainly.

Let me just say this to you. I know you are realistic and practical thinking people here. Now, there are just two things in here that are bothering us. One is Mr. Wolfson. Now, that is a fact. But, have you ever thought about the fact that the Wolfson group owns only 31 percent of this company? Have you ever thought about the fact that there are 2,400 other good American citizens who own stock in Capital Transit Co.? Have you ever thought about the fact that there are 1,100 good American citizens right here in the District and in the surrounding metropolitan area who own 200,000 shares in Capital Transit Co.? Are you, because of enmity against one man or one little group, going to say, "We are going to throw the other 2,400 people, good American citizens, who have invested their money in it, to the wolves"? Now, is that what we are going to do here? Here is what we are trying to do. You have read the newspapers. You have read the record. We have a program under way which includes the admission of Mr. Wolfson that he will gladly sell out to some responsible people. Mr. Dan Bell has said that—

> If you will give us something in the nature of this bill we will redouble our efforts and we can move fast.

That is one of the problems.

Here is another problem; and if it were not for that one we would not be having all this controversy here. That is, the labor people say there is no provision in here for labor. The gentleman from Indiana [Mr. HALLECK] said a moment ago that this bill is going to have to be written in conference. Let us send it on to conference. There is a provision in the Senate public authority bill referring to labor, which has to do with a voluntary method of arbitration. They said that would meet their desire. Let us send it to conference and I can virtually assure the Members of this body that so far as I am concerned that bill can be worked out to their full satisfaction.

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

(By unanimous consent (at the request of Mr. HESELTON), Mr. HARRIS was given permission to proceed for 2 minutes additional.)

Mr. HESELTON. Mr. Chairman, will the gentleman yield to me?

Mr. HARRIS. I yield to my colleague from Massachusetts.

Mr. HESELTON. The gentleman mentioned a number of stockholders who would be affected, something like 3,000——

Mr. HARRIS. 2,400.

Mr. HESELTON. Does the gentleman think that if those 2,400 stockholders got the same dividends and the same stock split and the same advantages that the Wolfson group got, of 339 percent in the last 9 years, that they are going to suffer very much?

Mr. HARRIS. Of course, the gentleman has his own figures so far as 339 percent is concerned.

Mr. HESELTON. I take them from the public record.

Mr. HARRIS. All stockholders got the same dividends over the years. That has happened since 1933. But from a realistic standpoint let me say this: There are only two major questions causing this controversy. Let us try to work them out so that we may assume a responsibility here to our people, the people of the District of Columbia. If you send this bill back to the committee, it will be weeks and weeks, if ever, before we will be able to get out another bill. This subcommittee said, 100 percent of them, that they were opposed to a public authority except as a last resort. There is no time to set up a public authority. Where are they going to get the management if the District Commissioners were given this authority? If what they have done in the last year is any criterion, God help the people of the District of Columbia with a public authority.

That is what I have to say about it. We are just asking the Members to give us a chance, and I believe we can work this out and assume a responsibility in keeping with what the gentleman from Massachusetts said he believed in, and the gentleman from Ohio said he believed in; and that is a private-enterprise operation. If they believe in that, let them join with us and give us the opportunity to work this out.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I thought I had completed my remarks on this proposed legislation, but I rise to say to you that in 38 years of legislative experience this is one of the most peculiar activities, here on the floor, that I have ever seen. We have seen the very people, here in the well of the House, who last August were imploring us to take away this Capital Transit franchise, today asking us to now reinstate it in a much more beneficial form than it was originally; reinstate it with provisions that will give the Capital Transit Co. $500,000 a year in tax exemptions, and many other benefits; and will put the Capital Transit Co. in a position where, if anybody else, if any other private group, wants to run a transit system in the District, the only way they could do so would be to buy out the Wolfson interests. If I understand figures correctly on the balance sheets, the present operating group has already taken 337 percent in profits, or in cuts or capital return, whatever you want to call it, on their original investment, and now they propose to sell the transit operation. If they get this bill through, they can sell it, because anybody who wants to operate here has to buy from them once they again hold the franchise. They say they will sell for a fair and reasonable price, $20 million, I understand. What was the original investment, anyhow, in this Transit Co.? If they sell for $20 million, they will declare another 337 percent in profits, or in capital gains.

Let me say this to you: Remember, if this present franchise is permitted to expire, the company will be required to

take up its tracks and repair the streets of the District at an estimated cost of $5 million. Where would they sell their streetcars if this franchise expires, unless they sell them to some new company which might be formed to take a new franchise here in the District of Columbia? They would undoubtedly have to sell those streetcars for scrap, because streetcars are not selling today, and you cannot tell me anybody would buy them except for scrap.

If you enact this legislation, what you are doing is forcing the Bell interests—and they are stable, substantial, local financial interests—to pay the present operating group of Capital Transit the amount they want in order to get the right to operate a transit system here in the District. They will have to buy the franchise, not just the equipment, from the Wolfson interests. Remember that. All you are doing is playing into the hands of those very people who made suckers out of us before. I have no criticism of them. They are looking after their own interests and the interests of their stockholders. They are not to be blamed for that. But you and I as the councilmen for the District of Columbia and as the keepers of the Treasury keys, have a responsibility in this matter and we ought to see to it that this bill goes back to the committee. I am against any kind of public authority; I do not believe in public ownership of these operating agencies, but this bill ought to go back to the great Committee on Interstate and Foreign Commerce for further study so as to give an opportunity for Mr. Bell and his group and Mr. Wolfson and his group to get together, not on what Mr. Wolfson may describe as a fair and reasonable price of $20 million, if that is correct, and it may be correct, but on an honest, decent basis for a new operating group to buy out the old company.

Remember, the Congress gave this franchise in the first place and took it away. We can vote a new franchise tomorrow, next week, or the 1st of June, effective on August 15, 1 minute after midnight, after the present franchise expires, and it will be just as effective as this present franchise, although the present interests would not own the franchise. It would go to whomever the Commissioners of the District of Columbia or the Congress might select.

Mr. DOLLIVER. Mr. Chairman, I move to strike out the last two words.

Mr. HARRIS. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. DOLLIVER. I yield to the gentleman from Arkansas.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that, following the time of the gentleman from Iowa, debate on all amendments to this section close.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. DOLLIVER. Mr. Chairman, I have been both elated and disheartened by the discussion that has been going on on this floor on this subject for the last 2 days: Elated because we are getting a vigorous debate on a very important subject, and disheartened because some of my colleagues do not seem to recognize the real issue that is here.

We have heard Mr. Wolfson berated and condemned from beginning to end by the opponents of this measure. With that I can have no particular quarrel.

But, Mr. Chairman, that is not the real issue here. You can go off into that bypath and explore it and find it is a dead end. It does not give you a transit system. We are confronted with a cold, hard proposition here of whether we are going to have any public transit in the District of Columbia after August 14.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DOLLIVER. I yield to the gentleman for a question only.

Mr. BROWN of Ohio. Did not the Congress of the United States let the District of Columbia go without any public transportation for some 57 or 67 days last summer and adjourn without taking any action except canceling the franchise?

Mr. DOLLIVER. My recollection of that unhappy episode in the history of the District of Columbia is that after that drastic action was taken by the Congress, then the District Commissioners and the Public Utilities Commission made concessions by way of tax exemptions and fare increases to the point where the strike could be settled.

The real issue is whether we are going to have transit in this town after August 14. If you want to take the responsibility as Members of this House to vote to recommit this bill with the inevitable legislative difficulties that will arise under such circumstances; if you want to delay a conference report after a recommital; if you want to depend on these negotiations which are now supposed to be taking place, and which I believe are taking place, between the Wolfson and the Bell interests, of which I personally know nothing; if you want to take that responsibility and say to the people who work in the departments of this Government and in the businesses of this city that after August 14 they are going to have to depend on shoe leather and the convenience of the neighbors for car transportation—that is your responsibility.

For my part, and I have studied this to the best of my ability over these weeks that we had these hearings, and as I said yesterday I attended all of them, both public and executive hearings, the only answer at this time is to vote for the substitute bill which was presented by your Committee on Interstate and Foreign Commerce.

To be sure, as was pointed out by one of the previous speakers, this whole transit industry has been called a sick industry. Perhaps, indeed, it is because in many of our great cities they have had to come to some kind of transit authority. But here we are confronted with a proposition that we can keep a private enterprise in operation and I think we ought to do it.

There is another factor in this situation which has not been dwelt upon to any great extent. Suppose we do get this thing balled up worse than it is now and we have no transit after August 14? There are several hundred employees of this company who are going to be out of work—not because of a strike for higher wages, but because this Congress will have acted irresponsibly and will have put them out of a job. I do not want to accept the responsibility for that. Of course, there are going to be some conflicts of interests between the employees through their union and the operators and managers of this company. That happens in every kind of industrial employment situation. But, we will have to meet that when we come to it. I earnestly and honestly urge you to vote for the committee bill.

Mr. PRIEST. Mr. Chairman, I renew my request that the remainder of the committee substitute be considered as read and printed in the RECORD at this point and open for amendment.

The CHAIRMAN. Is there objection?

There was no objection.

The balance of the substitute amendment is as follows:

ESTABLISHMENT OF RATES; SYSTEM RATE BASE; RATE OF RETURN; SERVICES

SEC. 2. (a) For the purpose of determining the rates of fare to be charged by the Capital Transit Co to passengers within the District of Columbia, the Public Utilities Commission of the District of Columbia shall use the system rate base of such company comprising its net investment in property, plant, and equipment as of July 31, 1955, which is hereby fixed in the amount of $20,256,678.76, subject to adjustment for all property additions and property retirements subsequent to July 31, 1955, used and useful in the conduct of public transportation; minus the net depreciation reserve accrued per books applicable to property, plan, and equipment subsequent to July 31, 1955; plus the sum of $1,000,000 for cash working capital; plus a reasonable allowance for material and supplies. In the determination of depreciation on that part of the property, plant, and equipment of the company acquired on or before July 31, 1955, such depreciation shall be that computed by and taken by the Capital Transit Co. on the original cost thereof at the rates of depreciation, established by the Public Utilities Commission of the District of Columbia, which were in effect on July 31, 1955.

(b) It is hereby declared as a matter of legislative determination that a return of 6½ per centum on the system rate base, as determined in accordance with subsection (a), is the fair and reasonable return which the company shall be afforded the opportunity of earning.

(c) The rates established for the Capital Transit Co. under the act of August 14, 1955 (Public Law 389, 84th Cong.) on August 21, 1955, shall remain in effect as the schedule of rates for the transportation of passengers within the District of Columbia by such company until August 15, 1957, and shall continue in effect thereafter until superseded by a schedule of rates which becomes effective under this subsection. Whenever on or after August 6, 1957, the Capital Transit Co. files with the Public Utilities Commission of the District of Columbia a new schedule of rates, such new schedule shall become effective on the 10th day after the date of such filing, unless the Commission prescribes a lesser time within which such new schedule shall go into effect, or unless prior to such 10th day the Commission suspends the operation of such new schedule. Such suspension shall be for a period of not to exceed 90 days from the date such new schedule is filed. If the Commission suspends such new schedule it shall immediately give notice

of a hearing upon the matter and, after such hearing and within such suspension period, shall determine and by order fix the schedule of rates to be charged by the Capital Transit Co. If the Commission does not enter an order, to take effect at or prior to the end of the period of suspension, fixing the schedule of rates to be charged by the Capital Transit Co., the suspended schedule filed by the Capital Transit Co. shall go into effect at the end of such period, and the Commission shall not thereafter issue any order based on such proceeding.

(d) Notwithstanding the provisions of the joint resolution entitled "Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved January 14, 1933 (47 Stat. 752), and paragraph 13 of the unification agreement incorporated therein, the Public Utilities Commission of the District of Columbia shall have the power to fix reasonable charges for, and rules and regulations concerning, the issuance by the Capital Transit Co. of transfers between vehicles operated by the company within the District of Columbia.

(e) The schedule of routes and services furnished by the Capital Transit Co. for transportation within the District of Columbia which is in effect on the effective date of this section shall remain in effect until changed in accordance with procedures and practices of the Public Utilities Commission of the District of Columbia pursuant to the provisions of section 8 of the act of March 4, 1913 (37 Stat. 974), as amended.

(f) The provisions of this section shall supersede section 8 of the act of March 4, 1913 (37 Stat. 974), as amended, the joint resolution entitled "Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes", approved January 14, 1933 (47 Stat. 752), as amended, and any other provision of law, to the extent of any conflict therewith.

EXEMPTION FROM GROSS RECEIPTS TAX; CONTINUED EXEMPTION FROM MILEAGE AND CERTAIN OTHER TAXES

SEC. 3. (a) As of June 30, 1956, paragraph No. 5 of section 6 of the act entitled "An act making appropriations to provide for the expense of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended (D. C. Code, sec. 47-1701), is amended by striking out the third and fourth sentences and inserting in lieu thereof the following: "Each gas, electric-lighting, and telephone company shall pay, in addition to the taxes herein mentioned, the franchise tax imposed by the District of Columbia Income and Franchise Tax Act of 1947, and the tax imposed upon stock in trade of dealers in general merchandise under paragraph No. 2 of section 6 of said act approved July 1, 1902, as amended."

(b) As of June 30, 1956, the first proviso of subparagraph (b) of paragraph 31 of section 7 of the act approved July 1, 1902, as amended (D. C. Code, sec. 47-2331 (b)), is amended to read as follows: "*Provided*, That the provisions of this subparagraph shall not apply at any time to any company which was operating both street railroad and bus services in the District of Columbia on July 1, 1956:".

(c) Notwithstanding subsections (a) and (b) of this section, the Capital Transit Co. shall continue to be exempt from the following taxes:

(1) The gross sales tax levied under the District of Columbia Sales Tax Act;

(2) The compensating use tax levied under the District of Columbia Use Tax Act;

(3) The excise tax upon the issuance of titles to motor vehicles and trailers levied under subsection (j) of section 6 of the District of Columbia Traffic Act of 1925, as amended (D. C. Code, sec. 40-602 (j) (4)); and

(4) The taxes imposed on tangible personal property, to the same extent that the Capital Transit Co. is exempt from such taxes immediately prior to the effective date of this section under the provisions of the act of July 1, 1902, as amended.

MOTOR-VEHICLE FUEL TAXES

SEC. 4. (a) Except as hereinafter provided, the Capital Transit Co. shall not, with respect to motor fuel purchased on or after September 1, 1956, pay any part of the motor-vehicle fuel tax levied under the act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes," approved April 23, 1924, as amended (D. C. Code, title 47, chapter 19).

(b) As soon as practicable after the 12-month period ending on August 31, 1957, and as soon as practicable after the end of each subsequent 12-month period ending on August 31, the Public Utilities Commission of the District of Columbia shall determine the company's net operating income for such 12-month period and the amount in dollars by which it exceed or is less than a 6½ percent rate of return on its system rate base for such 12-month period. In such determination the Commission shall include as an operating expense the full amount of the motor vehicle fuel tax which would be due but for the provisions of this section on the motor fuel purchased by the company during the 12-month period. The Public Utilities Commission shall certify its determination to the Commissioners of the District of Columbia or their designated agent. If the net operating income so certified by the Public Utilities Commission equals or is more than a 6½-percent rate of return on the Capital Transit Co's. system rate base, the company shall be required to pay to such Commissioners, or their designated agent, the full amount of the motor vehicle fuel taxes due on the purchases of motor fuel made by the company during such 12-month period. If the net operating income so certified is less than a 6½-percent rate of return on such rate base, the company shall pay to such Commissioners, or their designated agent, in full satisfaction of the motor vehicle fuel tax for such period an amount, if any, equal to the full amount of said motor vehicle fuel tax reduced by the amount necessary, after taking into consideration the effect of the District of Columbia franchise tax levied upon corporate income and of Federal income taxes, to raise the company's rate of return on its system rate base to 6½ percent for said period. Within 30 days after being notified by the said Commissioners or their designated agent of the amount of the motor vehicle fuel tax due under this section, the Capital Transit Co. shall pay such amount to the said Commissioners or their designated agent.

(c) If not paid within the period specified in subsection (b), the motor vehicle fuel tax payable under this section and the penalties thereon may be collected by the Commissioners of the District of Columbia or their designated agent in the manner provided by law for the collection of taxes due the District of Columbia on personal property in force at the time of such collection; and liens for the motor vehicle fuel tax payable under subsection (b) and penalties thereon may be acquired in the same manner that liens for personal property taxes are acquired.

(d) Where the amount of the motor vehicle fuel tax payable under subsection (b), or any part of such amount, is not paid on or before the time specified therein for such payment, there shall be collected, as part of the tax, interest upon such unpaid amount at the rate of one-half of 1 percent per month or portion of a month.

(e) The Commissioners of the District of Columbia or their designated agent are hereby authorized and directed to issue to the Capital Transit Co. such certificates as may be necessary to exempt it from paying any importer the motor vehicle fuel tax imposed by such act of April 23, 1924, as amended, or as hereafter amended.

SNOW REMOVAL

SEC. 5. (a) The Capital Transit Co. shall not be charged any part of the expense of removing, sanding, salting, treating, or handling snow on the streets of the District of Columbia, except that the Capital Transit Co. shall sweep the streetcar tracks at its own expense.

(b) The paragraph which begins "Hereafter every street railway company" which appears under the heading "streets" in the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1913, and for other purposes," approved June 26, 1912 (D. C. Code, sec. 7-614), is hereby repealed.

CONVERSION TO BUS OPERATIONS

SEC. 6. It shall be the duty of the Capital Transit Co. to initiate and carry out a plan of gradual conversion of its street railway operations to bus operations in general conformity with the economic concepts contained in the report of W. C. Gilman & Co., dated September 26, 1955, on file with the Public Utilities Commission of the District of Columbia.

EVIDENCES OF INDEBTEDNESS

SEC. 7. Notwithstanding the provisions of paragraph 6 of the unification agreement incorporated in the joint resolution entitled "Joint resolution to authorize the merger of street railway corporations operating in the District of Columbia, and for other purposes," approved January 14, 1933 (47 Stat. 752), as amended, evidences of indebtedness of the Capital Transit Co. payable within 1 year or less shall not require approval of the Public Utilities Commission of the District of Columbia.

NOTIFICATION OF ACCEPTANCE BY THE CAPITAL TRANSIT CO.; EFFECTIVE DATE OF THE FOREGOING PROVISIONS

SEC. 8. (a) The preceding sections of this act shall not become effective unless prior to August 14, 1956, the Capital Transit Co., after taking such action as may be appropriate under its charter and bylaws, has notified the Public Utilities Commission of the District of Columbia in writing that it will continue to engage in the transportation of passengers within the District of Columbia after August 14, 1956, under its franchise as previously granted and as modified by the provisions of this act.

(b) Subject to subsection (a), the preceding sections of this act shall take effect on August 14, 1956.

Amend the title so as to read: "A bill to make provision for continued operation by the Capital Transit Co. after August 14, 1956, under a revised franchise, and for other purposes."

Mr. HESELTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I certainly do not intend to prolong this debate any further. I did not offer any objection to the request which was made in good faith in order to get us to the point where we can vote; and we must vote.

The gentleman from Ohio [Mr. BROWN] made some very pertinent comments. I did not want to interrupt him, although I felt it might have been material at one point to read to you a telegram, to those of you who have been patient enough to sit here—and I do not

think the attendance has been anything significant or remarkable during this debate this afternoon, even though my friend from Indiana [Mr. HALLECK] disagrees with me. But I would like to read this telegram, because I would like to have you, who have been so patient to go through with this debate on this city council matter hear it—and this should have been handled by a city council and not by the Congress of the United States, confronted with vital and important problems, in which their constituents are vitally interested. I do not minimize the interest of the people of Washington in this problem, but I think a city council would have handled all that we have gone through, much more quickly, better and at less expense to the general taxpayers all over this country.

The telegram reads:

The Washington taxicab industry opposes the proposed District of Columbia gasoline tax exemption incorporated in the Capital Transit franchise restoration measure. As you know, Capital Transit also will be exempted from paying the increased gasoline tax provided in the Highway Revenue Act. We passed that bill recently. We feel that, if any one public utility is given relief from paying the District of Columbia gasoline tax, all other public utilities should be exempted.

ERWIN DOLLAR,
Executive Vice President, Associated Taxicab Operators, Inc.

Now, you and I probably do not ride the streetcars a great deal. The gentleman from Mississippi [Mr. WILLIAMS] says he does not ride them at all, for obvious reasons. Be that as it may, we probably do not even get on the buses, but we do use taxicabs and use them frequently, and so do a lot of people in this city. They are a vital part of District transportation. What are you going to do if you pass this bill? You are going to open a Pandora's box this afternoon, and you will never be able to close it. There are other people coming in here with perfectly legitimate claims. If you exempt one segment of the public utilities, you can expect to be asked to exempt segment after segment of the utilities, and most of them will not be able to say, "We have earned 333 percent."

Mr. YATES. Will the gentleman yield?

Mr. HESELTON. I yield.

Mr. YATES. The gentleman has stated that the company will have an exemption from paying the motor fuel tax. In the section mentioned on page 62, in spite of the fact that they are to be exempted from paying such taxes, in fixing the operating expenses that are to be paid in determination of the rates to be charged by this company, the company is to be given allowance on the amount of gasoline it has purchased as though it had paid that tax.

Mr. HESELTON. I think the gentleman is right, but please excuse me from analyzing the bill. I think it is terrible.

There has been some suggestion that somebody is going too far when they criticize the Wolfson group. I know most of you did not have an opportunity to read my minority report, but let me quote something in it which appeared in the Washington Star of March 28, 1954. So far as I know, Mr. Wolfson never denied it. He is quoted as saying:

I have the responsibility to see that the stockholders of the Capital Transit Co. get a fair return. If there is no fair return, then I will have to take other action to protect their interests. If necessary, I will even go so far as to liquidate the company. I will protect the stockholders within the limits of the law, in spite of anything, including Congress and the Public Utilities Commission.

That shows what Mr. Wolfson's attitude was on March 28, 1954.

Now look at the letter Mr. Wolfson sent to my good friend, the chairman of the subcommittee. I think this is an insulting letter; I think it should be resented by our committee, because in this letter dated May 11 he wrote:

As you know, the board of directors of the Capital Transit Co. has stated they are willing to recommend to the stockholders of the Capital Transit Co. return to business if the House passes the franchise restoration bill worked up—

By whom?—

by your committee and the company representatives.

I do not believe the company representatives dictated to my colleagues on the committee, but Mr. Wolfson wrote that and it is in the CONGRESSIONAL RECORD.

I am not going to back down on what I did last August. The franchise was canceled, and it deserves to remain canceled.

Mr. HARRIS. Mr. Chairman, I ask unanimous consent that all debate on the pending bill and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MACK of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. HESELTON. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. MACK of Illinois. Yes.

Mr. HESELTON. Would it be in order for me to offer a substitute during the period when the debate is open for those who have been standing?

The CHAIRMAN. Yes; you have that opportunity.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. ARENDS. Mr. Chairman, if the gentleman will yield, I would like to ask the majority leader, the gentleman from Massachusetts [Mr. MCCORMACK] if he will inform us as to the program for next week.

Mr. McCORMACK. I will be happy to.

On Monday we will take up the Consent and Private Calendars. There will be two suspensions if they do not pass by unanimous consent. One is H. R. 11124, annuities for widows and children of Federal judges, and S. J. Res. 607, to continue the tin smelter in Texas. Following that we will take up H. R. 9052, the Export Control Act.

Tuesday, Wednesday, Thursday, and Friday:

Public works appropriation bill for 1957 will come up on Tuesday. If the extension of the Mutual Security Act of 1956 bill is reported out of committee and a rule is reported out, it may be brought up after the public works appropriation bill. You notice I have a qualification there. Whether or not it will be depends on the ability of the Committee on Foreign Affairs to report the bill out and get a rule in time.

H. R. 9852, to extend the Defense Production Act.

H. R. 10542, a bill out of the Committee on Veterans' Affairs relating to widows of veterans eligibility for benefits.

That is with the usual reservation that conference reports may be brought up at any time, and any other program will be announced later.

Mr. ARENDS. I thank the gentleman.

Mr. MACK of Illinois. Mr. Chairman, I am taking this time to raise my voice in opposition to the comments made here by two of my colleagues from Illinois. I highly respect both of my colleagues. I know that they are both very able attorneys with many, many years of experience. I know also that they are both dedicated to the public transit authority in Chicago, Ill. Mr. Chairman, I have the feeling that some of my very highly respected colleagues from the State of Illinois feel that this vote this afternoon is a vote for or against the transit authority in the city of Chicago. If that were the case they would have my support but nothing could be any further from the truth. We are voting on a transit bill, a transportation bill, for the District of Columbia. So let us not interject Chicago affairs into the picture when we are discussing the business affairs of the District of Columbia. The situation is completely different. This pertains to the Capital Transit Co., and whether or not the Congress wants to use an authority to seize their rolling stock as well as their real estate and other assets. I say that if the Congress or if the Government wanted to seize the Capital Transit Co., they should have seized it last year when we had an emergency here and not be seizing the company now when everything is running smoothly. Personally, I can see nothing too objectionable about public authorities. In fact, if an authority can be established in orderly form, I would support it. They have public authorities doing a good job in New York, Cleveland, Boston, Chicago, and many other cities. I am not criticizing authorities but I am vehemently opposed to government seizure of private industry. The opponents of this bill would want us to use a public authority for this purpose.

That is the question today. If you pass a public authority bill, there is no way in the world you can acquire buses, streetcars, or anything else, unless you get them from the Capital Transit Co. and the Capital Transit Co. is not just about to sell that equipment to a public authority here in the District of Columbia.

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

Mr. MACK of Illinois. I yield to my colleague from Illinois.

Mr. YATES. I wanted to clear up one point. The gentleman made a reference to what my attitude may be. I thought I was talking to the bill that was before

us. I had no intention at all of talking about the Chicago Transit Authority. The question in my mind is whether or not the franchise should be given to the Wolfsons in view of the concessions that are made. In my opinion, there are too many concessions that are provided in this bill.

Mr. MACK of Illinois. I appreciate the gentleman's statement. What we are doing is reinstating the franchise that we have had here for perhaps 50 years; at least 25 years. We have liberalized the franchise somewhat. If some of the Members want to argue about the liberalization of the franchise or the concessions that we are making, they can offer an amendment to eliminate some of those concessions.

This is a good bill and is the only sound solution to the problem confronting us. It is going to extend the present franchise. We do not want to get into a situation where we have to seize private property here in the District of Columbia, and that is what we would be doing if we followed the suggestion of the opponents of this legislation.

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

Mr. MACK of Illinois. I yield to the gentleman.

Mr. FLYNT. Is it not absolutely correct that every concession contained in this bill now before the Committee for consideration was recommended, not by the committee, but by the Public Utilities Commissioners and by the District Commissioners of the District of Columbia?

Mr. MACK of Illinois. That is correct.

Mr. HESELTON. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. HESELTON to the committee amendment——

Mr. HESELTON. Mr. Chairman, the substitute has been fully explained and is of record. I do not think there is any doubt about what it is.

Mr. PRIEST. Mr. Chairman, I want to reserve a point of order against the substitute amendment. I do not want to deny the gentleman the opportunity to make his speech, but I reserve a point of order against the amendment.

Mr. HESELTON. Mr. Chairman, I do not want to make an explanation of it. It is in the RECORD. It provides an interim authority.

Therefore, I ask unanimous consent that the bill which I am offering, which is a long one, be considered as read and that we have a ruling of the Chair as to its propriety.

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

Mr. HARRIS. Mr. Chairman, reserving the right to object, may I inquire of the gentleman who is proposing the substitute if this is the same bill which passed the other body, which provides for a public authority, with a so-called interim arrangement?

Mr. HESELTON. With this exception. This is identically the same bill; I have admitted it before, but I had to choose it as the only alternative. I could not devise amendments to the committee substitute to satisfy me. It is the bill as reported by the Senate committee. There are, however, in the Senate version 3 or 4 amendments which I have not offered because I know the substitute is not admissible from the parliamentary angle.

Mr. HARRIS. It is a public-authority approach to the problem?

Mr. HESELTON. It is an interim public-authority approach.

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

There was no objection.

The amendment is as follows:

Be it enacted, etc., That this act may be cited as the "Washington Metropolitan Transit Act."

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TITLE I—GENERAL PROVISIONS

Declaration of purposes

SEC. 101. It is hereby declared to be a matter of legislative determination that the Washington metropolitan area (as such term is hereinafter defined) is a community integrated economically and geographically with its center in the city of Washington, D. C., and that the District of Columbia is the seat of the Government of the United States which is the largest single employer of persons resident within said Washington metropolitan area; that an adequate and economically sound transportation system or systems serving said Washington metropolitan area is essential to (1) the proper functioning of the Government of the United States, (2) commerce among the several States and the District of Columbia, (3) the health, welfare, and safety of the public, including the civilian and military personnel and the Defense Establishment of the Government of the United States located in the District of Columbia and the Washington metropolitan area, and (4) the national defense; that operation of the Capital Transit Co., the operator of the principal transportation system located within the Washington metropolitan area, will cease August 14, 1956, consequent upon repeal of its franchise rights and charter by Public Law 389, 84th Congress (69 Stat. 724); that the Congress finds the establishment of an adequate transportation system to operate in the Washington metropolitan area, commencing August 15, 1956, as a replacement for Capital Transit Co., cannot be accomplished at the present time by the ordinary operations of private enterprise without public participation; that to these ends it is necessary to enact the provisions hereafter set forth (1) to a public body corporate consisting of the Commissioners of the District of Columbia for an interim period certain powers to acquire, extend, improve, and operate an adequate transportation system or systems in the Washington metropolitan area to provide service at reasonable rates for the residents of the Washington metropolitan area, (2) authorizing the transfer of such transportation system or systems to private ownership if during such interim period a sound proposal for private ownership is submitted to such public body corporate and it finds that such proposal would result in providing the residents of the Washington metropolitan area with an adequate and efficient transportation system under private ownership, (3) providing that if during such interim period private interests do not acquire such transportation system, the existence of said public body corporate is continued; and (4) providing that such public body shall have the exclusive permission and franchise to operate a transportation system or systems within the District of Columbia, except for such permissions and franchises (other than those of Capital Transit Co.) as are in existence as of the date of enactment of this act; and that the acquisition, extension, improvement, and operation of a transportation system or systems by the public body corporate hereinafter created, all as provided in this act, is hereby declared to be a public use and purpose.

Definition

SEC. 102. The following terms whenever used or referred to in this act, shall, for the purposes of this act and unless a different intent clearly appears from the context, be construed as follows:

(a) "Authority" means the Washington Metropolitan Transit Authority established by this act.

(b) "Board" means the Board of Directors of the Authority.

(c) "Transportation system" means all of the facilities, plants, equipment, real property, personal property, franchises and rights of whatever nature useful for the transportation of passengers for hire, except taxicabs and sightseeing buses and transportation facilities extending beyond the boundaries of the Washington metropolitan area, and railroad lines and terminal facilities used in connection therewith and includes, without limitation, street railways, elevated railroads, subways, underground railroads, motor vehicles, trolleys, trackless trolley buses, motor buses and any combination thereof, or any other form of mass passenger transportation.

(d) "Washington metropolitan area" means and embraces all of the territory in the District of Columbia, in the cities of Alexandria and Falls Church and the counties of Arlington and Fairfax in the Commonwealth of Virginia, and in the counties of Montgomery and Prince Georges in the State of Maryland.

(e) "Bonds" means any bonds, interim certificates, certificates of indebtedness, equipment obligations, notes, debentures or other obligations of the Authority issued pursuant to the provisions of this act.

(f) "Revenues" means all fares, tolls, rates, rentals, fees, charges and other income from the operation of a transportation system by the Authority.

(g) "Real property" includes lands, structures, and any and all easements, franchises and incorporeal hereditaments, and every estate and right therein, legal or equitable, including terms for years, chattels real, and liens by way of judgments, mortgages or otherwise.

(h) "Obligee of the Authority" or "obligee" includes any bondholder, trustee, or trustees for any bondholders, any lessor demising to the Authority property used in connection with a transportation system, or any assignee or assignees of such lessor's interest or any part thereof, and the United States of America or any agency or instrumentality thereof when it is a party to any contract with the Authority.

Act controlling

SEC. 103. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

Separability

SEC. 104. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

TITLE II—INTERIM AUTHORITY

Creation of Authority

SEC. 201. There is hereby created a public body corporate to be known as the "Washington Metropolitan Transit Authority," which shall be an agency and instrumentality of the District of Columbia. The term of the existence of said Authority shall expire on the 15th day of August 1959 except as hereinafter set forth in titles III and IV hereof. The powers of the Authority shall be vested in and exercised by a Board of Directors consisting of the Commissioners of the District of Columbia, two of said Commissioners constituting a quorum. The Commissioners shall select from among their number a chairman and a vice chairman of the Board. The Authority may delegate to one or more of its directors, officers, agents, or employees such powers or duties as it may deem proper.

Powers of Authority

SEC. 202. The Authority shall constitute a public body corporate, exercising public and essential governmental functions, and shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act, and such other powers as are or may be authorized by appropriate authority of the United States, the District of Columbia, or any governmental body exercising jurisdiction in any portion of the Washington metropolitan area without regard to any other provisions of law except as otherwise provided in this act, including the following powers in addition to others herein granted:

(a) To sue and be sued, to compromise and settle suits and claims of or against it, to complain and defend in its own name in any court of competent jurisdiction, State, Federal, or municipal, but execution shall not in any case issue against any property of the Authority;

(b) To adopt, alter, and use a corporate seal which shall be judicially noticed;

(c) To adopt, prescribe, amend, repeal, and enforce bylaws, rules, and regulations for the exercise of its powers under this act or governing the manner in which its business may be conducted and the powers granted to it by this act may be exercised and enjoyed, including the selection of its officers and provision for such committees and the functions thereof as it may deem necessary;

(d) To make, deliver, and receive contracts, deeds, leases, and other instruments and to acquire and take title to real and other property in its own name;

(e) To maintain a principal office in the District of Columbia and suboffices at such place or places within the Washington metropolitan area as it may designate;

(f) To acquire, construct, own, operate, and maintain for public service a transportation system or systems in the Washington metropolitan area and to exercise all powers necessary or convenient in connection therewith;

(g) To borrow money and make and issue bonds and other evidences of indebtedness or obligations for any of its corporate purposes, and to provide for the rights of the holders thereof as authorized by this act;

(h) To fix and revise from time to time and charge and collect fares, tolls, rates, rentals, fees, and charges for the use of a transportation system and the services and facilities furnished thereby or by any part thereof;

(i) To appoint and employ such officers, agents, employees, consulting engineers, attorneys, accountants, appraisers, construction and financial experts and consultants, and such other experts, consultants, and agents for such periods as may be necessary in its judgment, to fix their compensation, and to determine the services to be performed by them on behalf of the Authority and the manner in which such services are to be performed;

(j) To receive and accept from the United States of America, any Federal instrumentality or agency thereof, the District of Columbia, or any State or political subdivision thereof, grants and contributions for or in aid of the acquisition, construction, ownership, operation, or maintenance of any transportation system, and to receive and accept aid or contributions from any source of either money, property, labor, or other things of value, to be held, used, or applied only for the purposes for which such grants and contributions may be made;

(k) To apply for, receive, and accept franchises, licenses, grants, permits, and other rights to operate a transportation system, or part thereof, in the Washington metropolitan area beyond the limits of the District of Columbia, from any State, municipalities, or other political subdivision thereof or from any agency, instrumentality, board, commission, or officer of any such State, municipality, or other political subdivision, and to comply with the terms and conditions of any such franchise, license, grant, or permit;

(l) To enter into contracts and agreements with the operators of one or more transportation systems within the Washington metropolitan area to provide for the transportation of passengers for hire, and, within the District of Columbia and such other area or areas wherein consent therefor shall be given, to determine all fares, schedules, routings, and changes therein, and conditions of service of any such transportation system;

(m) To procure and enter into contracts for any type of insurance and indemnity against loss or damage to property from any cause, including loss of use or occupancy, against death or injury of any person, against employers' liability, against any act of any director, officer, or employee of the Board or of the Authority in the performance of the duties of his office or employment or any other insurable risk;

(n) To enter into contracts and agreements with any persons, firms, or corporations providing for the operation and maintenance of all or any part of any transportation system of the authority and to prescribe the terms and conditions of such contracts and agreements with respect to such operation and maintenance;

(o) To do all things necessary or convenient to carry out the powers expressly granted by this act.

Acquisition and use of property

SEC. 203. (a) The Authority shall have power to acquire in its own name, by purchase, lease, gift, or otherwise, on such terms and conditions and in such manner as it may deem proper, or by the exercise of the power of eminent domain to the extent authorized by this act or the law of any State, with like exception as in section 204 (a) of this act, all or any part of the facilities, plant, equipment, property, rights in property, reserve funds, employees' pension or retirement funds, special funds, franchises, licenses, patents, permits, papers, documents and records of any transportation system within the Washington metropolitan area. The Authority shall also have power to acquire in its own name, by purchase, lease, gift, or otherwise, on such terms and conditions and in such manner as it may deem proper, or by the exercise of the power of eminent domain to the extent authorized by this act or the law of any State, any property and rights useful for its purposes, and to sell, lease, transfer, or convey any property or rights when no longer useful or exchange the same for other property or rights which are useful for its purposes.

(b) In exercising the aforesaid powers to acquire a transportation system the Authority is hereby authorized to acquire the capital stock of the corporation owning such transportation system and the Board and the officers and agents of the Authority are hereby authorized to act as the officers and board of directors thereof for the purpose of transferring the property and assets of such corporation to the Authority and for the purpose of liquidating the liabilities thereof and dissolving the same.

(c) The Authority shall also have power to enter into contracts and agreements for the joint use of any property and rights by the Authority and any public utility, including railroads operating within the Washington metropolitan area; to enter into contracts and agreements with the operator of any transportation system either within or without the Washington metropolitan area for the use or the joint use of any property of the Authority or of such transportation system, or for the establishment of through routes, joint fares and transfer of passengers upon such terms and conditions as may be agreed upon between the Authority and such operator of the transportation system.

Power of eminent domain

SEC. 204. (a) Subject to and in accordance with the procedures, conditions, limitations and other provisions of this act, the Authority is hereby granted and shall have the power to acquire by eminent domain real property or personal property, tangible or intangible, situated or having a legal situs in the District of Columbia or any interest therein. Such power and right shall exist with respect to private property devoted to any private or public use which is necessary for the purposes of the Authority, except property of a railroad, terminal or public utility primarily operating or engaged in teminal business incident to the operation of transportation facilities extending beyond the boundaries of the Washington metropolitan area which property is used or useful in

the transportation or terminal business of such railroad, terminal or public utility.

(b) Proceedings for the acquisition of real and personal property or any interest therein, brought pursuant to this section, shall be brought in the name of the Authority by counsel for the Authority. Title to such property shall be taken by and in the name of such Authority.

(c) Except as herein otherwise provided, condemnation proceedings for the acquisition of such real or personal property, or any interest therein, shall be instituted and conducted in the United States District Court for the District of Columbia which court shall have jurisdiction of such proceedings and such proceedings shall be prosecuted in accordance with the procedure in proceedings instituted and conducted in the name of the United States.

(d) (1) In any such proceeding brought pursuant to this section, the Authority may file with the complaint, or at any time before judgment, a declaration of taking signed by the chairman or vice chairman of the Board declaring that such real or personal property or any interest therein, descibed in the complaint, is thereby taken for the use of the Authority. Said declaration of taking shall contain or have annexed thereto—

(a) a statement of the public purpose for which such property or any interest therein is taken;

(b) a description of the property, or any interest therein taken, sufficient for identification thereof;

(c) a statement of the estate or interest in said propery taken for said public use;

(d) a plan showing the lands, if any, taken; and

(e) a statement of the sum estimated by the Authority to be just compensation for the property or interest therein taken.

(2) The Authority shall specify in such declaration of taking the date when title to such property shall vest in the Authority and the date or dates when possession of such property shall be surrendered to the Authority.

(3) The Authority shall, prior to or on the date specified in the declaration for the vesting of title to such property in the Authority, deposit in the registry of the court, to the use of the persons entitled thereto, the amount of the estimated compensation stated in said declaration, and title to said real or personal property in fee simple absolute, or such less estate or interest therein as is specified in said declaration, shall vest in the Authority upon the date specified in said declaration and said real and personal property shall be deemed to be condemned and taken for the use of the Authority, and the right to just compensation for the same shall vest in the persons entitled thereto; and said compensation shall be ascertained and awarded in said proceedings and established by judgment therein, and the said judgment shall include, as part of the just compensation awarded, interest at the rate of 6 percent per annum on the amount finally awarded as the value of the property as of the date of taking, from said date to the date of payment; but interest shall not be allowed on so much thereof as shall have been paid into the registry. No sum so paid into the registry shall be charged with commissions or poundage.

(4) Upon the application of the party or parties in interest, the court may order that the money deposited in the registry of the court, or any part thereof, be paid forthwith for or on account of the just compensation to be awarded in said proceedings. If the compensation finally awarded in respect of such property or any part thereof shall exceed the amount of the money so deposited, the court shall enter judgment against the Authority for the amount of the deficiency. If the compensation finally awarded in respect of such property or any part thereof, shall be less than the amount of money so deposited, the court shall have the power to enter judgment against the party or parties entitled to receive the money so desposited for the amount representing the difference between the amount deposited and the amount awarded by the jury as just compensation, and writs of execution may be issued thereon within the same time and have the same effect as liens, and shall be executed and returned in the same manner as if issued upon a common-law judgment.

(5) The court shall order possession of such property to be surrendered to the Authority at the time or times specified by the Authority in such declaration and shall enter any and all orders and take other necessary action to carry out the intent and purposes of this act.

Control and use of public ways

SEC. 205. The Authority shall have the power where necessary in the construction, reconstruction, extension, improvement, operation, or maintenance of any transportation system, to require persons, firms, or corporations owning or operating public utility structures, facilities or appliances in, upon, under, over, across, or along the public roads, streets, or other public ways in the District of Columbia in which the Authority has the right to own, construct, operate, or maintain transportation facilities, to remove or relocate such public utility structures, facilities, and appliances. The cost of the required removal or relocation of such public utility structures, facilities, and appliances shall be paid by the Authority: *Provided,* That no payment by the Authority shall be required for any improvement or increase in capacity made in such public utility structures, facilities, or appliances as an incident or result of the relocation or removal. The amount of any such improvement or increase in capacity shall be determined by agreement between the Authority and the utility affected. In default of agreement between the Authority and the utility affected, the removal and relocation shall be on such terms and conditions as may be imposed by the regulatory authority having jurisdiction over the utility at the site of the removal or relocation. If any person, firm, or corporation owning or operating public utility structures, facilities, and appliances fails or refuses so to remove or relocate them, the Authority may remove or relocate them and the cost thereof shall be determined as above provided. This subsection shall not apply to or affect the rights, duties, obligations, or liabilities of Capital Transit Co. or its successors or assigns. The Authority shall have the right, but not exclusive of the public right, to use any public road, street, highway, or other public way in the District of Columbia for the transportation of passengers, and to establish, maintain, and operate a transportation system, in, upon, under, over, across, or along any such public road, street, highway, or other public way.

Equipment trust certificates

SEC. 206. (a) The Authority shall have power to execute agreements, leases, and equipment trust certificates with respect to the purchase of facilities or equipment such as cars, trolley buses, and motor buses, in the form customarily used in such cases and appropriate to effect such purchase, and may dispose of such equipment trust certificates in such manner as it may determine to be for the best interests of the Authority. All moneys required to be paid by the Authority under the provisions of such agreements, leases, and equipment trust certificates shall be payable solely from the revenue to be derived from the operation of the transportation system or from such grants and loans as may be available to the Authority under the provisions of this act. Payment for such facilities or equipment, or rentals thereof, may be made in installments, and the deferred installments may be evidenced by equipment trust certificates as aforesaid, and title to such facilities or equipment may not vest in the Authority until the equipment trust certificates are paid.

(b) The agreement to purchase facilities or equipment by the Authority may direct the vendor to sell and assign the equipment to a bank or trust company, duly authorized to transact business in the District of Columbia, or a national banking association organized under the laws of the United States of America and located within or without the District of Columbia, as trustee, for the benefit and security of the equipment trust certificates and may direct the trustee to deliver the facilities and equipment to one or more designated officers of the Authority and may authorize the trustee simultaneously therewith to execute and deliver a lease of the facilities or equipment to the Authority.

(c) The agreements and leases shall be duly acknowledged before some person authorized by law to take acknowledgment of deeds and in the form required for acknowledgment of deeds and such agreements leases, and equipment trust certificates shall be authorized by resolution of the Board and shall contain such covenants, conditions, and provisions as may be deemed necessary or appropriate to insure the payment of the equipment trust certificates from the revenues to be derived from the operation of the transportation system and other funds.

(d) The covenants, conditions, and provisions of the agreements, leases, and equipment trust certificates shall not conflict with any of the provisions of any resolution or trust agreement securing the payment of bonds or other obligations of the Authority then outstanding or conflict with or be in derogation of the rights of the holders of any such bonds or other obligations.

(e) An executed copy of each such agreement and lease shall be filed in the office of the Recorder of Deeds, District of Columbia who shall be entitled to receive $1 for each such copy filed with him and which filing shall constitute notice to any subsequent judgment creditor or any subsequent purchaser. Each vehicle so purchased and leased shall have the name of the owner and lessor plainly marked upon both sides thereof, followed by the words "owner and lessor."

Tax exemption and public services

SEC. 207. (a) The Authority, including but not limited to its franchise, reserve, surplus, loans, income, assets, and property of any kind and nature, shall be exempt from all taxes, special assessments, fees, and licenses now or hereafter imposed by the United States of America or by the District of Columbia, except taxes imposed under the Federal Unemployment Tax Act (Internal Revenue Code of 1954, ch. 23), and under the Federal Insurance Contributions Act (Internal Revenue Code of 1954, ch. 21); and contributions imposed on employers under the District of Columbia Unemployment Compensation Act, as amended (title 46, ch. 3, D. C. Code, 1951 edition). In lieu of taxes on motor vehicle fuel now or hereafter imposed for the benefit of the District of Columbia, the Authority shall pay to such District annually an amount of money equal to the taxes on motor vehicle fuel which would be payable by the Authority during the annual period if it were not exempted from such taxes: *Provided,* That such payment shall be made only to the extent that the revenues in each fiscal year shall be sufficient to make such payment in whole or in part after payment or provision has been made for all operating and maintenance expenses, taxes, if any, interest and principal and sinking fund payments on all fixed interest obligations, adequate provision for depreciation, and provision for such other payments

and the establishment of such reserves as are required under any resolution of the Board authorizing the issuance of bonds or trust agreement securing the same, or contract of the Authority.

(b) Obligations, including interest thereon, issued by the Authority shall be exempt from all taxation now or hereafter imposed by the United States or the District of Columbia, with the exception of estate, inheritance and gift taxes. Such obligations shall also be exempt from taxation by any State, Territory, or possession, or by any county, municipality, or other municipal subdivision or taxing authority of any State, Territory, or possession of the United States.

(c) In connection with any transportation system located wholly or partly within the District of Columbia, the District of Columbia may contract with the Authority and the Authority may agree to pay to the District of Columbia for special services, facilities, and improvements to be furnished by the District of Columbia for the benefit of the Authority such amounts as may be agreed upon by the Authority and the Board of Commissioners of the District of Columbia. For the purpose of aiding and cooperating in the planning, undertaking, construction, reconstruction, extension or improvement, maintenance or operation of any transportation system, or any part thereof, located wholly or partly within the District of Columbia, the District of Columbia may, upon such terms, with or without consideration, as it may determine, do any and all things, necessary or convenient to aid and cooperate in the planning, undertaking, construction, reconstruction, extension or improvement, maintenance or operation of such transportation system. The exercise by the District of Columbia of the powers herein granted may be authorized by resolution of the Board of Commissioners of the District of Columbia.

Funds and financial transactions of the Authority

SEC. 208. (a) All moneys received pursuant to the authority of this act, whether as proceeds from the sale of bonds or as revenues or otherwise, shall be deemed to be trust funds, to be held and applied solely as provided in this act. The resolution authorizing the issuance of any bonds or the trust agreement securing such bonds shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustees of such moneys and shall hold and apply the same for the purposes thereof subject to such regulations as this act and such resolution or trust agreement may provide.

(b) Notwithstanding the provisions of the Accounting and Auditing Act of 1950 (64 Stat. 834), the Government Corporation Control Act of 1945 (59 Stat. 597), as amended, or any other provision of law, the Authority shall not be subject to any audit or review by the Comptroller General of the United States, but in lieu thereof the Authority shall employ a certified public accountant or accountants to establish an accounting system appropriate to the Authority's operation, to perform such audits as are required for the orderly prosecution of the Authority's business and operations, to prepare an annual fiscal report to be incorporated in the Authority's annual report to the Congress, and to perform such other audits as the Board may deem necessary for the orderly prosecution of the business of the Authority: *Provided*, That during such period or periods of time as the Authority is indebted to the District of Columbia for moneys advanced to it by the Commissioners of the District of Columbia from the proceeds of the sale of obligations to the Secretary of the Treasury, pursuant to section 217 of this title, in addition to the auditing and other functions to be performed by the certified public accountant or accountants employed by the Authority, the Comptroller General of the United States shall make such review of the financial operations of the Authority as he deems necessary.

Services and rates

SEC. 209. (a) This act, without regard to any other law of the United States of America or of the District of Columbia, shall constitute full authority for the Authority to make all rules and regulations necessary for the governing of the operation of transportation systems of the Authority, and the Authority shall have full power to determine all schedules, routings, and changes therein and conditions of service, except as provided in section 213 hereof. This act, without regard to any other law of the United States of America or of the District of Columbia, shall also constitute full authority for the fixing, altering, charging, and collection by the Authority of fares, tolls, rates, rentals, fees, and other charges for the use of any transportation system of the Authority and the services and facilities furnished thereby, or by any part thereof, and such fares, tolls, rates, rentals, fees, and charges shall be determined exclusively by the Authority, and the Authority shall have power and authority to fix, alter, charge, and collect such fares, tolls, rates, rentals, fees, and other charges for the use of a transportation system and the services and facilities furnished thereby, or by any part thereof, without obtaining the consent or approval of the Interstate Commerce Commission, the Public Utilities Commission of the District of Columbia, or any other department, division, commission, board, bureau, agency, or officer of the United States of America or of the District of Columbia.

(b) The Authority may provide free transportation within any municipality or county in the Washington metropolitan area or in the District of Columbia to firemen and policemen employed therein, when in uniform and in performance of their duties and for employees of the Authority when in uniform or upon presentation of identification of such employees, and may enter into agreements with the United States Post Office Department for the transportation of mail or parcel post, and for the payment of compensation to the Authority in lieu of fares or charges for the transportation of letter carriers, when in uniform. No other free transportation or services shall be allowed or permitted by the Authority except in compliance with a grant, license, franchise, or permit authorizing or permitting the Authority to operate in areas within the Washington metropolitan area but without the District of Columbia.

Personnel

SEC. 210. (a) The Board shall establish a system of organization to fix responsibility and promote efficiency; establish such positions as may be necessary to perform the business of the Authority; define the duties of such positions; fix the rates of pay therefor; make appointments thereto; and require bonds to be given by the incumbents of such of the said positions as the Board, in its discretion, may determine, and the Board may make provision for the payment by the Authority of the premiums for such bonds for such periods as the Board may consider desirable. The Board shall establish a personnel system independent of the Federal Civil Service System and the personnel systems governing employment in the municipal government of the District of Columbia.

The Authority shall have the power to bargain collectively with and enter into written contracts with the employees of the Authority through accredited representatives of such employees or representatives of any labor organization authorized to act for such employees concerning wages, salaries, hours, working conditions, health and welfare, insurance, and pension or retirement provisions: *Provided*, That nothing herein shall be construed to permit hours of labor in excess of those provided by law or to permit working conditions prohibited by law. In case of dispute over wages, salaries, hours, working conditions, health and welfare, insurance, or pension or retirement provisions where collective bargaining and mediation do not result in agreement, the Authority may agree to submit such dispute to a tripartite board of arbitration and shall agree with such accredited representatives or labor organization that the decision of a majority of any such arbitration board shall be final and binding. Each party shall agree in advance to pay half of the expense of such arbitration.

(b) If the Authority acquires a transportation system in operation by a public utility, all of the employees in the operating and maintenance divisions of such transit utility and all other employees except corporate officers shall be offered transfer and appointment as employees of the Authority up to the maximum number of employees required, subject to the provision that such employees as may not be absorbed at time of transfer shall retain their employment status and employment rights, subject to all rights and benefits of this act, and these employees shall be given seniority credit in accordance with the records and labor agreements of the transit utility. Employees who left the employ of such a transit utility to enter the military service of the United States shall have the same rights as to the Authority, under the provisions of the "Universal Military Training and Service Act," as amended, as they would have had thereunder as to such transit utility. Members and beneficiaries of any pension or retirement system or other benefits established by that transit utility shall continue to have the rights, privileges, benefits, obligations, and status with respect to such established system. There shall be established and maintained by the Authority a sound pension and retirement system adequate to provide for all payments when due under such established system or as it may be modified from time to time by agreement or arbitration. The Authority and the employees through their representatives for collective-bargaining purposes shall take whatever action may be necessary to have the pension trust funds, presently under the joint control of the transit utility and the participating employees through their representatives, transferred to the trust fund to be established, maintained, and administered jointly by the Authority and the participating employees through their representatives. Provision shall be made by the Authority for all officers and employees of the Authority appointed pursuant to this act to become, subject to reasonable rules and regulations, members or beneficiaries of the pension or retirement system with uniform rights, privileges, obligations, and status as to the class in which such officers and employees belong. The terms, conditions, and provisions of any pension or retirement system or of any amendment or modification thereof affecting employees who are members of any labor organization may be established, amended, or modified by agreement or arbitration with such labor organization.

(c) The employees of the Authority shall, notwithstanding any other provision of law, be subject to the following laws and parts of laws:

(1) Section 9 of the Universal Military Training and Service Act (62 Stat. 604), as amended (50 U. S. C. App., secs. 451 and the following), and related statutes affecting the reemployment of rights of persons entering the Armed Forces of the United States;

(2) Title II of the Social Security Act, as amended, and the related provisions of the Federal Insurance Contributions Act (Internal Revenue Code of 1954, chapter 21), as amended;

(3) Section 6 of the act approved May 10, 1916 (39 Stat. 66, 120), as amended (5 U. S. C., secs. 58 and 59), relating to double salaries;

(4) Section 212 of the act approved June 30, 1932 (47 Stat. 406), as amended (5 U. S. C., sec. 59a), relating to the retired pay of members of the Armed Forces;

(5) The second sentence of section 2 of the act approved July 31, 1894 (28 Stat. 205), as amended (5 U. S. C., sec. 62), relating to dual employment;

(6) The Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927 (44 Stat. 1424), as amended and extended (33 U. S. C., secs. 901–945, 947–950; title 36, chapter 5, D. C. Code, 1951 edition);

(7) The District of Columbia Unemployment Compensation Act (49 Stat. 946), as amended;

(8) The Federal Unemployment Tax Act (Internal Revenue Code of 1954, chapter 23), as amended.

(d) Notwithstanding any other provision of law, the employees of the Authority shall not be subject to the following laws:

(1) The Civil Service Act of January 16, 1883 (22 Stat. 403), as amended;

(2) The Federal Employees' Group Life Insurance Act of 1954 (68 Stat. 736), as amended;

(3) The Civil Service Retirement Act of May 29, 1930 (46 Stat. 468), as amended;

(4) The Classification Act of 1949 (63 Stat. 954), as amended;

(5) The Federal Employees Pay Act of 1945 (59 Stat. 295), as amended;

(6) The Annual and Sick Leave Act of 1951 (65 Stat. 679), as amended;

(7) The act entitled "An act to provide certain employment benefits for employees of the Federal Government, and for other purposes," approved September 1, 1954 (68 Stat. 1105); as amended;

(8) The Performance Rating Act of 1950, approved September 30, 1950 (64 Stat. 1098);

(9) The Veterans Preference Act of 1944 (58 Stat. 387), as amended.

(e) (1) Subparagraph 1 (b) (5) (E) of the District of Columbia Unemployment Compensation Act (49 Stat. 946), as amended (section 46–301, D. C. Code, 1951 edition) is amended by inserting immediately before the semicolon at the end thereof the following: ": *And provided further*, That this subparagraph (E) shall not apply to the employees of the Washington Metropolitan Transit Authority, which for the purposes of this act shall be deemed to be a covered employer."

(2) Section 3306 of the Federal Unemployment Tax Act (Internal Revenue Code of 1954, chapter 23), as amended, is amended by inserting at the end thereof a new subsection "(o)" reading as follows:

"(o) Employees of the Washington Metropolitan Transit Authority: For the purposes of this chapter, and notwithstanding the provisions of paragraph (7) of subsection (c) hereof, the term 'employment' shall include service in the employ of the Washington Metropolitan Transit Authority, and the Board of Directors of such Authority, as the employer of individuals whose service constitutes employment by reason of this subsection, is authorized and directed to comply with the provisions of this chapter 23."

(f) The Authority is authorized to borrow, and the United States Government or any department or agency thereof and the municipal government of the District of Columbia are authorized to lend to the Authority, the services of United States or District of Columbia employees. The Authority shall reimburse the United States or the District of Columbia for such services. Any such reimbursement shall be credited to the appropriation from which is paid the compensation of any person whose services may be borrowed by the Authority.

(g) As used in subsections (c) and (d) of this section, the word "employees" includes officers, but does not include members of the Board of Directors.

Reports

SEC. 211. (a) The Authority shall file with the Congress annually, within 6 months after the close of its fiscal year, a report of the operations and business of the Authority during its preceding fiscal year.

(b) The Authority shall, within 6 months after the close of each fiscal year, publish in a newspaper of general circulation in the District of Columbia an income statement covering its operations for such fiscal year and a balance sheet showing its condition at the end of such fiscal year.

Claims and suits

SEC. 212. (a) The Authority shall not defend in any suit, action or proceeding brought against it on the ground of governmental immunity, but no suit, action or proceeding shall be maintained against the Authority for unliquidated damages to person or property unless, within 6 months after the injury or damage was sustained, the claimant, his agent or attorney gave notice in writing to the Board of the appropriate time, place, cause, and circumstances of such injury or damage.

(b) No action shall be maintained against the United States or the District of Columbia on any claim arising out of the activities of the Authority, including its acts of commission or omission, and no liability shall accrue against the United States or the District of Columbia because of such activities.

(c) The members of the Board shall not be personally liable in damages for any official action of the said Board performed in good faith in which the said members participate, nor shall any member of the said Board be liable for any costs that may be taxed against them, the Board, or the Authority on account of any such official action by them as members of the said Board; but such costs shall be charged to the Authority and paid as other costs are paid in suits brought against the Authority; nor shall the said Board or any of its members, or the said Authority, be required to give any supersedeas bond or security for costs or damages on an appeal whatever.

Vehicle regulations

SEC. 213. All of the powers authorized by this act to be exercised by the Authority shall be subject to all statutes and rules and regulations promulgated by proper authority relating to the regulation and control of traffic and the operation and safety of vehicles.

Policing of Authority property

SEC. 214. (a) The provisions of the second paragraph under the caption "For Metropolitan Police" in the first section of the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1900, and for other purposes," approved March 3, 1899 (30 Stat. 1045, 1057, ch. 422; sec. 4–115, D. C. Code, 1951 edition) authorizing the Commissioners of the District of Columbia to appoint special policemen for duty in connection with the property of corporations and individuals shall be applicable with respect to the property of the Authority in the District of Columbia.

(b) The Board of Directors of the Authority is hereby authorized and empowered to make, modify, and enforce all such usual and reasonable regulations as they may deem necessary for the protection of lives, limbs, health, comfort and quiet of passengers, and the protection of the property of the Authority, and to prescribe reasonable penalties of fine not to exceed $300 or imprisonment not to exceed 10 days, in lieu of or in addition to any fine for the violation of any of the regulations of the Authority. Said penalties may be enforced in the municipal court for the District of Columbia, and in the United States district court for the district embracing that part of the Washington metropolitan area beyond the District of Columbia in which such violation was committed. Prosecutions for violation of the regulations of the Authority shall be conducted in the name of the United States and by the attorney of the United States for the district in which such violation is committed.

(c) The regulations authorized by this section shall, when adopted, be printed in one or more of the daily newspapers published in the District of Columbia of general circulation in the Washington metropolitan area; and no penalty prescribed for the violation of such regulations shall be enforced until 30 days after such publication.

Investigations

SEC. 215. The Authority, without regard to the provisions of any other law and the procedures established thereby, may investigate all matters relating to public transportation and the management thereof within the District of Columbia, the enforcement of its resolutions, rules, and regulations, and the action, conduct, and efficiency of its officers, agents, and employees. In the conduct of any such investigation, the Board may hold public hearings on its own motion. Said Board is hereby authorized and empowered to summon by subpena any person, except officers, employees, and representatives of existing transportation companies within the Washington metropolitan area, before it or before a hearing officer designated by it to give testimony on oath or affirmation, or to produce all books, records, papers, documents, or other legal evidence as to any matter affecting the Authority, and any member of said Board and any hearing officer designated by it shall have the power to administer all oaths and affirmations for the purpose of the administration of this act. Such subpena may be served by any member of the metropolitan police force. If any witness having been personally summoned shall neglect or refuse to obey the subpena issued as herein provided, then and in that event any member of the Board or the hearing officer designated by it may report that fact to the United States District Court for the District of Columbia or one of the judges thereof, and said court or any judge thereof hereby is empowered to compel obedience to said subpena to the same extent as witnesses may be compelled to obey the subpenas of that court. Witnesses, other than those employed by the governments of the District of Columbia or the United States, summoned to appear before said Board, shall be entitled to the same fees as are paid witnesses for attendance before the United States District Court for the District of Columbia, but said fees need not be paid said witnesses in advance of their appearing and testifying, or producing books, records, papers, documents, or other legal evidence before said Board or before said hearing officer. Any person who shall willfully swear falsely in any proceeding, matter, or hearing before said Board or any hearing officer designated by said Board to hear testimony and receive evidence in any such proceeding, matter or hearing, shall be guilty of perjury. Said Board is hereby authorized and empowered to designate one or more hearing officers to take testimony and receive evidence in connection with any matter affecting the Authority.

Exclusive operating rights

SEC. 216. (a) The right and power of the Authority to operate a transportation system or systems within the District of Columbia shall be exclusive, except that such right and power shall not affect nor impair the existing operating rights of any carrier lawfully operating such a system at the date of enactment of this act, or its successors or assigns.

(b) The Authority may operate a transportation system or systems within the Washington Metropolitan Area without securing any further franchises, rights, or permits under any other law or laws of the

United States of America or the District of Columbia: *Provided*, That the Authority shall not commence nor conduct operations in interstate commerce in competition with the then existing operations of any other transportation system, except such operations as are so conducted by Capital Transit Co. at the date of enactment of this act. The Authority shall not commence further operations in interstate commerce until it has obtained the certificate of the Interstate Commerce Commission that such operations are not in competition with the then existing operations of any other transportation system.

Interim financing

SEC. 217. (a) It is the intent of Congress that in exercising the borrowing authority in this section, transportation charges shall be fixed as though private financing only were involved, and shall cover all costs of operating and maintaining such system, including depreciation, payment of interest, and reasonable provision for amortization, without regard to the period of maturity provided for in subsection (c) of this section.

(b) To finance the acquisition of a transportation system or systems, to pay the fees and expenses of consulting engineers, financial consultants, attorneys, and other services deemed necessary to plan, acquire, construct, organize and operate such system or systems, and to determine the feasibility thereof from an economic and financial standpoint, and to provide adequate working capital, the Board of Commissioners of the District of Columbia is authorized to arrange with the Secretary of the Treasury for interim financing, pending the sale by the Authority of its property to a qualified purchaser or of its obligations to the public. To provide this interim financing the Board of Commissioners is authorized, at any time prior to July 1, 1960, to issue obligations of the District of Columbia for purchase by the Secretary of the Treasury in an amount not exceeding $20 million, and to advance the proceeds thereof to the Authority for these purposes. These advances shall be subject to such terms and conditions as may be prescribed by the Board of Commissioners, and shall bear interest at a rate which is not less than the rate upon obligations of the District of Columbia issued under this section. It is the intent of Congress that these allowances shall be repaid at the earliest practicable time, and in any event before any securities, other than obligations under section 206, subsequently issued by the Authority are repaid.

The sums advanced to the Authority by the Commissioners pursuant to this subsection shall be immediately available to the Authority for the purpose of taking such steps as the Authority deems appropriate to carry out the purposes of this act including, without limitation, the authority to make purchases and contracts.

(c) Obligations issued by the Board of Commissioners under this section shall be in such forms and denominations, shall mature at such times prior to July 1, 1960, shall have such provisions for payment, and shall be subject to such terms and conditions as may be prescribed by the Board of Commissioners with the approval of the Secretary of the Treasury.

(d) Each obligation issued under this section shall bear interest at a rate determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily market bid quotations of prices during the month preceding the calendar quarter in which the obligation is issued, on all outstanding taxable marketable obligations of the United States having comparable periods of time to run to maturity, and by adjusting such estimated average yield to the nearest one-eighth of 1 percent, plus one-half of 1 percent.

(e) Upon request of the Board of Commissioners of the District of Columbia, the Secretary of the Treasury is authorized and directed to purchase any obligations of the District of Columbia issued under this section and for such purposes is authorized to use as a public debt transaction the proceeds of the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that act are extended to include purchases of the obligations issued under this section.

(f) Nothing contained in this section shall be construed as limiting the amount of equipment trust certificates which may be issued by the Authority pursuant to section 206 of this act, or the amount of bonds or other obligations which the Authority may issue, assume or enter into under any provision of this act other than this section 217.

TITLE III—TRANSFER OF TRANSPORTATION SYSTEM TO PRIVATE OPERATION

Sale of property

SEC. 301. (a) The authority is empowered to sell prior to August 15, 1959, the property which it has acquired pursuant to Title II of this act which is useful in the operation of a transportation system to any purchaser eligible to receive a certificate of authority pursuant to this title and which has financial and management qualifications sufficient in the judgment of the Authority, to provide adequate passenger transportation service in the Washington metropolitan area. The Authority is empowered to dispose of any other property belonging to it under such terms and conditions as it deems necessary.

(b) The proceeds of any such sale shall be used to repay obligations of the Authority owing to the District of Columbia by reason of advances made to the Authority pursuant to section 217 of this act.

Franchise

SEC. 302. The Commissioners of the District of Columbia are hereby empowered to grant to any private corporation organized with the corporate right to operate in the District of Columbia as a common carrier, a certificate of authority to operate, as a common carrier of persons for hire, a mass transportation system or systems within the District of Columbia, subject to the jurisdiction of the Public Utilities Commission of the District of Columbia, and all laws applicable to such a common carrier, except as otherwise provided in this title.

Tax exemption

SEC. 303. The Commissioners of the District of Columbia are hereby empowered to exempt, under such terms and conditions as they deem to be in the public interest, any such corporation which acquires such a certificate of authority from liability to pay any District of Columbia taxes, in whole or in part.

Termination of existence of authority

SEC. 304. In the event the Authority effectuates the sale of its property as authorized by this title, the existence of the Authority as a body corporate shall continue only for the purposes of liquidation. The Authority shall close out its affairs as expeditiously as possible.

Commissioners' report to Congress

SEC. 305. If the Authority has not sold its property to a qualified purchaser, as provided by this title, prior to June 15, 1958, the Board of Directors of the Authority shall within 15 days after such date report to Congress as to steps which the Authority has taken to effectuate such a sale and the reasons why, in the opinion of such Board, such a sale has not been effectuated.

TITLE IV—AUTHORITY MADE PERMANENT

SEC. 401. (a) If, prior to August 15, 1959, the Authority has not sold its property in accordance with the provisions of title III of this act, the duration of the Authority shall, after August 15, 1959, be perpetual, and the provisions of this title shall then be in effect, in addition to the provisions of titles I and II of this act.

(b) On and after October 1, 1959, the Board of Directors of the Authority shall consist of five members, who shall be residents of the Washington metropolitan area, appointed by the Commissioners of the District of Columbia: *Provided*, That until such time as three of the appointed members of the Board of Directors shall have qualified, the Commissioners shall constitute such Board. Such appointed members shall hold office as hereinafter provided, unless sooner removed by the said Commissioners. Not more than three members of the Board shall belong to the same political party. The members of the first Board so appointed by the Commissioners shall be appointed for terms expiring on the 30th day of September 1960, 1961, 1962, 1963, and 1964, respectively. The said Commissioners may remove any Director of the Authority in case of incompetency, neglect of duty, malfeasance in office, or conviction of a crime. All successors shall be appointed for and hold office for the term of 5 years beginning the first day of October of the year in which they are appointed, except in case of an appointment to fill a vacancy where the appointment shall be made for the unexpired term. Each such Director shall hold office until his successor has been appointed and has qualified. Each such Director shall receive compensation, as may be fixed by the Board, for attendance at each meeting of the Board, but shall not receive more than $3,600 in any one year of service measured from the date of appointment. A director shall be entitled to reimbursement for all necessary expenses, including travel expenses, incurred in the dischage of his duties. No Director, officer, or employee of the Authority shall have any private financial interest in any contract, work, or business of the Authority, nor in the transfer of any property or rights in property to or from the Authority.

(c) (1) The members of the Board of Directors of the Authority appointed by the Commissioners shall be subject to the following laws:

(a) Title II of the Social Security Act, as amended, and the related provisions of the Federal Insurance Contributions Act (Internal Revenue Code of 1954, chapter 21), as amended;

(b) The Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927 (44 Stat. 1424), as amended and extended (33 U. S. C., secs. 901–945, 947–950; title 36, chapter 5, D. C. Code, 1951 edition).

(2) The members of the Board of Directors of the Authority appointed by the Commissioners shall not be subject to the following laws:

(a) Section 9 of the Universal Military Training and Service Act (62 Stat. 604), as amended (50 U. S. C. App., secs. 451 and the following), and related statutes affecting the reemployment rights of persons entering the Armed Forces of the United States;

(b) Section 6 of the act approved May 10, 1916 (39 Stat. 66, 120), as amended (5 U. S. C. secs. 58 and 59), relating to double salaries;

(c) Section 212 of the act approved June 30, 1932 (47 Stat. 406), as amended (5 U. S. C., sec 59a), relating to the retired pay of members of the Armed Forces;

(d) The second sentence of section 2 of the act approved July 31, 1894 (28 Stat. 205), as amended (5 U. S. C., sec. 62), relating to dual employment;

(e) The District of Columbia Unemployment Compensation Act (49 Stat. 946), as amended;

(f) The Federal Unemployment Tax Act (Internal Revenue Code of 1954, ch. 23), as amended;

(g) The Civil Service Act of January 16, 1883 (22 Stat. 403), as amended;

(h) The Federal Employees' Group Life Insurance Act of 1954 (68 Stat. 736), as amended;

(i) The Civil Service Retirement Act of May 29, 1930 (46 Stat. 468), as amended;

(j) The Classification Act of 1949 (63 Stat. 954), as amended;

(k) The Federal Employees Pay Act of 1945 (59 Stat. 295), as amended;

(l) The Annual and Sick Leave Act of 1951 (65 Stat. 679), as amended;

(m) The act entitled "An act to provide certain employment benefits for employees of the Federal Government, and for other purposes," approved September 1, 1954 (68 Stat. 1105), as amended;

(n) The Performance Rating Act of 1950, approved September 30, 1950 (64 Stat. 1098);

(o) The Veterans Preference Act of 1944 (58 Stat. 387), as amended.

(d) Three of such Directors shall constitute a quorum of the Board for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the Authority upon a vote of a majority of the Directors present, unless the bylaws of the Authority shall require a larger number. As soon as possible after the appointment by the Commissioners of the Directors, the Board shall meet and organize for the transaction of business, select a Chairman and Vice Chairman from among its own number and adopt bylaws, rules, and regulations to govern its proceedings. Thereafter the Board shall at least biennially elect a Chairman and Vice Chairman. The Authority may delegate to one or more of its Directors, officers, agents, or employees such power or duties as it may deem proper. Regular meetings of the Board shall be held at least once in each calendar month, the time and place for such meetings to be fixed by the Board. All resolutions and proceedings of the Authority and all documents and records in its possession shall be public records and open to public inspection, except such documents and records as shall be kept or prepared by the Authority for use in negotiations, actions, or proceedings to which the Authority is a party. Any Director may resign from his office, to take effect when his successor has been appointed and has qualified.

(e) The Authority and the Board shall be obligated to and bound by all actions, proceedings, and contracts taken, authorized or entered into by the Commissioners of the District of Columbia while functioning as such Board.

Power to issue bonds

SEC. 402. (a) The Authority shall be empowered and is hereby authorized from time to time to issue its negotiable bonds for any of its corporate purposes including the payment of the cost of acquiring any transportation system (including any cash funds, or investments thereof, of such system maintained by the owner or operator thereof in connection with such ownership or the operation, maintenance, depreciation or replacement of such transportation system) and for acquiring necessary cash working funds, or for acquiring, constructing, reconstructing, extending, or improving a transportation system, or any part thereof, and for acquiring any property and equipment useful for the construction, reconstruction, extension, improvement, or operation of a transportation system, or any part thereof. The Authority shall also have power from time to time whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded shall have or have not matured, and may issue bonds partly to refund bonds outstanding and partly for any of its corporate purposes.

(b) The principal and interest on such bonds shall be payable out of any moneys or revenues of the Authority available under the provisions of this act, subject only to any agreements with the holders of particular bonds pledging any particular moneys or revenues.

(c) All bonds issued under the provisions of this act shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the District of Columbia.

(d) Prior to the preparation of definitive bonds, the Authority may issue its temporary or interim bonds or receipts, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery.

(e) Bonds shall be authorized by resolution of the Authority and shall bear such dates, mature at such time or times, bear interest at such rate or rates not exceeding 6 percent per annum, be in such denominations, be in such form either coupon or registered, carry such registration and reconversion privileges, be payable in such medium of payment and at such place or places and be subject to such terms of redemption with or without premiums, as such resolution or resolutions may provide.

(f) All bonds shall be signed by the chairman or vice chairman of the Board or by their facsimile signatures, and the official seal of the Authority shall be affixed thereto and attested by such officer of the Authority as the Board shall designate, and any coupons attached thereto shall bear the facsimile signature of the chairman or vice chairman of the Board. In case any officer whose signature or facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery.

(g) The Authority may sell any such bonds in such manner and for such price as it may determine to be for the best interest of the Authority.

(h) Any resolution of the Authority authorizing the issuance of bonds may appoint a trustee or trustees, a paying agent or paying agents, or such other fiduciaries as the Authority may deem necessary. Any trustee, paying agent, or other fiduciary so appointed may be any trust company or bank having trust powers within or without the District of Columbia, and the Authority shall have power to determine and contract with respect to the powers, functions, duties, and compensation of any such trustee, paying agent, or other fiduciary, notwithstanding any other provision of law.

Provision for securing bonds

SEC. 403. (a) In order to secure the payment of its bonds, the Authority shall have power in the resolution authorizing the issuance thereof, or in the trust agreement securing such bonds (which shall constitute a contract with the holders thereof)—

(1) to pledge all or any part of its revenues to which its right then exists or may thereafter come into existence, and the moneys derived therefrom and the proceeds of bonds and any other moneys available to the Authority under the provisions of this act, with the exception of moneys advanced by the Commissioners of the District of Columbia;

(2) to covenant against pledging all or any part of its revenues, or against mortgaging all or any part of its real or personal property then owned or thereafter acquired, or against permitting or suffering any lien on such revenues or property; to covenant with respect to limitations on any right to sell, lease, or otherwise dispose of any transportation system or any part thereof, or any property of any kind;

(3) to covenant as to the bonds to be issued and the limitations thereon and the terms and conditions thereof and as to the custody, application, investment, and disposition of the proceeds thereof, and to covenant as to the issuance of additional bonds or as to limitations on the issuance of additional bonds and on the incurring of other debts by it;

(4) to covenant as to the payment of the principal of or interest on the bonds, or any other obligations, as to the sources and method of such payment, as to the rank or priority of any such bonds or other obligations with respect to any lien or security or as to the acceleration of the maturity of any such bonds or other obligations;

(5) to provide for the replacement of lost, destroyed, or mutilated bonds;

(6) to covenant against extending of time for the payment of bonds or the interest thereon;

(7) to covenant as to the redemption of bonds and the privileges of exchange thereof for other bonds of the Authority;

(8) to covenant as to the rates of tolls and other charges to be established and charged, the amount to be raised each year or other period of time by fares, tolls, rates, rentals, fees, or other charges, and as to the use and disposition to be made thereof; to create or authorize the creation of special funds or moneys to be held in pledge or otherwise for construction, operating expenses, depreciation, payment or redemption of bonds, reserves or other purposes and to covenant as to the use, investment and disposition of the moneys held in such funds;

(9) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(10) to covenant as to the maintenance of its real and personal property, the replacement thereof, the insurance to be carried thereon and use and disposition of insurance money;

(11) to provide for the rights and liabilities, powers, and duties arising upon the breach of any covenant, condition, or obligation; to prescribe the events of default and the terms and conditions upon which any or all of the bonds shall become due or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(12) to vest in a trustee or trustees such property, rights, powers, and duties in trust for the holders of bonds as the Authority may determine; to limit or abrogate the rights of the holders of such bonds to appoint such trustee, or to limit the rights, duties, and powers of such trustee;

(13) to limit the rights of holders of bonds to enforce any pledge or covenant securing the bonds; and

(14) to make covenants other than, or in addition to, the covenants herein expressly authorized and of like or different character and to make such covenants to do such acts and things as may be necessary, convenient, or desirable in order to better secure the bonds, or which, in the discretion of the Authority, will tend to make the bonds more marketable, notwithstanding that such covenants, acts, or things may not be enumerated herein.

(b) Any pledge of revenues or moneys made by the Authority shall be valid and binding from the time when the pledge is made, and the revenues or other moneys so pledged and thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act. Neither the resolution nor any other instrument by which a pledge is created need be filed or recorded, unless specifically required by the provisions of this act, except in the records of the Authority.

(c) Bonds may be issued under the provisions of this act by the Authority without

obtaining the consent of any department, division, commission, board, bureau, agency, or officer of the District of Columbia or of the United States of America, and without any other proceeding or the happening of any other conditions or things than those proceedings, conditions, or things which are specifically required by this act.

(d) Moneys of the Authority or moneys held in pledge or otherwise for the payment of the bonds or in any way to secure bonds and deposits of such moneys may be secured in such manner as the Authority may require and it shall be lawful for all banks and trust companies incorporated under the laws of the United States of America which may act as depositary of any such funds to furnish such indemnifying bonds or to pledge such securities as may be required by the Authority; and the Authority shall not be required to maintain any of its moneys or funds in or with, or deposit the same in, the Treasury of the United States.

(e) Neither the directors of the Authority nor any person executing bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the execution or issuance thereof.

(f) The Authority shall have power to purchase bonds out of any funds available therefor. The Authority may hold, cancel, or resell such bonds subject to and in accordance with agreements with holders of its bonds.

(g) In order to secure the payment of its bonds or other obligations, the Authority may mortgage or pledge all or any part of its real or personal property then owned or thereafter acquired in such manner as in its absolute discretion it shall provide.

Refunding bonds

SEC. 404. (a) The Authority is hereby authorized to provide by resolution for the issuance of refunding bonds of the Authority for the purpose of refunding any bonds or other obligations then outstanding which shall have been issued under the provisions of this act, including the payment of necessary expenses incurred in the refunding, any redemption premium thereon, and any interest accrued or to accrue to the date of redemption of such bonds, and, if deemed advisable by the Authority, for the additional purpose of paying the cost of acquiring, constructing, reconstructing, extending, or improving its transportation system, or any part thereof, in connection with which the bonds to be refunded shall have been issued.

(b) The Authority is further authorized to provide by resolution for the issuance of its bonds for the combined purpose of (1) refunding any bonds or other obligations then outstanding which shall have been issued under the provisions of this act, including the payment of necessary expenses incurred in the refunding, any redemption premium thereon, and any interest accrued or to accrue to the date of redemption of such bonds, and (2) paying all or any part of the cost of acquiring, constructing, reconstructing, extending, or improving any transportation system. The issuance of such refunding bonds, and the details thereof, and the rights, duties, and obligations of the Authority in respect to the same shall be governed by the provisions of this act relating to the issuance and securing of original bonds insofar as the same shall be applicable.

Bonds to be obligations of Authority only

SEC. 405. Bonds issued under the provisions of this title shall not constitute a debt or liability of the United States of America or of the District of Columbia or of any political subdivision or of municipality within the Washington metropolitan area, or a pledge of the faith and credit of the United States of America or of the District of Columbia or of any political subdivision of or municipality within the Washington metropolitan area, but such bonds, unless refunded by bonds of the Authority, shall be payable solely from the funds pledged or available for their payment as authorized herein. All such bonds shall contain on the face thereof a statement to the effect that the Authority alone is obligated to pay the same and the interest thereon and that neither the United States of America nor the District of Columbia nor any political subdivision of or municipality within the Washington metropolitan area is obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the United States of America or the District of Columbia or any political subdivision of or municipality within the Washington metropolitan area is pledged to the payment of the principal of or interest on such bonds. Nothing in this act contained shall be construed to authorize the Authority to incur any indebtedness or liability on behalf of, or payable by the United States of America or the District of Columbia.

Legislation to constitute contract

SEC. 406. The United States of America pledges to and agrees with the holders of the bonds issued pursuant to the authority contained in this title that the Congress of the United States will not limit, alter, or restrict the right hereby vested in the Authority to plan, acquire, construct, reconstruct, extend or improve, maintain, manage, and operate its transportation system or systems within the Washington metropolitan area and to establish, fix, and collect such fares, tolls, fees, rentals, and other charges for use of and transit on such transportation system or systems, or portions thereof, so as to impair the obligation of the Authority to fulfill the terms of any agreements made with the holders of the bonds; nor will the Congress of the United States in any way impair the rights, exemptions, or remedies of the holders of the bonds until the bonds, together with interest thereon, and with interest on any unpaid installment of interest and all cost and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds, are fully paid and discharged.

Bonds legal investments

SEC. 407. Notwithstanding any restrictions on investment contained in any other laws, all domestic insurance companies, and domestic insurance associations, and all executors, administrators, guardians, trustees, and other fiduciaries within the District of Columbia, may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued pursuant to this title, it being the purpose of this section to authorize the investment in such bonds or other obligations of all sinking, insurance, retirement, compensation, pension, and trust funds: *Provided*, That nothing contained in this section shall be construed as relieving any person, firm, or corporation from any duty of exercising reasonable care in selecting securities for purchase or investment.

Remedies of bondholders

SEC. 408. (a) Any holder of bonds issued under the provisions of this title, or of any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent the rights herein given may be restricted by the resolution authorizing the issuance of such bonds or by trust agreement, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the United States of America or of the District of Columbia or granted hereunder or under the resolution authorizing the issuance of such bonds or such trust agreement, and may enforce and compel the performance of all of such duties required by this act or by such resolution or trust agreement to be performed by the Authority or by any officer thereof, including the fixing, charging and collecting of fares, tolls, fees, rentals, and other charges.

(b) Any trustee under any trust agreement, and whether or not all bonds have been declared due and payable, shall be entitled as of right, in the event of default by the Authority in the terms, covenants, and conditions contained in a resolution authorizing the issuance of bonds or a trust agreement, to the appointment of a receiver, who may enter and take possession of the transportation system or systems of the Authority, or any part or parts thereof, the revenues or moneys from which are or may be applicable to the payment of the bonds, and operate and maintain the same, and collect and receive all revenues and other moneys thereafter arising therefrom in the same manner as the Authority or the Board might do, and shall deposit, disburse, and apply the same in the manner required by the resolution authorizing the issuance of such bonds or the trust agreement securing the same. In any suit, action, or proceeding by the trustee under a trust agreement, securing bonds, the fees, counsel fees, and expenses of such trustee, and of the receiver, if any, and all costs and disbursements allowed by the court shall be a first charge on any revenues of the Authority pledged under such trust agreement.

(c) Nothing in this section or any other provision of this act shall authorize any receiver appointed pursuant to this act to sell, assign, mortgage, or otherwise dispose of any assets of any transportation system of the Authority, except in the manner and to the extent permitted or allowed under the trust agreement relating to such transportation system. It is the intention of this act to limit the powers of such receiver to the operation and maintenance of any transportation system of the Authority as the court shall direct and no holder of bonds of the Authority nor any trustee shall ever have the right in any suit, action, or proceedings at law, or in equity, to compel a receiver, nor shall any receiver ever be authorized or any court be empowered to direct the receiver to sell, assign, mortgage, or otherwise dispose of any assets of a transportation system of the Authority except in the manner and to the extent permitted or offered under the trust agreement relating to such transportation system.

(d) The United States District Court for the District of Columbia shall have jurisdiction of any suit, action, or proceeding by any trustee under a trust agreement, or other obligee of the Authority, in which an appointment of a receiver is requested.

Mr. PRIEST. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Massachusetts [Mr. HESELTON] is not germane to the committee substitute.

The CHAIRMAN. Does the gentleman from Massachusetts wish to be heard on the point of order?

Mr. HESELTON. Only to say that I have the highest regard and respect, as we all have, for our Parliamentarian, who told me that I cannot offer it, and therefore I concede the point of order.

The CHAIRMAN. The point of order is sustained.

The Chair recognizes the gentleman from Illinois [Mr. O'HARA] for 2½ minutes.

Mr. O'HARA of Illinois. Mr. Chairman, there is not anything that can be picked out of a pocket that is overlooked in this bill. I notice that they did not even overlook the matter of snow removal. That is small change compared with the grab of tax immunity. But suddenly on the District the cost of snow

removal previously required of the company was something else to be grabbed, and grabbed it is.

What about fares? This bill gives the company the right to increase them at any time and in any amount merely by giving 10 days advanced notice.

Of course, there is provision for a review, but this is not written in the language and manner usual when the thought is to place the public interest in priority. The clear import of the provision in this bill is to minimize the chance of the increased fares being upset.

There never was a traction ordinance or piece of traction legislation of which I have heard to compare with this. In any city where the people have the right of suffrage they have a chance of righting things or at least of making their reactions felt. The advocates of this bill now rest their case mainly on one argument. They are afraid the company will stop running its cars on the 15th of August. That is the last thing in the world the company will do. It will be down on its knees the very moment we do not give it an extension. It will come begging and say, "What will you give us. Please, let us run our cars a little longer until we can work out something." Let us look to ordinary commonsense and not fear for guidance. We are grown men and women.

Mr. MURRAY of Illinois. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to my able colleague from Chicago.

Mr. MURRAY of Illinois. Is it not a fact that after giving them that franchise we in effect subsidize them also?

Mr. O'HARA of Illinois. Certainly. The gentleman from Illinois is absolutely right. He hits the matter exactly on the head. The Congress ended the company's franchise because of its derelictions that had brought local transportation to a sorry mess. Now the same company is demanding that the Congress accept the guilt for the company's derelictions and pay it a subsidy running into countless thousands. In effect, the company demands its ransom.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, yesterday I made the statement that I had no intention of voting to leave the job security and the economic security of several thousand employees of the traction company in the hands of a bunch of economic wolves. I have not changed my opinion. After listening to the distinguished gentleman from Chicago [Mr. O'HARA], I am more convinced that we should vote to recommit this bill.

I have no explanation to offer as to how we might settle it. I would hate to acknowledge publicly by voting for this bill that we have made the mistakes the gentleman said we made last year when we passed the original bill.

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

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

Mr. LANHAM. Is there anything in this bill that would guarantee we would not have a strike within 30 days after August 14?

Mr. BAILEY. No. You are certain to have one. There is no collective bargaining, there is no arbitration, there is no fact-finding board, so you are facing that situation.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW] to close debate.

Mr. HINSHAW. Mr. Chairman, this has been a very pleasant debate, I am sure. All present have enjoyed themselves immensely. May I point out that the committee that actually heard the testimony, that actually sat and listened for days and days and weeks, and sat in executive session, turned out to be unanimous in favor of the bill that is being presented to you, yet a number of those who did not hear the testimony on the bill have other ideas. It is a question of whether you are willing to rely on your committee and what it has come up with or whether you rely on somebody else.

Mr. MACK of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. MACK of Illinois. If the gentleman will permit me, I would like to reply to the gentleman from West Virginia [Mr. BAILEY]. Concerning the labor provisions, the labor provisions in this bill are the same that we have had in the bill since 1933 and, if he thinks it is not sound labor legislation and that it is discriminating against labor, I would think he would have offered an amendment during the length of time that the gentleman has been here.

Mr. HINSHAW. I thank the gentleman. That could have been done.

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

Mr. HINSHAW. I yield.

Mr. HARRIS. I would like to give the Members the benefit of this information. It has been suggested that this bill be sent back to the committee to explore the idea that has been put forward by Mr. Bell. Mr. Bell's letter which was received a day or two ago said:

> I believe that a reorganization along the aforementioned lines and consistent with the conditions imposed by each of the parties is possible, and could be effected before August 14, 1956, given the enactment of legislation along the lines of H. R. 8901.
>
> * * * * *
>
> I believe this summarizes the present situation and illustrates the critical importance of the pending House action on H. R. 8901. With reasonable prospects for some such legislation, I shall redouble my efforts to produce agreement on solving Washington's transit problem on a basis which would keep our transit system in private hands and avoid the establishment of an additional Government agency.

Mr. Bell says that they must have this legislation if he is to be permitted to proceed with what he proposes.

Mr. HINSHAW. Mr. Chairman, in the limited time of 2½ minutes it is impossible for me to yield further. I am simply going to say that nothing can be sold to Mr. Bell if the franchise is not reinstated. This bill, in effect, reinstates it, and that is that. If the franchise is not continued, then there is nothing to sell except the assets of the company. It is ridiculous to think otherwise. Any Member on this floor who wanted to offer an amendment to the bill, which would strike out those portions that were objectionable to them, had the right to do so. The provisions are clearly stated in the bill. Nobody offered such an amendment.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The pro forma amendments were withdrawn.

The CHAIRMAN. The question is on the Committee amendment.

The Committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KELLEY of Pennsylvania, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8901) to provide for an adequate and economically sound transportation system or systems to serve the District of Columbia and its environs; to create and establish a public body corporate with powers to carry out the provisions of this act; and for other purposes, pursuant to House Resolution 489, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

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

The question is on the amendment.

The amendment was agreed to.

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

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

Mr. HESELTON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HESELTON. I am, Mr. Speaker.

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

The Clerk read as follows:

> Mr. HESELTON moves to recommit the bill to the Committee on Interstate and Foreign Commerce.

Mr. PRIEST. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

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

The question was taken; and on a division (demanded by Mr. BROWN of Ohio), there were—ayes 90, noes 90.

Mr. BROWN of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and I make the point or order that a quorum is not present.

The SPEAKER. Evidently no quorum is present. The Doorkeeper will close the doors and the Sergeant at Arms will notify absent Members and the Clerk will call the roll.

The question was taken; and there were—yeas 161, nays 172, answered "present" 2, not voting 98, as follows:

[Roll No. 50]

YEAS—161

Addonizio	Auchincloss	Baker
Ashley	Ayres	Baldwin
Aspinall	Bailey	Bass, N. H.

Bates
Baumhart
Bennett, Fla.
Bennett, Mich.
Betts
Blatnik
Boggs
Boland
Bolton, Frances P.
Bolton, Oliver P.
Bow
Boyle
Brown, Ohio
Burdick
Burnside
Byrne, Pa.
Canfield
Carnahan
Carrigg
Chelf
Christopher
Chudoff
Church
Corbett
Cretella
Dawson, Ill.
Dawson, Utah
Delaney
Denton
Devereux
Diggs
Dingell
Dodd
Dollinger
Donohue
Dorn, N. Y.
Doyle
Elliott
Engle
Fallon
Fino
Forand
Ford
Frelinghuysen
Friedel
Fulton
Garmatz
Gavin
Gordon
Gray
Green, Oreg.
Green, Pa.
Griffiths
Gross
Hagen
Hand
Hayworth
Healey
Henderson
Heselton
Hess
Holifield
Holland
Holmes
Holtzman
Hope
Hosmer
Huddleston
Hyde
Johansen
Johnson, Wis.
Karsten
Kearney
Keating
Kee
Kelley, Pa.
Kelly, N. Y.
Kilburn
King, Calif.
King, Pa.
Klein
Kluczynski
Knox
Knutson
Lanham
Lesinski
McCarthy
McConnell
McCulloch
McDonough
McVey
Macdonald
Machowicz
Madden
Magnuson
Mailliard
Marshall
Meader
Metcalf
Minshall
Morano
Morgan
Moss
Multer
Murray, Ill.
Murray, Tenn.
Natcher
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Neill
Ostertag
Patterson
Pfost
Philbin
Phillips
Polk
Price
Prouty
Quigley
Rains
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Rodino
Rogers, Colo.
Rooney
Sadlak
Scott
Seely-Brown
Shelley
Sieminski
Sisk
Spence
Staggers
Sullivan
Taber
Thompson, Mich.
Thompson, N. J.
Udall
Vanik
Van Zandt
Vorys
Westland
Widnall
Wier
Williams, N. J.
Wolcott
Yates
Younger
Zablocki
Zelenko

NAYS—172

Abbitt
Abernethy
Adair
Albert
Allen, Ill.
Andresen, August H.
Andrews
Arends
Ashmore
Avery
Bass, Tenn.
Becker
Belcher
Bell
Bentley
Berry
Blitch
Bosch
Boykin
Bray
Brooks, Tex.
Brown, Ga.
Brownson
Broyhill
Budge
Burleson
Bush
Byrnes, Wis.
Cannon
Chase
Chenoweth
Chiperfield
Clark
Clevenger
Colmer
Coon
Cooper
Coudert
Cramer
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Wis.
Dempsey
Derounian
Dies
Dixon
Dolliver
Dorn, S. C.
Dowdy
Evins
Fascell
Fenton
Fernandez
Fisher
Fjare
Flynt
Forrester
Frazier
Gary
Gathings
Gentry
George
Grant
Gubser
Hale
Haley
Halleck
Harden
Hardy
Harris
Harrison, Va.
Harvey
Hays, Ark.
Hébert
Herlong
Hiestand
Hill
Hillings
Hinshaw
Hoeven
Horan
Hull
Ikard
Jackson
Jarman
Jenkins
Jennings
Jensen
Jonas
Jones, Ala.
Jones, Mo.
Judd
Kean
Kilday
Kilgore
Krueger
Laird
Landrum
Latham
LeCompte
Lipscomb
Lovre
McIntire
McMillan
Mack, Ill.
Mack, Wash.
Mahon
Martin
Matthews
Merrow
Miller, Md.
Miller, Nebr.
Mills
Mumma
Nicholson
Norblad
Norrell
O'Konski
Osmers
Passman
Pelly
Pilcher
Poage
Poff
Preston
Priest
Ray
Reece, Tenn.
Rees, Kans.
Richards
Riehlman
Roberts
Robeson, Va.
Robsion, Ky.
Rogers, Fla.
Rutherford
Schenck
Scherer
Selden
Sikes
Siler
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Springer
Talle
Teague, Calif.
Teague, Tex.
Thomas
Thompson, La.
Thompson, Tex.
Thomson, Wyo.
Trimble
Tuck
Van Pelt
Vinson
Vursell
Weaver
Wharton
Whitten
Wigglesworth
Williams, N. Y.
Withrow
Wolverton
Wright
Young

ANSWERED "PRESENT"—2

Edmondson McCormack

NOT VOTING—98

Alexander
Alger
Allen, Calif.
Andersen, H. Carl
Anfuso
Barden
Barrett
Beamer
Bolling
Bonner
Bowler
Brooks, La.
Buckley
Byrd
Carlyle
Cederberg
Celler
Chatham
Cole
Cooley
Davidson
Davis, Ga.
Davis, Tenn.
Deane
Dondero
Donovan
Durham
Eberharter
Ellsworth
Feighan
Flood
Fogarty
Fountain
Gamble
Granahan
Gregory
Gwinn
Harrison, Nebr.
Hays, Ohio
Hoffman, Ill.
Hoffman, Mich.
Holt
James
Johnson, Calif.
Jones, N. C.
Kearns
Keogh
Kirwan
Lane
Lankford
Long
McDowell
McGregor
Mason
Miller, Calif.
Miller, N. Y.
Mollohan
Morrison
Moulder
Nelson
O'Hara, Minn.
Patman
Perkins
Pillion
Powell
Rabaut
Radwan
Reed, N. Y.
Riley
Rivers
Rogers, Mass.
Rogers, Tex.
Roosevelt
St. George
Saylor
Schwengel
Scrivner
Scudder
Sheehan
Sheppard
Short
Shuford
Steed
Taylor
Thornberry
Tollefson
Tumulty
Utt
Velde
Wainwright
Walter
Watts
Wickersham
Williams, Miss.
Willis
Wilson, Calif.
Wilson, Ind.
Winstead

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hays of Ohio for, with Mr. Alexander against.

Mr. Edmondson for, with Mr. Rogers of Texas against.

Mr. McCormack for, with Mr. Williams of Mississippi against.

Mr. Celler for, with Mr. Barden against.

Mr. McDowell for, with Mr. Chatham against.

Mr. Lankford for, with Mr. Fountain against.

Mr. Kirwan for, with Mr. Durham against.

Mr. Anfuso for, with Mr. Shuford against.

Mrs. St. George for, with Mr. Jones of North Carolina against.

Mr. Buckley for, with Mr. Carlyle against.

Mr. Saylor for, with Mr. Rivers against.

Mr. Mollohan for, with Mr. Winstead against.

Mr. Bowler for, with Mr. Wilson of Indiana against.

Mr. Roosevelt for, with Mr. Hoffman of Michigan against.

Mr. Donovan for, with Mr. Allen of California against.

Mr. Davidson for, with Mr. Bonner against.

Mr. Barrett for, with Mr. Dondero against.

Mr. Fogarty for, with Mr. Scudder against.

Mr. Granahan for, with Mr. Gamble against.

Mr. Sheppard for, with Mr. Johnson of California against.

Mr. Tumulty for, with Mr. Kearns against.

Mr. Walter for, with Mr. Velde against.

Mr. Keogh for, with Mrs. Rogers of Massachusetts against.

Mr. Miller of California for, with Mr. Miller of New York against.

Mr. Moulder for, with Mr. Brooks of Louisiana against.

Mr. Powell for, with Mr. Morrison against.

Mr. Taylor for, with Mr. Willis against.

Mr. Hoffman of Illinois for, with Mr. Riley against.

Mr. Byrd for, with Mr. Gwinn against.

Mr. Flood for, with Mr. Deane against.

Mr. Eberharter for, with Mr. Davis of Tennessee against.

Mr. Feighan for, with Mr. Davis of Georgia against.

Mr. Bolling for, with Mr. Beamer against.

Mr. Perkins for, with Mr. Thornberry against.

Until further notice:

Mr. Gregory with Mr. McGregor.
Mr. Watts with Mr. Cole.
Mr. Wickersham with Mr. Ellsworth.
Mr. Steed with Mr. Harrison of Nebraska.
Mr. Rabaut with Mr. O'Hara of Minnesota.
Mr. Patman with Mr. James.
Mr. Lane with Mr. Holt.
Mr. Cooley with Mr. Sheehan.

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

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

Mr. McCORMACK. Mr. Speaker, I have a live pair with the gentleman from Mississippi, Mr. WILLIAMS. If he were present he would vote "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. EDMONDSON. Mr. Speaker, I have a live pair with the gentleman from Texas, Mr. ROGERS. I voted "yea." If he were present he would vote "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

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

The bill was passed.

On motion of Mr. PRIEST, the title was amended so as to read: "A bill to make provision for continued operation by the Capital Transit Co. after August 14, 1956, under a revised franchise, and for other purposes."

Mr. PRIEST. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3073) to provide for an adequate and economically sound transportation system or systems to serve the District of Columbia and its environs, and for other purposes.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That this act may be cited as the "Washington Metropolitan Transit Act."

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TITLE I—GENERAL PROVISIONS

Declaration of purposes

SEC. 101. It is hereby declared to be a matter of legislative determination that the Washington metropolitan area (as such term is hereinafter defined) is a community integrated economically and geographically with its center in the city of Washington, D. C., and that the District of Columbia is the seat of the Government of the United States which is the largest single employer of persons resident within said Washington metropolitan area; that an adequate and economically sound transportation system or systems serving said Washington metropolitan area is essential to (1) the proper functioning of the Government of the United States, (2) commerce among the several States, and among such States and the District of Columbia, (3) the health, welfare, and safety of the public, including the civilian and military personnel and the Defense Establishment of the Government of the United States located in the District of Columbia and the Washington metropolitan area, and (4) the national defense; that operation of the Capital Transit Co., the operator of the principal transportation system located within the Washington metropolitan area, will cease August 14, 1956, consequent upon repeal of its franchise rights and charter by Public Law 389, 84th Congress (69 Stat. 724); that the Congress finds the establishment of an adequate transportation system to operate in the Washington metropolitan area, commencing August 15, 1956, as a replacement for Capital Transit Co., cannot be accomplished at the present time by the ordinary operations of private enterprice without public participation; that to these ends it is necessary to enact the provisions hereafter set forth (1) granting to a public body corporate consisting of the Commissioners of the District of Columbia for an interim period certain powers to acquire, extend, improve, and operate an adequate transportation system or systems in the Washington metropolitan area to provide service at reasonable rates for the residents of the Washington metropolitan area, (2) authorizing the transfer of such transportation system or systems to private ownership if during such interim period a sound proposal for private ownership is submitted to such public body corporate and it finds that such proposal would result in providing the residents of the Washington metropolitan area with an adequate and efficient transportation system under private ownership, (3) providing that if during such interim period private interests do not acquire such transportation system, the existence of said public body corporate is continued; and (4) providing that such public body shall have the exclusive permission and franchise to operate a transportation system or systems within the District of Columbia, except for such permissions and franchises (other than those of Capital Transit Co.) as are in existence as of the date of enactment of this act; and that the acquisition, extension, improvement, and operation of a transportation system or systems by the public body corporate hereinafter created, all as provided in this act, is hereby declared to be a public use and purpose.

Definitions

SEC. 102. The following terms whenever used or referred to in this act, shall, for the purposes of this act and unless a different intent clearly appears from the context, be construed as follows:

(a) "Authority" means the Washington Metropolitan Transit Authority established by this act.

(b) "Board" means the Board of Directors of the Authority.

(c) "Transportation system" means all of the facilities, plants, equipment, real property, personal property, franchises and rights of whatever nature useful for the transportation of passengers for hire, except taxicabs and sightseeing buses and transportation facilities extending beyond the boundaries of the Washington metropolitan area, and railroad lines and terminal facilities used in connection therewith and includes, without limitation, street railways, elevated railroads, subways, underground railroads, motor vehicles, trolleys, trackless trolley buses, motor buses and any combination thereof, or any other form of mass passenger transportation.

(d) "Washington metropolitan area" means and embraces all of the territory in the District of Columbia, in the cities of Alexandria and Falls Church and the counties of Arlington and Fairfax in the Commonwealth of Virginia, and in the counties of Montgomery and Prince Georges in the State of Maryland.

(e) "Bonds" means any bonds, interim certificates, certificates of indebtedness, equipment obligations, notes, debentures or other obligations of the Authority issued pursuant to the provisions of this act.

(f) "Revenues" means all fares, tolls, rates, rentals, fees, charges and other income from the operation of a transportation system by the Authority.

(g) "Real property" includes lands, structures, and any and all easements, franchises and incorporeal hereditaments, and every estate and right therein, legal or equitable, including terms for years, chattels real, and liens by way of judgments, mortgages or otherwise.

(h) "Obligee of the Authority" or "obligee" includes any bondholder, trustee, or trustees for any bondholders, any lessor demising to the Authority property used in connection with a transportation system, or any assignee or assignees of such lessor's interest or any part thereof, and the United States of America or any agency or instrumentality thereof when it is a party to any contract with the Authority.

Act controlling

SEC. 103. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

Separability

SEC. 104. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

TITLE II—INTERIM AUTHORITY

Creation of Authority

SEC. 201. There is hereby created a public body corporate to be known as the "Washington Metropolitan Transit Authority", which shall be an agency and instrumentality of the District of Columbia. The term of the existence of said Authority shall expire on the fifteenth day of August 1959 except as hereinafter set forth in titles III and IV hereof. The powers of the Authority shall be vested in and exercised by a Board of Directors consisting of the Commissioners of the District of Columbia, two of said Commissioners constituting a quorum. The Commissioners shall select from among their number a chairman and vice chairman of the Board. The Authority may delegate to one or more of its directors, officers, agents, or employees such powers or duties as it may deem proper.

Powers of authority

SEC. 202. The Authority shall constitute a public body corporate, exercising public and essential governmental functions, and shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act, and such other powers as are or may be authorized by appropriate authority of the United States, the District of Columbia, or any governmental body exercising jurisdiction in any portion of the Washington metropolitan area without regard to any other provisions of law except as otherwise provided in this act, including the following powers in addition to others herein granted:

(a) To sue and be sued, to compromise and settle suits and claims of or against it, to complain and defend in its own name in any court of competent jurisdiction, State, Federal, or municipal, but execution shall not in any case issue against any property of the Authority;

(b) To adopt, alter, and use a corporate seal which shall be judicially noticed;

(c) To adopt, prescribe, amend, repeal, and enforce bylaws, rules, and regulations for the exercise of its powers under this act or governing the manner in which its business may be conducted and the powers granted to it by this act may be exercised and enjoyed, including the selection of its officers and provision for such committees and the functions thereof as it may deem necessary;

(d) To make, deliver, and receive contracts, deeds, leases, and other instruments and to acquire and take title to real and other property in its own name;

(e) To maintain a principal office in the District of Columbia and suboffices at such place or places within the Washington metropolitan area as it may designate;

(f) To acquire, construct, own, operate, and maintain for public service a transportation system or systems in the Washington metropolitan area and to exercise all powers necessary or convenient in connection therewith;

(g) To borrow money and make and issue bonds and other evidences of indebtedness or obligations for any of its corporate purposes, and to provide for the rights of the holders thereof as authorized by this act;

(h) To fix and revise from time to time and charge and collect fares, tolls, rates, rentals, fees, and charges for the use of a transportation system and the services and facilities furnished thereby or by any part thereof;

(i) To appoint and employ such officers, agents, employees, consulting engineers, attorneys, accountants, appraisers, construction and financial experts and consultants, and such other experts, consultants, and agents for such periods as may be necessary in its judgment, to fix their compensation, and to determine the services to be performed by them on behalf of the Authority and the manner in which such services are to be performed;

(j) To receive and accept from the United States of America, any Federal instrumentality or agency thereof, the District of Columbia, or any State or political subdivision thereof, grants and contributions for or in aid of the acquisition, construction, ownership, operation, or maintenance of any transportation system, and to receive and accept aid or contributions from any source of either money, property, labor, or other things of value, to be held, used, or applied only for the purposes for which such grants and contributions may be made;

(k) To apply for, receive, and accept franchises, licenses, grants, permits, and other rights to operate a transportation system, or part thereof, in the Washington metropolitan area beyond the limits of the District of Columbia, from any State, municipalities, or other political subdivision thereof, or from any agency, instrumentality, board, commission, or officer of any such State, municipality, or other political subdivision, and to comply with the terms and conditions of any such franchise, license, grant, or permit;

(l) To enter into contracts and agreements with the operators of one or more transportation systems within the Washington metropolitan area to provide for the transportation of passengers for hire, and, within the District of Columbia and such other area or areas wherein consent therefor shall be given, to determine all fares, schedules, routings, and changes therein, and conditions of service of any such transportation system;

(m) To procure and enter into contracts for any type of insurance and indemnity against loss or damage to property from any cause, including loss of use or occupancy, against death or injury of any person, against employers' liability, against any act of any director, officer, or employee of the Board or of the Authority in the performance of the duties of his office or employment or any other insurable risk;

(n) To enter into contracts and agreements with any persons, firms, or corporations providing for the operation and maintenance of all or any part of any transportation system of the Authority and to prescribe the terms and conditions of such contracts and agreements with respect to such operation and maintenance;

(o) To do all things necessary or convenient to carry out the powers expressly granted by this act.

Acquisition and use of property

SEC. 203. (a) The Authority shall have power to acquire in its own name, by purchase, lease, gift, or otherwise, on such terms and conditions and in such manner as it may deem proper, or by the exercise of the power of eminent domain to the extent authorized by this act or the law of any State, with like exception as in section 204 (a) of this act, all or any part of the facilities, plant, equipment, property, rights in property, reserve funds, employees' pension or retirement funds, special funds, franchises, licenses, patents, permits, papers, documents and records of any transportation system within the Washington metropolitan area. The Authority shall also have power to acquire in its own name, by purchase, lease, gift or otherwise, on such terms and conditions and in such manner as it may deem proper, or by the exercise of the power of eminent domain to the extent authorized by this act or the law of any State, any property and rights useful for its purposes, and to sell, lease, transfer or convey any property or rights when no longer useful or exchange the same for other property or rights which are useful for its purposes.

(b) The Authority shall also have power to enter into contracts and agreements for the joint use of any property and rights by the Authority and any public utility, including railroads operating within the Washington metropolitan area; to enter into contracts and agreements with the operator of any transportation system either within or without the Washington metropolitan area for the use or the joint use of any property of the Authority or of such transportation system, or for the establishment of through routes, joint fares and transfer of pasesngers upon such terms and conditions as may be agreed upon between the Authority and such operator of the transportation system.

Power of eminent domain

SEC. 204. (a) Subject to and in accordance with the procedures, conditions, limitations, and other provisions of this act, the Authority is hereby granted and shall have the power to acquire by eminent domain real property or personal property, tangible or intangible, situated or having a legal situs in the District of Columbia or any interest therein. Such power and right shall exist with respect to private property devoted to any private or public use which is necessary for the purposes of the Authority, except property of a railroad, terminal, or public utility primarily operating or engaged in terminal business incident to the operation of transportation facilities extending beyond the boundaries of the Washington metropolitan area which property is used or useful in the transportation or terminal business of such railroad, terminal or public utility.

(b) Proceedings for the acquisition of real and personal property or any interest therein, brought pursuant to this section, shall be brought in the name of the Authority by counsel for the Authority. Title to such property shall be taken by and in the name of such Authority.

(c) Except as herein otherwise provided, condemnation proceedings for the acquisition of such real or personal property, or any interest therein, shall be instituted and conducted in the United States District Court for the District of Columbia which court shall have jurisdiction of such proceedings and such proceedings shall be prosecuted in accordance with the procedure in proceedings instituted and conducted in the name of the United States.

(d) (1) In any such proceeding brought pursuant to this section, the authority may file with the complaint, or at any time before judgment, a declaration of taking signed by the Chairman or Vice Chairman of the Board declaring that such real or personal property or any interest therein, described in the complaint, is thereby taken for the use of the Authority. Said declaration of taking shall contain or have annexed thereto—

(a) a statement of the public purpose for which such property or any interest therein is taken;

(b) a description of the property, or any interest therein taken, sufficient for identification thereof;

(c) a statement of the estate or interest in said property taken for said public use;

(d) a plan showing the lands, if any, taken; and

(e) a statement of the sum estimated by the Authority to be just compensation for the property or interest therein taken.

(2) The Authority shall specify in such declaration of taking the date when title to such property shall vest in the Authority and the date or dates when possession of such property shall be surrendered to the Authority.

(3) The Authority shall, prior to or on the date specified in the declaration for the vesting of title to such property in the Authority, deposit in the registry of the court, to the use of the persons entitled thereto, the amount of the estimated compensation stated in said declaration, and title to said real or personal property in fee simple absolute, or such less estate or interest therein as is specified in said declaration, shall vest in the Authority upon the date specified in said declaration and said real and personal property shall be deemed to be condemned and taken for the use of the Authority, and the right to just conmpensation for the same shall vest in the persons entitled thereto; and said compensation shall be ascertained and awarded in said proceedings and established by judgment therein, and the said judgment shall include, as part of the just compensation awarded, interest at the rate of 6 percent per annum on the amount finally awarded as the value of the property as of the date of taking, from said date to the date of payment; but interest shall not be allowed on so much thereof as shall have been paid into the registry. No sum so paid into the registry shall be charged with commissions or poundage.

(4) Upon the application of the party or parties in interest, the court may order that the money deposited in the registry of the court, or any part thereof, be paid forthwith for or on account of the just compensation to be awarded in said proceedings. If the compensation finally awarded in respect of such property or any part thereof shall exceed the amount of the money so deposited, the court shall enter judgment against the Authority for the amount of the deficiency. If the compensation finally awarded in respect of such property or any part thereof, shall be less than the amount of the money so deposited, the court shall have the power to enter judgment against the party or parties entitled to receive the money so deposited for the amount representing the difference between the amount deposited and the amount awarded by the jury as just compensation, and writs of execution may be issued thereon within the same time and have the same effect as liens, and shall be executed and returned in the same manner as if issued upon a common-law judgment.

(5) The court shall order possession of such property to be surrendered to the Authority at the time or times specified by the Authority in such declaration and shall enter any and all orders and take other necessary action to carry out the intent and purposes of this act.

(e) In the event the Authority acquires specific items of real property or tangible personal property by eminent domain proceedings under the provisions of this section, it shall take not less than the entire interest in such items of property which is vested in the owner thereof.

Control and use of public ways

SEC. 205. The Authority shall have the power where necessary in the construction, reconstruction, extension, improvement, operation, or maintenance of any transportation system, to require persons, firms, or corporations owning or operating public utility structures, facilities, or appliances in, upon, under, over, across, or along the public roads, streets or other public ways in the District of Columbia in which the Authority has the right to own, construct, operate, or maintain transportation facilities, to remove or relocate such public utility structures, facilities, and appliances. The cost of the required removal or relocation of such public utility structures, facilities, and appliances shall be paid by the Authority: *Provided*, That no payment by the Authority shall be required for any improvement or increase in capacity made in such public utility structures, facilities, or appliances as an incident or result of the relocation or removal. The amount of any such improvement or increase in capacity shall be determined by agreement between the Authority and the utility affected. In default of agreement between the Authority and the utility affected, the removal and relocation shall be on such terms and conditions as may be imposed by the regulatory authority having jurisdiction over the utility at the site of the removal or relocation. If any person, firm, or corporation owning or operating public utility structures, facilities, and appliances fails or re-

fuses so to remove or relocate them, the Authority may remove or relocate them and the cost thereof shall be determined as above provided. This subsection shall not apply to or affect the rights, duties, obligations, or liabilities of Capital Transit Co. or its successors or assigns. The Authority shall have the right, but not exclusive of the public right, to use any public road, street, highway, or other public way in the District of Columbia for the transportation of passengers, and to establish, maintain, and operate a transportation system, in, upon, under, over, across, or along any such public road, street, highway, or other public way.

Equipment trust certificates

SEC. 206. (a) The Authority shall have power to execute agreements, leases, and equipment trust certificates with respect to the purchase of facilities or equipment such as cars, trolley buses, and motor buses, in the form customarily used in such cases and appropriate to effect such purchase, and may dispose of such equipment trust certificates in such manner as it may determine to be for the best interests of the Authority. All moneys required to be paid by the Authority under the provisions of such agreements, leases, and equipment trust certificates shall be payable solely from the revenue to be derived from the operation of the transportation system or from such grants and loans as may be available to the Authority under the provisions of this act. Payment for such facilities or equipment, or rentals thereof, may be made in installments, and the deferred installments may be evidenced by equipment trust certificates as aforesaid, and title to such facilities or equipment may not vest in the Authority until the equipment trust certificates are paid.

(b) The agreement to purchase facilities or equipment by the Authority may direct the vendor to sell and assign the equipment to a bank or trust company, duly authorized to transact business in the District of Columbia, or a national banking association organized under the laws of the United States of America and located within or without the District of Columbia, as trustee, for the benefit and security of the equipment trust certificates and may direct the trustee to deliver the facilities and equipment to one or more designated officers of the Authority and may authorize the trustee simultaneously therewith to execute and deliver a lease of the facilities or equipment to the Authority.

(c) The agreements and leases shall be duly acknowledged before some person authorized by law to take acknowledgment of deeds and in the form required for acknowledgment of deeds and such agreements, leases, and equipment trust certificates shall be authorized by resolution of the Board and shall contain such covenants, conditions, and provisions as may be deemed necessary or appropriate to insure the payment of the equipment trust certificates from the revenues to be derived from the operation of the transportation system and other funds.

(d) The covenants, conditions, and provisions of the agreements, leases, and equipment trust certificates shall not conflict with any of the provisions of any resolution or trust agreement securing the payment of bonds or other obligations of the Authority then outstanding or conflict with or be in derogation of the rights of the holders of any such bonds or other obligations.

(e) An executed copy of each such agreement and lease shall be filed in the office of the Recorder of Deeds, District of Columbia, who shall be entitled to receive $1 for each such copy filed with him and which filing shall constitute notice to any subsequent judgment creditor or any subsequent purchaser. Each vehicle so purchased and leased shall have the name of the owner and lessor plainly marked upon both sides thereof, followed by the words "owner and lessor."

Tax exemption and public services

SEC. 207. (a) The Authority, including but not limited to its franchise, reserves, surplus, loans, income, assets, and property of any kind and nature, shall be exempt from all taxes, special assessments, fees, and licenses now or hereafter imposed by the United States of America or by the District of Columbia, except taxes imposed under the Federal Unemployment Tax Act (Internal Revenue Code of 1954, chapter 23), and under the Federal Insurance Contributions Act (Internal Revenue Code of 1954, chapter 21); and contributions imposed on employers under the District of Columbia Unemployment Compensation Act, as amended (title 46, chapter 3, D. C. Code, 1951 edition). In lieu of taxes on motor vehicle fuel now or hereafter imposed for the benefit of the District of Columbia, the Authority shall pay to such District annually an amount of money equal to the taxes on motor vehicle fuel which would be payable by the Authority during the annual period if it were not exempted from such taxes: *Provided,* That such payment shall be made only to the extent that the revenues in each fiscal year shall be sufficient to make such payment in whole or in part after payment or provision has been made for all operating and maintenance expenses, taxes, if any, interest and principal and sinking fund payments on all fixed interest obligations, adequate provision for depreciation, and provision for such other payments and the establishment of such reserves as are required under any resolution of the Board authorizing the issuance of bonds or trust agreement securing the same, or contract of the Authority.

(b) Obligations, including interest thereon, issued by the Authority shall be exempt from all taxation now or hereafter imposed by the United States or the District of Columbia, with the exception of estate, inheritance, and gift taxes. Such obligations shall also be exempt from taxation by any State, Territory, or possession, or by any county, municipality, or other municipal subdivision or taxing authority of any State, Territory, or possession of the United States.

(c) In connection with any transportation system located wholly or partly within the District of Columbia, the District of Columbia may contract with the Authority and the Authority may agree to pay to the District of Columbia for special services, facilities, and improvements to be furnished by the District of Columbia for the benefit of the Authority such amounts as may be agreed upon by the Authority and the Board of Commissioners of the District of Columbia. For the purpose of aiding and cooperating in the planning, undertaking, construction, reconstruction, extension or improvement, maintenance, or operation of any transportation system, or any part thereof, located wholly or partly within the District of Columbia, the District of Columbia may, upon such terms, with or without consideration, as it may determine, do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, reconstruction, extension, or improvement, maintenance, or operation of such transportation system. The exercise by the District of Columbia of the powers herein granted may be authorized by resolution of the Board of Commissioners of the District of Columbia.

Funds and financial transactions of the Authority

SEC. 208. (a) All moneys received pursuant to the authority of this act, whether as proceeds from the sale of bonds or as revenues or otherwise, shall be deemed to be trust funds, to be held and applied solely as provided in this act. The resolution authorizing the issuance of any bonds or the trust agreement securing such bonds shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustees of such moneys and shall hold and apply the same for the purposes thereof subject to such regulations as this act and such resolution or trust agreement may provide.

(b) Notwithstanding the provisions of the Accounting and Auditing Act of 1950 (64 Stat. 834), the Government Corporation Control Act of 1945 (59 Stat. 597), as amended, or any other provision of law, the Authority shall not be subject to any audit or review by the Comptroller General of the United States, but in lieu thereof the Authority shall employ a certified public accountant or accountants to establish an accounting system appropriate to the Authority's operation, to perform such audits as are required for the orderly prosecution of the Authority's business and operations, to prepare an annual fiscal report to be incorporated in the Authority's annual report to the Congress, and to perform such other audits as the Board may deem necessary for the orderly prosecution of the business of the Authority: *Provided,* That during such period or periods of time as the Authority is indebted to the District of Columbia for moneys advanced to it by the Commissioners of the District of Columbia from the proceeds of the sale of obligations to the Secretary of the Treasury, pursuant to section 217 of this title, in addition to the auditing and other functions to be performed by the certified public accountant or accountants employed by the Authority, the Comptroller General of the United States shall make such review of the financial operations of the Authority as he deems necessary.

Services and rates

SEC. 209 (a) This act, without regard to any other law of the United States of America or of the District of Columbia, shall constitute full authority for the Authority to make all rules and regulations necessary for the governing of the operation of transportation systems of the Authority, and the Authority shall have full power to determine all schedules, routings and changes therein and conditions of service, except as provided in section 213 hereof. This act, without regard to any other law of the United States of America or of the District of Columbia, shall also constitute full authority for the fixing, altering, charging, and collection by the Authority of fares, tolls, rates, rentals, fees, and other charges for the use of any transportation system of the Authority and the services and facilities furnished thereby, or by any part thereof, and such fares, tolls, rates, rentals, fees, and charges shall be determined exclusively by the Authority, and the Authority shall have power and authority to fix, alter, charge, and collect such fares, tolls, rates, rentals, fees, and other charges for the use of a transportation system and the services and facilities furnished thereby, or by any part thereof, without obtaining the consent or approval of the Interstate Commerce Commission, the Public Utilities Commission of the District of Columbia, or any other department, division, commission, board, bureau, agency, or officer of the United States of America or of the District of Columbia.

(b) The Authority may provide free transportation within any municipality or county in the Washington metropolitan area or in the District of Columbia to firemen and policemen employed therein, when in uniform and in performance of their duties, and for employees of the Authority when in uniform or upon presentation of identification of such employees, and may enter into agreements with the United States Post Office Department for the transportation of mail or parcel post, and for the payment of compensation to the Authority in lieu of fares or charges for the transportation of letter carriers, when in uniform. No other free transportation or services shall be allowed or permitted by the Authority except in compliance with a grant, license, franchise, or

permit authorizing or permitting the Authority to operate in areas within the Washington metropolitan area but without the District of Columbia.

Personnel

SEC. 210 (a) The Board shall establish a system of organization to fix responsibility and promote efficiency; establish such positions as may be necessary to perform the business of the Authority; define the duties of such positions; fix the rates of pay therefor; make appointments thereto; and require bonds to be given by the incumbents of such of the said positions as the Board, in its discretion, may determine, and the Board may make provision for the payment by the Authority of the premiums for such bonds for such periods as the Board may consider desirable. The Board shall establish a personnel system independent of the Federal Civil Service System and the personnel systems governing employment in the municipal government of the District of Columbia, and shall make and promulgate rules and regulations governing the conditions of employment of such personnel as may be employed by the Authority, including, but not limited to, the selection, appointment, reemployment, promotion, demotion, suspension, and dismissal of such personnel according to merit and fitness and without regard to political, religious, or racial considerations; the fixing of pay and hours of employment; the establishment of an employee grievance procedure; and the establishment of leave, welfare, and pension privileges, subject to the provisions of any collective-bargaining agreement then in effect or thereafter adopted.

The Authority shall have the power to bargain collectively with and enter into written contracts with the employees of the Authority through accredited representatives of such employees or representatives of any labor organization authorized to act for such employees concerning wages, salaries, hours, working conditions, health and welfare, insurance and pension or retirement provisions: *Provided*, That nothing herein shall be construed to permit hours of labor in excess of those provided by law or to permit working conditions prohibited by law. In case of dispute over wages, salaries, hours, working conditions, health and welfare, insurance or pension or retirement provisions where collective bargaining and mediation do not result in agreement, the Authority may agree to submit such dispute to a tripartite board of arbitration and shall agree with such accredited representatives or labor organization that the decision of a majority of any such arbitration board shall be final and binding. Each party shall agree in advance to pay half of the expense of such arbitration.

(b) If the Authority acquires a transportation system in operation by a public utility, all of the employees in the operating and maintenance divisions of such transit utility and all other employees except corporate officers with less than 10 years' service shall be offered transfer and appointment as employees of the Authority up to the maximum number of employees required, subject to all rights and benefits of this act, and these employees shall be given seniority credit in accordance with the records and labor agreements of the transit utility. Any person employed by such transit utility who is not, at the time the Authority acquires such utility, offered transfer and appointment as an employee of the Authority shall, for a period ending August 14, 1958, have a right of seniority for purposes of employment and employment benefits under the Authority in a position comparable to the position he last occupied while employed by such transit utility or in any other position the duties of which he is qualified to perform, in accordance with any collective-bargaining agreement then in effect. Employees who left the employ of such a transit utility to enter the military service of the United States shall have the same rights as to the Authority, under the provisions of the "Universal Military Training and Service Act," as amended, as they would have had thereunder as to such transit utility. Members and beneficiaries of any pension or retirement system or other benefits established by that transit utility shall continue to have the rights, privileges, benefits, obligations, and status with respect to such established system. There shall be established and maintained by the Authority a sound pension and retirement system adequate to provide for all payments when due under such established system or as it may be modified from time to time by agreement or arbitration. The Authority and the employees through their representatives for collective bargaining purposes shall take whatever action may be necessary to have the pension trust funds, presently under the joint control of the transit utility and the participating employees through their representatives, transferred to the trust fund to be established, maintained, and administered jointly by the Authority and the participating employees through their representatives. Provision shall be made by the Authority for all officers and employees of the Authority appointed pursuant to this act to become, subject to reasonable rules and regulations, members or beneficiaries of the pension or retirement system with uniform rights, privileges, obligations, and status as to the class in which such officers and employees belong. The terms, conditions, and provisions of any pension or retirement system or of any amendment or modification thereof affecting employees who are members of any labor organization may be established, amended, or modified by agreement or arbitration with such labor organization.

(c) The employees of the Authority shall, not withstanding any other provision of law, be subject to the following laws and parts of laws:

(1) Section 9 of the Universal Military Training and Service Act (62 Stat. 604), as amended (50 U. S. C. App., secs. 451 and the following), and related statutes affecting the reemployment rights of persons entering the Armed Forces of the United States;

(2) Title II of the Social Security Act, as amended, and the related provisions of the Federal Insurance Contributions Act (Internal Revenue Code of 1954, ch. 21), as amended;

(3) Section 6 of the act approved May 10, 1916 (39 Stat. 66, 120), as amended (5 U. S. C., secs. 58 and 59), relating to double salaries;

(4) Section 212 of the act approved June 30, 1932 (47 Stat. 406), as amended (5 U. S. C., sec. 59a), relating to the retired pay of members of the Armed Forces;

(5) The second sentence of section 2 of the act approved July 31, 1894 (28 Stat. 205), as amended (5 U. S. C., sec. 62), relating to dual employment;

(6) The Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927 (44 Stat. 1424), as amended and extended (33 U. S. C., secs. 901–945, 947–950; title 36, chapter 5, D. C. Code, 1951 edition);

(7) The District of Columbia Unemployment Compensation Act (49 Stat. 946), as amended;

(8) The Federal Unemployment Tax Act (Internal Revenue Code of 1954, ch. 23), as amended.

(d) Notwithstanding any other provision of law, the employees of the Authority shall not be subject to the following laws:

(1) The Civil Service Act of January 16, 1883 (22 Stat. 403), as amended;

(2) The Federal Employees' Group Life Insurance Act of 1954 (68 Stat. 736), as amended;

(3) The Civil Service Retirement Act of May 29, 1930 (46 Stat. 468), as amended;

(4) The Classification Act of 1949 (63 Stat. 954), as amended;

(5) The Federal Employees Pay Act of 1945 (59 Stat. 295), as amended;

(6) The Annual and Sick Leave Act of 1951 (65 Stat. 679), as amended;

(7) The act entitled "An act to provide certain employment benefits for employees of the Federal Government, and for other purposes", approved September 1, 1954 (68 Stat. 1105), as amended;

(8) The Performance Rating Act of 1950, approved September 30, 1950 (64 Stat. 1098);

(9) The Veterans Preference Act of 1944 (58 Stat. 387), as amended.

(e) Subparagraph 1 (b) (5) (E) of the District of Columbia Unemployment Compensation Act (49 Stat. 946), as amended (section 46–301, D. C. Code, 1951 edition), is amended by inserting immediately before the semicolon at the end thereof the following: ": *And provided further*, That this subparagraph (E) shall not apply to the employees of the Washington Metropolitan Transit Authority, which for the purposes of this act shall be deemed to be a covered employer".

(2) Section 3306 of the Federal Unemployment Tax Act (Internal Revenue Code of 1954, ch. 23), as amended, is amended by inserting at the end thereof a new subsection "(o)" reading as follows:

"(o) Employees of the Washington Metropolitan Transit Authority: For the purposes of this chapter, and notwithstanding the provisions of paragraph (7) of subsection (c) hereof, the term 'employment' shall include service in the employ of the Washington Metropolitan Transit Authority, and the Board of Directors of such Authority, as the employer of individuals whose service constitutes employment by reason of this subsection, is authorized and directed to comply with the provisions of this chapter 23."

(f) The Authority is authorized to borrow, and the United States Government or any department or agency thereof and the municipal government of the District of Columbia are authorized to lend to the Authority, the services of United States or District of Columbia employees. The Authority shall reimburse the United States or the District of Columbia for such services. Any such reimbursement shall be credited to the appropriation from which is paid the compensation of any person whose services may be borrowed by the Authority.

(g) As used in subsections (c) and (d) of this section, the word "employees" includes officers, but does not include members of the Board of Directors.

Reports

SEC. 211. (a) The Authority shall file with the Congress annually, within 6 months after the close of its fiscal year, a report of the operations and business of the Authority during its preceding fiscal year.

(b) The Authority shall, within 6 months after the close of each fiscal year, publish in a newspaper of general circulation in the District of Columbia an income statement covering its operations for such fiscal year and a balance sheet showing its condition at the end of such fiscal year.

Claims and suits

SEC. 212. (a) The Authority shall not defend in any suit, action or proceeding brought against it on the ground of governmental immunity, but no suit, action or proceeding shall be maintained against the Authority for unliquidated damages to person or property unless, within 6 months after the injury or damage was sustained, the claimant, his agent or attorney gave notice in writing to the Board of the appropriate time, place, cause, and circumstances of such injury or damage.

(b) No action shall be maintained against the United States or the District of Columbia on any claim arising out of the activities of

the Authority, including its acts of commission or omission, and no liability shall accrue against the United States or the District of Columbia because of such activities.

(c) The members of the Board shall not be personally liable in damages for any official action of the said Board performed in good faith in which the said members participate, nor shall any member of the said Board be liable for any costs that may be taxed against them, the Board, or the Authority on account of any such official action by them as members of the said Board; but such costs shall be charged to the Authority and paid as other costs are paid in suits brought against the Authority; nor shall the said Board or any of its members, or the said Authority, be required to give any supersedeas bond or security for costs or damages on any appeal whatever.

Vehicle regulations

SEC. 213. All of the powers authorized by this act to be exercised by the Authority shall be subject to all statutes and rules and regulations promulgated by proper authority relating to the regulation and control of traffic and the operation and safety of vehicles.

Policing of authority property

SEC. 214. (a) The provisions of the second paragraph under the caption "For Metropolitan Police" in the first section of the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1900, and for other purposes," approved March 3, 1899 (30 Stat. 1045, 1057, ch. 422; sec. 4–115, D. C. Code, 1951 edition) authorizing the Commissioners of the District of Columbia to appoint special policemen for duty in connection with the property of corporations and individuals shall be applicable with respect to the property of the Authority in the District of Columbia.

(b) The Board of Directors of the Authority is hereby authorized and empowered to make, modify, and enforce all such visual and reasonable regulations as they may deem necessary for the protection of lives, limbs, health, comfort, and quiet of passengers and the protection of the property of the Authority, and to prescribe reasonable penalties of fine not to exceed $300 or imprisonment not to exceed 10 days, in lieu of or in addition to any fine for the violation of any of the regulations of the Authority. Said penalties may be enforced in the Municipal Court for the District of Columbia, and in the United States district court for the district embracing that part of the Washington metropolitan area beyond the District of Columbia in which such violation is committed. Prosecutions for violations of the regulations of the Authority shall be conducted in the name of the United States and by the attorney of the United States for the district in which such violation is committed.

(c) The regulations authorized by this section shall, when adopted, be printed in one or more of the daily newspapers published in the District of Columbia of general circulation in the Washington metropolitan area; and no penalty prescribed for the violation of such regulations shall be enforced until 30 days after such publication.

Investigations

SEC. 215. The Authority, without regard to the provisions of any other law and the procedures established thereby, may investigate all matters relating to public transportation and the management thereof within the District of Columbia, the enforcement of its resolutions, rules, and regulations, and the action, conduct, and efficiency of its officers, agents, and employees. In the conduct of any such investigation, the Board may hold public hearings on its own motion. Said Board is hereby authorized and empowered to summon by subpena any person, except officers, employees, and representatives of existing transportation companies within the Washington Metropolitan Area, before it or before a hearing officer designated by it to give testimony on oath or affirmation, or to produce all books, records, papers, documents, or other legal evidence as to any matter affecting the Authority, and any member of said Board and any hearing officer designated by it shall have the power to administer all oaths and affirmations for the purpose of the administration of this act. Such subpena may be served by any member of the Metropolitan Police force. If any witness having been personally summoned shall neglect or refuse to obey the subpena issued as herein provided, then and in that event any member of the Board or the hearing officer designated by it may report that fact to the United States District Court for the District of Columbia or one of the judges thereof, and said court or any judge thereof hereby is empowered to compel obedience to said subpena to the same extent as witnesses may be compelled to obey the subpenas of that court. Witnesses, other than those employed by the Governments of the District of Columbia or the United States, summoned to appear before said Board, shall be entitled to the same fees as are paid witnesses for attendance before the United States District Court for the District of Columbia, but said fees need not be paid said witnesses in advance of their appearing and testifying, or producing books, records, papers, documents, or other legal evidence before said Board or before said hearing officer. Any person who shall willfully swear falsely in any proceeding, matter, or hearing before said Board or any hearing officer designated by said Board to hear testimony and receive evidence in any such proceeding, matter, or hearing, shall be guilty of perjury. Said Board is hereby authorized and empowered to designate one or more hearing officers to take testimony and receive evidence in connection with any matter affecting the Authority.

Exclusive operating rights

SEC. 216. (a) The right and power of the Authority to operate a transportation system or systems within the District of Columbia shall be exclusive, except that such right and power shall not affect nor impair the existing operating rights of any carrier lawfully operating such a system at the date of enactment of this act, or its successors or assigns.

(b) The Authority may operate a transportation system or systems within the Washington metropolitan area without securing any further franchises, rights, or permits under any other law or laws of the United States of America or the District of Columbia: *Provided*, That the Authority shall not commence nor conduct operations in interstate commerce in competition with the then existing operations of any other transportation system, except such operations as are so conducted by Capital Transit Company at the date of enactment of this act. The Authority shall not commence further operations in interstate commerce until it has obtained the certificate of the Interstate Commerce Commission that such operations are not in competition with the then existing operations of any other transportation system.

Interim financing

SEC. 217. (a) It is the intent of Congress that in exercising the borrowing authority in this section, transportation charges shall be fixed as though private financing only were involved, and shall cover all costs of operating and maintaining such system, including depreciation, payment of interest, and reasonable provision for amortization, without regard to the period of maturity provided for in subsection (c) of this section.

(b) To finance the acquisition of a transportation system or systems, to pay the fees and expenses of consulting engineers, financial consultants, attorneys, and other services deemed necessary to plan, acquire, construct, organize and operate such system or systems, and to determine the feasibility thereof from an economic and financial standpoint, and to provide adequate working capital, the Board of Commissioners of the District of Columbia is authorized to arrange with the Secretary of the Treasury for interim financing, pending the sale by the Authority of its property to a qualified purchaser or of its obligations to the public. To provide this interim financing the Board of Commissioners is authorized, at any time prior to July 1, 1960, to issue obligations of the District of Columbia for purchase by the Secretary of the Treasury in an amount not exceeding $20,000,000, and to advance the proceeds thereof to the Authority for these purposes. These advances shall be subject to such terms and conditions as may be prescribed by the Board of Commissioners, and shall bear interest at a rate which is not less than the rate upon obligations of the District of Columbia issued under this section. It is the intent of Congress that these allowances shall be repaid at the earliest practicable time, and in any event before any securities, other than obligations under section 206, subsequently issued by the Authority are repaid.

The sums advanced to the Authority by the Commissioners pursuant to this subsection shall be immediately available to the Authority for the purpose of taking such steps as the Authority deems appropriate to carry out the purposes of this act including, without limitation, the authority to make purchases and contracts.

(c) Obligations issued by the Board of Commissioners under this section shall be in such forms and denominations, shall mature at such times prior to July 1, 1960, shall have such provisions for payment, and shall be subject to such terms and conditions as may be prescribed by the Board of Commissioners with the approval of the Secretary of the Treasury.

(d) Each obligation issued under this section shall bear interest at a rate determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily market bid quotations of prices during the month preceding the calendar quarter in which the obligation is issued, on all outstanding taxable marketable obligations of the United States having comparable periods of time to run to maturity, and by adjusting such estimated average yield to the nearest one-eighth of 1 percent, plus one-half of 1 percent.

(e) Upon request of the Board of Commissioners of the District of Columbia, the Secretary of the Treasury is authorized and directed to purchase any obligations of the District of Columbia issued under this section and for such purposes is authorized to use as a public debt transaction the proceeds of the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that act are extended to include purchases of the obligations issued under this section.

(f) Nothing contained in this section shall be construed as limiting the amount of equipment trust certificates which may be issued by the Authority pursuant to section 206 of this act, or the amount of bonds or other obligations which the Authority may issue, assume, or enter into under any provision of this act other than this section 217.

TITLE III—TRANSFER OF TRANSPORTATION SYSTEM TO PRIVATE OPERATION

Sale of property

SEC. 301. (a) The authority is empowered to sell prior to August 15, 1959, the property which it has acquired pursuant to title II

of this act which is useful in the operation of a transportation system to any purchaser eligible to receive a certificate of authority pursuant to this title and which has financial and management qualifications sufficient, in the judgment of the Authority, to provide adequate passenger transportation service in the Washington metropolitan area. The Authority is empowered to dispose of any other property belonging to it under such terms and conditions as it deems necessary.

(b) The proceeds of any such sale shall be used to repay obligations of the Authority owing to the District of Columbia by reason of advances made to the Authority pursuant to section 217 of this act.

Franchise

SEC. 302. The Commissioners of the District of Columbia are hereby empowered to grant to any private corporation organized with the corporate right to operate in the District of Columbia as a common carrier, a certificate of authority to operate, as a common carrier of persons for hire, a mass transportation system or systems within the District of Columbia, subject to the jurisdiction of the Public Utilities Commission of the District of Columbia, and all laws applicable to such a common carrier, except as otherwise provided in this title.

Tax exemption

SEC. 303. The Commissioners of the District of Columbia are hereby empowered to exempt, under such terms and conditions as they deem to be in the public interest, any such corporation which acquires such a certificate of authority from liability to pay any District of Columbia taxes, in whole or in part.

Termination of existence of Authority

SEC. 304. In the event the Authority effectuates the sale of its property as authorized by this title, the existence of the Authority as a body corporate shall continue only for the purposes of liquidation. The Authority shall close out its affairs as expeditiously as possible.

Commissioners' report to Congress

SEC. 305. If the Authority has not sold its property to a qualified purchaser, as provided by this title, prior to June 15, 1958, the Board of Directors of the Authority shall within 15 days after such date report to Congress as to the steps which the Authority has taken to effectuate such a sale and the reasons why, in the opinion of such Board, such a sale has not been effectuated.

TITLE IV—AUTHORITY MADE PERMANENT

SEC. 401. (a) If, prior to August 15, 1959, the Authority has not sold its property in accordance with the provisions of title III of this act, the duration of the Authority shall, after August 15, 1959, be perpetual, and the provisions of this title shall then be in effect, in addition to the provisions of titles I and II of this act.

(b) On and after October 1, 1959, the Board of Directors of the Authority shall consist of 5 members, who shall be residents of the Washington metropolitan area, appointed by the Commissioners of the District of Columbia: *Provided*, That until such time as 3 of the appointed members of the Board of Directors shall have qualified, the Commissioners shall constitute such board. Such appointed members shall hold office as hereinafter provided, unless sooner removed by the said Commissioners. Not more than three members of the Board shall belong to the same political party. The members of the first Board so appointed by the Commissioners shall be appointed for terms expiring on the 30th day of September 1960, 1961, 1962, 1963, and 1964, respectively. The said Commissioners may remove any director of the Authority in case of incompetency, neglect of duty, malfeasance in office, or conviction of a crime. All successors shall be appointed for and hold office for the term of 5 years beginning on the 1st day of October of the year in which they are appointed, except in case of an appointment to fill a vacancy where the appointment shall be made for the unexpired term. Each such director shall hold office until his successor has been appointed and has qualified. Each such director shall receive compensation, as may be fixed by the Board, for attendance at each meeting of the Board, but shall not receive more than $3,600 in any one year of service measured from the date of appointment. A director shall be entitled to reimbursement for all necessary expenses, including travel expenses, incurred in the discharge of his duties. No director, officer, or employee of the Authority shall have any private financial interest in any contract, work, or business of the Authority, nor in the transfer of any property or rights in property to or from the Authority.

(c) (1) The members of the Board of Directors of the Authority appointed by the Commissioners shall be subject to the following laws:

(a) Title II of the Social Security Act, as amended, and the related provisions of the Federal Insurance Contributions Act (Internal Revenue Code of 1954, ch. 21), as amended;

(b) The Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927 (44 Stat. 1424), as amended and extended (33 U. S. C., secs. 901–945, 947–950; title 36, ch. 5, D. C. Code, 1951 edition).

(2) The members of the Board of Directors of the Authority appointed by the Commissioners shall not be subject to the following laws:

(a) Section 9 of the Universal Military Training and Service Act (62 Stat. 604), as amended (50 U. S. C. App., secs. 451 and the following), and related statutes affecting the reemployment rights of persons entering the Armed Forces of the United States;

(b) Section 6 of the act approved May 10, 1916 (39 Stat. 66, 120), as amended (5 U. S. C., secs. 58 and 59), relating to double salaries;

(c) Section 212 of the act approved June 30, 1932 (47 Stat. 406), as amended (5 U. S. C., sec. 59a), relating to the retired pay of members of the Armed Forces;

(d) The second sentence of section 2 of the act approved July 31, 1894 (28 Stat. 205), as amended (5 U. S. C., sec. 62), relating to dual employment;

(e) The District of Columbia Unemployment Compensation Act (49 Stat. 946), as amended;

(f) The Federal Unemployment Tax Act (Internal Revenue Code of 1954, ch. 23), as amended;

(g) The Civil Service Act of January 16, 1883 (22 Stat. 403), as amended;

(h) The Federal Employees' Group Life Insurance Act of 1954 (68 Stat. 736), as amended;

(i) The Civil Service Retirement Act of May 29, 1930 (46 Stat. 468), as amended;

(j) The Classification Act of 1949 (63 Stat. 954), as amended;

(k) The Federal Employees Pay Act of 1945 (59 Stat. 295), as amended;

(l) The Annual and Sick Leave Act of 1951 (65 Stat. 679), as amended;

(m) The act entitled "an act to provide certain employment benefits for employees of the Federal Government, and for other purposes," approved September 1, 1954 (68 Stat. 1105), as amended;

(n) The Performance Rating Act of 1950, approved September 30, 1950 (64 Stat. 1098);

(o) The Veterans Preference Act of 1944 (58 Stat. 387), as amended.

(d) Three of such Directors shall constitute a quorum of the Board for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the Authority upon a vote of a majority of the Directors present, unless the bylaws of the Authority shall require a larger number. As soon as possible after the appointment by the Commissioners of the Directors, the Board shall meet and organize for the transaction of business, select a Chairman and Vice Chairman from among its own number and adopt bylaws, rules, and regulations to govern its proceedings. Thereafter, the Board shall at least biennially elect a Chairman and Vice Chairman. The Authority may delegate to one or more of its Directors, officers, agents, or employees such powers or duties as it may deem proper. Regular meetings of the Board shall be held at least once in each calendar month, the time and place for such meetings to be fixed by the Board. All resolutions and proceedings of the Authority and all documents and records in its possession shall be public records and open to public inspection, except such documents and records as shall be kept or prepared by the Authority for use in negotiations, actions, or proceedings to which the Authority is a party. Any Director may resign from his office, to take effect when his successor has been appointed and has qualified.

(e) The Authority and the Board shall be obligated to and bound by all actions, proceedings, and contracts taken, authorized or entered into by the Commissioners of the District of Columbia while functioning as such Board.

Power to issue bonds

SEC. 402. (a) The Authority shall be empowered and is hereby authorized from time to time to issue its negotiable bonds for any of its corporate purposes including the payment of the cost of acquiring any transportation system (including any cash funds, or investments thereof, of such system maintained by the owner or operator thereof in connection with such ownership or the operation, maintenance, depreciation, or replacement of such transportation system) and for acquiring necessary cash working funds, or for acquiring, constructing, reconstructing, extending, or improving a transportation system, or any part thereof, and for acquiring any property and equipment useful for the construction, reconstruction, extension, improvement, or operation of a transportation system, or any part thereof. The Authority shall also have power from time to time whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded shall have or have not matured, and may issue bonds partly to refund bonds outstanding and partly for any of its corporate purposes.

(b) The principal and interest on such bonds shall be payable out of any moneys or revenues of the Authority available under the provisions of this act, subject only to any agreements with the holders of particular bonds pledging any particular moneys or revenues.

(c) All bonds issued under the provisions of this act shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the District of Columbia.

(d) Prior to the preparation of definitive bonds, the Authority may issue its temporary or interim bonds or receipts, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery.

(e) Bonds shall be authorized by resolution of the Authority and shall bear such dates, mature at such time or times, bear interest at such rate or rates not exceeding 6 percent per annum, be in such denominations, be in such form either coupon or registered, carry such registration and reconversion privileges, be payable in such medium of payment and at such place or places and be subject to such terms of redemption with

or without premium, as such resolution or resolutions may provide.

(f) All bonds shall be signed by the Chairman or Vice Chairman of the Board or by their facsimile signatures, and the official seal of the Authority shall be affixed thereto and attested by such officer of the Authority as the Board shall designate, and any coupons attached thereto shall bear the facsimile signature of the Chairman or Vice Chairman of the Board. In case any officer whose signature or facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery.

(g) The Authority may sell any such bonds in such manner and for such price as it may determine to be for the best interest of the Authority.

(h) Any resolution of the Authority authorizing the issuance of bonds may appoint a trustee or trustees, a paying agent or paying agents, or such other fiduciaries as the Authority may deem necessary. Any trustee, paying agent, or other fiduciary so appointed may be any trust company or bank having trust powers within or without the District of Columbia, and the Authority shall have power to determine and contract with respect to the powers, functions, duties, and compensation of any such trustee, paying agent, or other fiduciary, notwithstanding any other provision of law.

Provision for securing bonds

SEC. 403. (a) In order to secure the payment of its bonds, the Authority shall have power in the resolution authorizing the issuance thereof, or in the trust agreement securing such bonds (which shall constitute a contract with the holders thereof)—

(1) to pledge all or any part of its revenues to which its right then exists or may thereafter come into existence, and the moneys derived therefrom and the proceeds of bonds and any other moneys available to the Authority under the provisions of this act, with the exception of moneys advanced by the Commissioners of the District of Columbia;

(2) to covenant against pledging all or any part of its revenues, or against mortgaging all or any part of its real or personal property then owned or thereafter acquired, or against permitting or suffering any lien on such revenues or property; to covenant with respect to limitations on any right to sell, lease, or otherwise dispose of any transportation system or any part thereof, or any property of any kind;

(3) to covenant as to the bonds to be issued and the limitations thereon and the terms and conditions thereof and as to the custody, application, investment, and disposition of the proceeds thereof, and to covenant as to the issuance of additional bonds or as to limitations on the issuance of additional bonds and on the incurring of other debts by it;

(4) to covenant as to the payment of the principal of or interest on the bonds, or any other obligations, as to the sources and method of such payment, as to the rank or priority of any such bonds or other obligations with respect to any lien or security or as to the acceleration of the maturity of any such bonds or other obligations;

(5) to provide for the replacement of lost, destroyed, or mutilated bonds;

(6) to covenant against extending of time for the payment of bonds or the interest thereon;

(7) to covenant as to the redemption of bonds and the privileges of exchange thereof for other bonds of the Authority;

(8) to covenant as to the rates of tolls and other charges to be established and charged, the amount to be raised each year or other period of time by fares, tolls, rates, rentals, fees, or other charges, and as to the use and disposition to be made thereof; to create or authorize the creation of special funds or moneys to be held in pledge or otherwise for construction, operating expenses, depreciation, payment or redemption of bonds, reserves, or other purposes and to covenant as to the use, investment, and disposition of the moneys held in such funds;

(9) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(10) to covenant as to the maintenance of its real and personal property, the replacement thereof, the insurance to be carried thereon and use and disposition of insurance money;

(11) to provide for the rights and liabilities, powers, and duties arising upon the breach of any covenant, condition, or obligation; to prescribe the events of default and the terms and conditions upon which any or all of the bonds shall become due or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(12) to vest in a trustee or trustees such property, rights, powers, and duties in trust for the holders of bonds as the Authority may determine; to limit or abrogate the rights of the holders of such bonds to appoint such trustee, or to limit the rights, duties, and powers of such trustee;

(13) to limit the rights of holders of bonds to enforce any pledge or covenant securing the bonds; and

(14) to make covenants other than, or in addition to, the covenants herein expressly authorized and of like or different character and to make such covenants to do such acts and things as may be necessary, convenient, or desirable in order to better secure the bonds, or which, in the discretion of the Authority, will tend to make the bonds more marketable, notwithstanding that such covenants, acts or things may not be enumerated herein.

(b) Any pledge of revenues or moneys made by the Authority shall be valid and binding from the time when the pledge is made, and the revenues or other moneys so pledged and thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act. Neither the resolution nor any other instrument by which a pledge is created need be filed or recorded, unless specifically required by the provisions of this act, except in the records of the Authority.

(c) Bonds may be issued under the provisions of this act by the Authority without obtaining the consent of any department, division, commission, board, bureau, agency or officer of the District of Columbia or of the United States of America, and without any other proceeding or the happening of any other conditions or things than those proceedings, conditions, or things which are specifically required by this act.

(d) Moneys of the Authority or moneys held in pledge or otherwise for the payment of the bonds or any way to secure bonds and deposits of such moneys may be secured in such manner as the Authority may require and it shall be lawful for all banks and trust companies incorporated under the laws of the United States of America which may act as depositary of any such funds to furnish such indemnifying bonds or to pledge such securities as may be required by the Authority; and the Authority shall not be required to maintain any of its moneys or funds in or with, or deposit the same in, the Treasury of the United States.

(e) Neither the directors of the Authority nor any person executing bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the execution or issuance thereof.

(f) The Authority shall have power to purchase bonds out of any funds available therefor. The Authority may hold, cancel, or resell such bonds subject to and in accordance with agreements with holders of its bonds.

(g) In order to secure the payment of its bonds or other obligations, the Authority may mortgage or pledge all or any part of its real or personal property then owned or thereafter acquired in such manner as in its absolute discretion it shall provide.

Refunding bonds

SEC. 404. (a) The Authority is hereby authorized to provide by resolution for the issuance of refunding bonds of the Authority for the purpose of refunding any bonds or other obligations then outstanding which shall have been issued under the provisions of this act, including the payment of necessary expenses incurred in the refunding, any redemption premium thereon, and any interest accrued or to accrue to the date of redemption of such bonds, and, if deemed advisable by the Authority, for the additional purpose of paying the cost of acquiring, constructing, reconstructing, extending, or improving its transportation system, or any part thereof, in connection with which the bonds to be refunded shall have been issued.

(b) The Authority is further authorized to provide by resolution for the issuance of its bonds for the combined purpose of (1) refunding any bonds or other obligations then outstanding which shall have been issued under the provisions of this act, including the payment of necessary expenses incurred in the refunding, any redemption premium thereon, and any interest accrued or to accrue to the date of redemption of such bonds, and (2) paying all or any part of the cost of acquiring, constructing, reconstructing, extending, or improving any transportation system. The issuance of such refunding bonds, and the details thereof, and the rights, duties, and obligations of the Authority in respect to the same, shall be governed by the provisions of this act relating to the issuance and securing of original bonds insofar as the same shall be applicable.

Bonds to be obligations of authority only

SEC. 405. Bonds issued under the provisions of this title shall not constitute a debt or liability of the United States of America or of the District of Columbia or of any political subdivision of or municipality within the Washington metropolitan area, or a pledge of the faith and credit of the United States of America or of the District of Columbia or of any political subdivision of or municipality within the Washington metropolitan area, but such bonds, unless refunded by bonds of the Authority, shall be payable solely from the funds pledged or available for their payment as authorized herein. All such bonds shall contain on the face thereof a statement to the effect that the Authority alone is obligated to pay the same and the interest thereon and that neither the United States of America nor the District of Columbia nor any political subdivision of or municipality within the Washington metropolitan area is obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the United States of America or the District of Columbia or any political subdivision of or municipality within the Washington metropolitan area is pledged to the payment of the principal or of interest on such bonds. Nothing in this act contained shall be construed to

authorize the Authority to incur any indebtedness or liability on behalf of, or payable by the United States of America or the District of Columbia.

Legislation to constitute contract

SEC. 406. The United States of America pledges to and agrees with the holders of the bonds issued pursuant to the authority contained in this title that the Congress of the United States will not limit, alter, or restrict the right hereby vested in the Authority to plan, acquire, construct, reconstruct, extend, or improve, maintain, manage, and operate its transportation system or systems within the Washington metropolitan area and to establish, fix, and collect such fares, tolls, fees, rentals, and other charges for use of and transit on such transportation system or systems, or portions thereof, so as to impair the obligation of the Authority to fulfill the terms of any agreements made with the holders of the bonds; nor will the Congress of the United States in any way impair the rights, exemptions, or remedies of the holders of the bonds until the bonds, together with interest thereon, and with interest on any unpaid installment of interest and all cost and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds, are fully paid and discharged.

Bonds legal investments

SEC. 407. Notwithstanding any restrictions on investment contained in any other laws, all domestic insurance companies, and domestic insurance associations, and all executors, administrators, guardians, trustees, and other fiduciaries within the District of Columbia, may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued pursuant to this title, it being the purpose of this section to authorize the investment in such bonds or other obligations of all sinking, insurance, retirement, compensation, pension, and trust funds: *Provided*, That nothing contained in this section shall be construed as relieving any person, firm, or corporation from any duty of exercising reasonable care in selecting securities for purchase or investment.

Remedies of bondholders

SEC. 408. (a) Any holder of bonds issued under the provisions of this title, or of any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent the rights herein given may be restricted by the resolution authorizing the issuance of such bonds or by trust agreement, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the United States of America or of the District of Columbia or granted hereunder or under the resolution authorizing the issuance of such bonds or such trust agreement, and may enforce and compel the performance of all of such duties required by this act or by such resolution or trust agreement to be performed by the Authority or by any officer thereof, including the fixing, charging and collecting of fares, tolls, fees, rentals, and other charges.

(b) Any trustee under any trust agreement, and whether or not all bonds have been declared due and payable, shall be entitled as of right, in the event of default by the Authority in the terms, covenants, and conditions contained in a resolution authorizing the issuance of bonds or a trust agreement, to the appointment of a receiver, who may enter and take possession of the transportation system or systems of the Authority, or any part or parts thereof, the revenues or moneys from which are or may be applicable to the payment of the bonds, and operate and maintain the same, and collect and receive all revenues and other moneys thereafter arising therefrom in the same manner as the Authority or the Board might do, and shall deposit, disburse, and apply the same in the manner required by the resolution authorizing the issuance of such bonds or the trust agreement securing the same. In any suit, action, or proceeding by the trustee under a trust agreement, securing bonds, the fees, counsel fees, and expenses of such trustee, and of the receiver, if any, and all costs and disbursements allowed by the court shall be a first charge on any revenues of the Authority pledged under such trust agreement.

(c) Nothing in this section or any other provision of this act shall authorize any receiver appointed pursuant to this act to sell, assign, mortgage, or otherwise dispose of any assets of any transportation system of the Authority, except in the manner and to the extent permitted or allowed under the trust agreement relating to such transportation system. It is the intention of this act to limit the powers of such receiver to the operation and maintenance of any transportation system of the Authority as the court shall direct and no holder of bonds of the Authority nor any trustee shall ever have the right in any suit, action, or proceedings at law, or in equity, to compel a receiver, nor shall any receiver ever be authorized or any court be empowered to direct the receiver to sell, assign, mortgage, or otherwise dispose of any assets of a transportation system of the Authority except in the manner and to the extent permitted or offered under the trust agreement relating to such transportation system.

(d) The United States District Court for the District of Columbia shall have jurisdiction of any suit, action, or proceeding by any trustee under a trust agreement, or other obligee of the Authority, in which an appointment of a receiver is requested.

Mr. PRIEST. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRIEST: Strike out all after the enacting clause of S. 3073 and insert the provisions of the bill H. R. 8901 as passed:

"Be it enacted, etc.—

"REPEAL OF CERTAIN PROVISIONS OF LAW SO AS TO PERMIT CONTINUANCE OF OPERATIONS; EFFECT ON RATES

"SECTION 1. (a) Section 14 of the joint resolution entitled 'Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes', approved January 14, 1933 (47 Stat. 752), as amended (Public Law 389, 84th Cong.), is hereby repealed.

"(b) The act entitled 'An act to amend the joint resolution entitled "Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes", approved January 14, 1933, and for other purposes', approved August 14, 1955 (Public Law 389, 84th Cong.), is hereby repealed, except that the rates established under such act shall remain in effect as provided in section 2 (c) of this act.

"ESTABLISHMENT OF RATES; SYSTEM RATE BASE; RATE OF RETURN; SERVICES

"SEC. 2. (a) For the purpose of determining the rates of fare to be charged by the Capital Transit Co. to passengers within the District of Columbia, the Public Utilities Commission of the District of Columbia shall use the system rate base of such company comprising its net investment in property, plant, and equipment as of July 31, 1955, which is hereby fixed in the amount of $20,256,678.76, subject to adjustment for all property additions and property retirements subsequent to July 31, 1955, used and useful in the conduct of public transportation; minus the net depreciation reserve accrued per books applicable to property, plant, and equipment subsequent to July 31, 1955; plus the sum of $1 million for cash working capital; plus a reasonable allowance for material and supplies. In the determination of depreciation on that part of the property, plant, and equipment of the company acquired on or before July 31, 1955, such depreciation shall be that computed by and taken by the Capital Transit Co. on the original cost thereof at the rates of depreciation, established by the Public Utilities Commission of the District of Columbia, which were in effect on July 31, 1955.

"(b) It is hereby declared as a matter of legislative determination that a return of 6½ percent on the system rate base, as determined in accordance with subsection (a), is the fair and reasonable return which the company shall be afforded the opportunity of earning.

"(c) The rates established for the Capital Transit Co. under the act of August 14, 1955 (Public Law 389, 84th Cong.), on August 21, 1955, shall remain in effect as the schedule of rates for the transportation of passengers within the District of Columbia by such company until August 15, 1957, and shall continue in effect thereafter until superseded by a schedule of rates which becomes effective under this subsection. Whenever on or after August 6, 1957, the Capital Transit Co. files with the Public Utilities Commission of the District of Columbia a new schedule of rates, such new schedule shall become effective on the 10th day after the date of such filing, unless the Commission prescribes a lesser time within which such new schedule shall go into effect, or unless prior to such 10th day the Commission suspends the operation of such new schedule. Such suspension shall be for a period of not to exceed 90 days from the date such new schedule is filed. If the Commission suspends such new schedule it shall immediately give notice of a hearing upon the matter and, after such hearing and within such suspension period, shall determine and by order fix the schedule of rates to be charged by the Capital Transit Co. If the Commission does not enter an order, to take effect at or prior to the end of the period of suspension, fixing the schedule of rates to be charged by the Capital Transit Co., the suspended schedule filed by the Capital Transit Co. shall go into effect at the end of such period, and the Commission shall not thereafter issue any order based on such proceeding.

"(d) Notwithstanding the provisions of the joint resolution entitled 'Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes,' approved January 14, 1933 (47 Stat. 752), and paragraph 13 of the unification agreement incorporated therein, the Public Utilities Commission of the District of Columbia shall have the power to fix reasonable charges for, and rules and regulations concerning, the issuance by the Capital Transit Co. of transfers between vehicles operated by the company within the District of Columbia.

"(e) The schedule of routes and services furnished by the Capital Transit Co. for transportation within the District of Columbia which is in effect on the effective date of this section shall remain in effect until changed in accordance with procedures and practices of the Public Utilities Commission of the District of Columbia pursuant to the provisions of section 8 of the act of March 4, 1913 (37 Stat. 974), as amended.

"(f) The provisions of this section shall supersede section 8 of the act of March 4, 1913 (37 Stat. 974), as amended, the joint resolution entitled 'Joint resolution to authorize the merger of street railway corporations operating in the District of Columbia, and for other purposes,' approved January 14, 1933 (47 Stat. 752), as amended, and any other provision of law, to the extent of any conflict therewith.

"EXEMPTION FROM GROSS RECEIPTS TAX; CONTINUED EXEMPTION FROM MILEAGE AND CERTAIN OTHER TAXES

"SEC. 3. (a) as of June 30, 1956, paragraph numbered 5 of section 6 of the act entitled 'An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended (D. C. Code, sec. 47-1701), is amended by striking out the third and fourth sentences and inserting in lieu thereof the following: 'Each gas, electric-lighting, and telephone company shall pay, in addition to the taxes herein mentioned, the franchise tax imposed by the District of Columbia Income and Franchise Tax Act of 1947, and the tax imposed upon stock in trade of dealers in general merchandise under paragraph numbered 2 of section 6 of said act approved July 1, 1902, as amended.'

"(b) As of June 30, 1956, the first proviso of subparagraph (b) of paragraph 31 of section 7 of the act approved July 1, 1902, as amended (D. C. Code, sec. 47-2331 (b)), is amended to read as follows: '*Provided*, That the provisions of this subparagraph shall not apply at any time to any company which was operating both street railroad and bus services in the District of Columbia on July 1, 1956:".

"(c) Notwithstanding subsections (a) and (b) of this section, the Capital Transit Co. shall continue to be exempt from the following taxes:

"(1) The gross sales tax levied under the District of Columbia Sales Tax Act;

"(2) The compensating use tax levied under the District of Columbia Use Tax Act;

"(3) The excise tax upon the issuance of titles to motor vehicles and trailers levied under subsection (j) of section 6 of the District of Columbia Traffic Act of 1925, as amended (D. C. Code, sec. 40-603 (j) (4)); and

"(4) The taxes imposed on tangible personal property, to the same extent that the Capital Transit Co. is exempt from such taxes immediately prior to the effective date of this section under the provisions of the act of July 1, 1902, as amended.

"MOTOR-VEHICLE FUEL TAXES

"SEC. 4. (a) Except as hereinafter provided, the Capital Transit Co. shall not, with respect to motor fuel purchased on or after September 1, 1956, pay any part of the motor-vehicle fuel tax levied under the act entitled 'An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes', approved April 23, 1924, as amended (D. C. Code, title 47, chapter 19).

"(b) As soon as practicable after the 12-month period ending on August 31, 1957, and as soon as practicable after the end of each subsequent 12-month period ending on August 31, the Public Utilities Commission of the District of Columbia shall determine the company's net operating income for such 12-month period and the amount in dollars by which it exceeds or is less than a 6½ percent rate of return on its system rate base for such 12-month period. In such determination the Commission shall include as an operating expense the full amount of the motor vehicle fuel tax which would be due but for the provisions of this section on the motor fuel purchased by the company during the 12-month period. The Public Utilities Commission shall certify its determination to the Commissioners of the District of Columbia or their designated agent. If the net operating income so certified by the Public Utilities Commission equals or is more than a 6½ percent rate of return on the Capital Transit Company's system rate base, the company shall be required to pay to such Commissioners, or their designated agent, the full amount of the motor vehicle fuel taxes due on the purchases of motor fuel made by the company during such 12-month period. If the net operating income so certified is less than a 6½ percent rate of return on such rate base, the company shall pay to such Commissioners, or their designated agent, in full satisfaction of the motor vehicle fuel tax for such period an amount, if any, equal to the full amount of said motor vehicle fuel tax reduced by the amount necessary, after taking into consideration the effect of the District of Columbia franchise tax levied upon corporate income and of Federal income taxes, to raise the company's rate of return on its system rate base to 6½ percent for said period. Within 30 days after being notified by the said Commissioners or their designated agent of the amount of the motor vehicle fuel tax due under this section, the Capital Transit Company shall pay such amount to the said Commissioners or their designated agent.

"(c) If not paid within the period specified in subsection (b), the motor vehicle fuel tax payable under this section and the penalties thereon may be collected by the Commissioners of the District of Columbia or their designated agent in the manner provided by law for the collection of taxes due the District of Columbia on personal property in force at the time of such collection; and liens for the motor vehicle fuel tax payable under subsection (b) and penalties thereon may be acquired in the same manner that liens for personal property taxes are acquired.

"(d) Where the amount of the motor vehicle fuel tax payable under subsection (b), or any part of such amount, is not paid on or before the time specified therein for such payment, there shall be collected, as part of the tax, interest upon such unpaid amount at the rate of one-half of 1 percent per month or portion of a month.

"(e) The Commissioners of the District of Columbia or their designated agent are hereby authorized and directed to issue to the Capital Transit Co. such certificates as may be necessary to exempt it from paying any importer the motor vehicle fuel tax imposed by such act of April 23, 1924, as amended, or as hereafter amended.

"SNOW REMOVAL

"SEC. 5. (a) The Capital Transit Co. shall not be charged any part of the expense of removing, sanding, salting, treating, or handling snow on the streets of the District of Columbia, except that the Capital Transit Co. shall sweep the streetcar tracks at its own expense.

"(b) The paragraph which begins 'Hereafter every street railway company' which appears under the heading 'Streets' in the act entitled 'An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1913, and for other purposes,' approved June 26, 1912 (D. C. Code, sec. 7-614), is hereby repealed.

"CONVERSION TO BUS OPERATIONS

"SEC. 6. It shall be the duty of the Capital Transit Co. to initiate and carry out a plan of gradual conversion of its street railway operations to bus operations in general conformity with the economic concepts contained in the report of W. C. Gilman & Co., dated September 26, 1955, on file with the Public Utilities Commission of the District of Columbia.

"EVIDENCES OF INDEBTEDNESS

"SEC. 7. Notwithstanding the provisions of paragraph 6 of the unification agreement incorporated in the joint resolution entitled 'Joint resolution to authorize the merger of street railway corporations operating in the District of Columbia, and for other purposes', approved January 14, 1933 (47 Stat. 752), as amended, evidences of indebtedness of the Capital Transit Co. payable within 1 year or less shall not require approval of the Public Utilities Commission of the District of Columbia.

"NOTIFICATION OF ACCEPTANCE BY THE CAPITAL TRANSIT CO.; EFFECTIVE DATE OF THE FOREGOING PROVISIONS

"SEC. 8. (a) The preceding sections of this act shall not become effective unless prior to August 14, 1956, the Capital Transit Co., after taking such action as may be appropriate under its charter and bylaws, has notified the Public Utilities Commission of the District of Columbia in writing that it will continue to engage in the transportation of passengers within the District of Columbia after August 14, 1956, under its franchise as previously granted and as modified by the provisions of this act.

"(b) Subject to subsection (a), the preceding sections of this act shall take effect on August 14, 1956."

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

The proceedings by which the bill H. R. 8901was passed were vacated and that bill was laid on the table.

WILLFUL DAMAGING OR DESTROYING OF AIRCRAFT

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2972) to punish the willful damaging or destroying of aircraft and attempts to damage or destroy aircraft, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HARRIS, WILLIAMS of Mississippi, WILLIS, WOLVERTON, and CRUMPACKER.

THE LATE DR. FRANKLIN MENGES

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

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

There was no objection.

Mr. QUIGLEY. Mr. Speaker, I am saddened to inform the House of the death of a former Member, a predecessor as the Representative of the 19th Congressional District of Pennsylvania, Dr. Franklin Menges, who passed away at his home in Arlington, Va., early Saturday at the age of 97.

His death followed by 3 weeks that of his wife, May McIlhenny Menges, who died April 22 at the age of 86.

A Republican Congressman from the 19th District from 1925 to 1931, Dr. Menges had been in failing health for the past month. In his later years, Dr. Menges maintained his interest in church activities and was a leading layman in the Lutheran Church. He attended church services as recently as Easter

Sunday, and kept abreast of governmental and scientific developments.

Dr. Menges was born October 26, 1858, at Menges Mills, York County, Pa. He attended Baugher Academy in Hanover and was graduated from Gettysburg College in 1886.

He was an assistant professor of chemistry for 10 years at his alma mater.

From 1896 to 1903 he directed the scientific department of York High School.

His election to Congress in 1924 marked his entrance into politics, and he served three terms before being defeated by the late Harry Haines.

Dr. Menges blamed his defeat on the question of repeal of prohibition. "The repeal," he said, "was the beginning of the cocktail hour, and the seeds of juvenile delinquency and grave decisions by vodka."

Concerned with world arms races, in 1951 he addressed a letter to the American Chemical Society, of which he was a member, asking: "Will you please tell me why the scientists of this Nation and those of China, India, and Indonesia, instead of inventing chemical combinations for the annihilation of the human race, cannot get together and invent highly nutritious concentrated foods, easily transported, and feed the starving people instead of killing them?"

Holder of a doctorate in philosophy from the former Pennsylvania college, now Gettysburg College, Dr. Menges' affiliations included the Lutheran Laymen's fellowship and the National Geographical Society.

He is survived by 3 daughters, Mrs. Richard Schwartz, Derwood, Md.; Mrs. Phillips Elliott, Brooklyn, N. Y.; and Frances Menges, at home, 1217 South Oakcrest Road, Arlington; a foster son, John H. Newcomer, East Berlin; 2 sisters, Mrs. David G. Lott and Ruth McIlhenny, Gettysburg; and 6 grandsons and a granddaughter.

I extend to each my sincerest sympathy, and I know they are comforted in the knowledge that Dr. Menges made a firm imprint upon his times.

GUARDING TEXTILE INDUSTRY FROM LIQUIDATION

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

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

There was no objection.

Mr. PHILBIN. Mr. Speaker, I was very much pleased to learn just recently of favorable action by the United States Tariff Commission on the application of the Stevens Linen Associates, Inc., of Dudley, Mass., in my district, for relief under the Trade Agreement Extension Act of 1951.

The recommendations of the Commission, if acted upon favorably by the President, will, by adopting a higher rate of duty applicable to imports of toweling, forestall further serious injury to this important domestic industry being caused by foreign imports.

The findings and recommendations of the Commission amply confirm and justify the previous protests, which I had made from time to time, pointing out the alarming increase of imports in this and other categories and expressing grave concern over the impact of increasing Japanese and other foreign imports upon important segments of our textile industry.

As I pointed out some time ago to the Commission, the textile industry is not only gravely threatened, but in all likelihood much of it will be liquidated completely unless some way is found to stop the flood of cheap textiles from Japan. The Commission's report ably summarizes the situation as it affects this particular industry in my district, and it shows that this largest domestic producer of linen toweling was put in great jeopardy by repeated reductions of the rate of duty under the reciprocal trade agreements. The figures clearly show the steady growth of competitive goods from overseas and various cutthroat practices which militated against the prosperity and well-being of this established industry.

That imports of these products from 1952 to 1955 have been three times as much as domestic production is a startling, shocking fact, and in any case unmistakably disclose the intolerable conditions precipitated by current trade agreement policies. When these greatly increased imports are considered in relation to certain reduced trends of domestic consumption of toweling because of technical innovations and the like, the seriousness of the situation comes into even clearer focus. As imports increased, profits of the industry decreased until the operating profit for 1955 was only one-half of 1 percent as against the average for all United States manufacturing corporations of 8.6 percent and an average for United States manufacturers engaged in the production of textile mill products of 3.6 percent. The disparity between textile profits and profits in other industrial lines demonstrates clearly what has been happening to the textile industry and, unless some relief can be given to this industry across the board by way of minimizing and equalizing foreign competition, the prospects for its survival are dim indeed.

The curtailments in this industry have caused great hardship in recent years, not only to owners, managers and operators, but to faithful, worthy, skilled workers and to many splendid American communities. In some instances, readjustments have been made and other industry has been developed to take up the slack, so to speak. But in many places no such replacements have been made and these industries have been permanently lost.

If it had not been for the great ability, skill, and ingenuity of the management of the Stevens Linen Co. in adapting itself with extraordinary flexibility to the hardship conditions being imposed upon it by the stark reality of unfair, competitive foreign imports, it is doubtful indeed that this industry could have survived.

It is a good example of how critically and severely foreign imports are harming many American domestic industries that employ our fellow citizens at highest wage standards, thus, making possible the superior standards of living that obtain in this country. The Commission was bound to find in the circumstances that this industry has been seriously injured, that increased imports contributed substantially toward this serious injury and that the low 10-percent trade-agreement rate of duty in large degree nullified the protection intended by Congress to be afforded to the industry.

The President will now be called upon to take action in this matter, which is referred to officially as "escape-clause investigation No. 44, under the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended."

In view of my great concern and anxiety in these matters, I have felt constrained to urge upon our distinguished national leader that he take favorable action upon the recommendations of the report and give his approval so that the new rate may become applicable at an early date. In the interest of this industry and its workers, I beseech this consideration from our Chief Executive and expectantly await his wise consideration and favorable action.

This case points up very distinctly the general problems of American industry presently threatened with serious injury as the result of the operation of the trade treaties responsible for the steadily increasing flow of foreign imports. It may be asserted that the present action of the Tariff Commission indicates that an administrative remedy is available for those so sorely beset. This is true, but it is not a complete answer to the problem, because it takes a long period of time to press such applications before the Tariff Commission and the President. It involves, not only hard work, but considerable expense to the interested parties. They cannot always be sure of such favorable action as was so fortunately taken in this case.

The problem is much more complex and reaches deeply into our entire American industrial economy. It is a matter of policy, which will have to be decided, if American industry is to be guarded against the increasing threats of sweatshop and coolie labor—low standards, low wages, long hours, poor working conditions and the other antisocial accompaniments of many competitive foreign industries, which are today flooding our American markets with cheaply produced goods.

I do not want my views regarding this question to be misunderstood. I do not believe or desire that this country can retire into its shell and refuse to trade with other nations. On the contrary, I am a strong believer in the free exchange of goods, products, commodities and services by the nations of the world. Furthermore, I believe in encouraging this free flow of trade by every fair, practicable means. On the other hand, I do not believe that this Nation can afford to allow products, which are produced at a mere fraction of competitive American goods, to be imported into this country to undermine American industry, displace American labor, and precipitate conditions of depression and un-

employment in the industrial sections of the Nation.

The problem becomes one of properly controlling and repressing domestic monopolistic industries as well as international cartels, of regulating substandard produced goods from foreign countries and of establishing standards that will permit the free flow of trade without endangering, impairing, or destroying American industry and the employment of American citizens. This doctrine is not jingoism, chauvinism, or isolationism. It acknowledges the desirability and need of foreign interchanges—economic, cultural, and spiritual—but at the same time it recognizes that our high-geared, high-level productive system, with its full employment and incomparable wages and living conditions, stands in a unique position in the world economy. If it is to continue to thrive, to grow, to prosper, yes, even to exist, it must be protected against invasion by low-standard, cutthroat competition. It must be guaranteed by this Congress an opportunity to exist as a vigorous, living organism providing daily bread, sustenance, and support for our workers and steadily lifting the standards of living in the Nation by its great contributions, its progressive spirit, its scientific development, and its newer techniques, which are so rapidly transforming this country and will, in due course, exert great influence in transforming the world, by spreading knowledge of better methods and making possible the enjoyment of higher standards for all.

When we use American taxpayers money to build and establish foreign industries producing competitive goods in world markets, and then agree, under the trade treaties, to tariff rates, which allow their products to come into this country to the detriment and destruction of American industry, we are in effect pursuing a very dangerous policy—one which, in my opinion, can in the long run have no other result than to destroy large segments of American industry and leave our great prosperous economic system in a condition of lassitude and ultimate depression. This practice is pernicious. This policy smacks of a lunar aberration rather than sound economics.

I plead for a rule of reason regarding foreign trade. I ask that we so implement our treaties and laws affecting foreign trade that no domestic industry honestly and capably managed will be put at a disadvantage within the United States in the competitive process which features trade relations. In my opinion, such a program would redound to the interest of our country and, if intelligently pursued, it should redound to the interest of fair dealing with foreign nations and flourishing world trade.

Trade treaties or otherwise, we have not been able to prevent foreign nations from setting up tariffs, quota systems, licenses, exchange restrictions and other devices which bar or hamper the importation of American-made goods into foreign markets. Only our Nation of all great nations of the world still follows a quasi-free trade policy.

In the face of these conditions and prospects, this Congress should jealously guard its constitutional prerogatives and earnestly discharge its constitutional duty to regulate trade and commerce with foreign nations. That is our plain obligation to the people. Let us fulfill it.

BARKLEY DAM AND LAKE BARKLEY

Mr. BASS of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (S. J. Res. 166) to designate the dam and reservoir to be constructed on the lower Cumberland River, Ky., as Barkley Dam and Lake Barkley, respectively, and ask for its immediate consideration.

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

There was no objection.

The Clerk read the Senate joint resolution, as follows:

Whereas the Congress is keenly aware that the late Senator Alben William Barkley was so devoted to the people of the United States that he dedicated his life in unselfish public service to secure peace, to provide happiness, and to preserve freedom for the citizens of the United States, rising to the positions of Representative, Senator, and Vice President in said service; and

Whereas the Congress deems it fitting that the fine qualities of statesmanship, patriotism, and loyalty exemplified in the life of the late Alben William Barkley should not be forgotten by the people he served so well: Now, therefore, be it

Resolved, etc., That the dam to be constructed on the lower Cumberland River, Ky., authorized by the Flood Control Act of 1954, and the reservoir to be formed by the waters impounded by such dam, shall hereafter be known as Barkley Dam and Lake Barkley, respectively, and any law, regulation, document, or record of the United States in which such dam and reservoir are designated or referred to shall be held to refer to such dam and reservoir under and by the name Barkley Dam and Lake Barkley, respectively.

The resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

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

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

There was no objection.

Mr. BASS of Tennessee. Mr. Speaker, I introduced a resolution similar to Senate Joint Resolution 166, which was introduced by Senator CLEMENTS, of Kentucky, and passed by the Senate on yesterday. Since Senator CLEMENTS represents the State of our late and distinguished friend, Senator Barkley, I am more than happy to ask that his resolution be considered in lieu of the one that I introduced for the same purpose. I am very happy that the Congress through this means is able to pay tribute to an outstanding statesman, Senator, and Vice President, the late Hon. Alben W. Barkley, of Kentucky.

ELECTION OF HON. JOHN W. McCORMACK AS SPEAKER PRO TEMPORE

Mr. ROONEY. Mr. Speaker, by direction of the Speaker, I offer a privileged resolution (H. Res. 510) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That Hon. JOHN W. MCCORMACK, a Representative from the State of Massachusetts, be, and he is hereby, elected Speaker pro tempore during the absence of the Speaker.

Resolved, That the President and the Senate be notified by the Clerk of the election of Hon. JOHN W. MCCORMACK as Speaker pro tempore during the absence of the Speaker.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. McCORMACK presented himself at the bar of the House and took the oath of office as Speaker pro tempore.

ARMED FORCES DAY PRAYER

Mr. HOSMER. Mr. Speaker, President Eisenhower's Armed Forces Day proclamation calls upon religious groups of all faiths to participate in the observance of Armed Forces Day, May 19, 1956. Armed Forces Day this year finds the world without overt battlefield hostilities. An uncertain peace hovers over the nations of the globe. The continual possibility of its sudden disruption poses a disquieting threat to the lives of millions. Thus the appropriate slogan for Armed Forces Day, "power for peace."

The keynote of our national policy is permanent peace with fairness and justice to all nations. In keeping with our strong desire to live in peace with the rest of the world and the knowledge that we must remain strong in order that this peace may be assured, the observance of Armed Forces Day should have a dual significance. First we must recognize the debt of all Americans to those who serve in the Armed Forces and bring home to all Americans the need both for renewed awareness of the dangers confronting our country and for a heightened sense of responsibility and sacrifice. Secondly, Armed Forces Day should never be restricted simply to a display of armed might and technological superiority.

To ignore the importance of religious strength in the matter of our national defense would be to ignore our most potent weapon against aggression. In the spiritual and moral strength of our people can be found the true strength of our Nation.

This year the Armed Forces Chaplains Board has written a special prayer for Armed Forces Day. The Chiefs of Chaplains of the services will enlist the support and cooperation of chaplains in the field to focus attention on the spiritual aspects of the observance during the week of Armed Forces Day. In the civilian domain, active interest and support of the clergy and lay leaders of all faiths have been solicited for the Armed Forces Day effort to emphasize the spiritual and idealistic, as well as the material and the military, aspects of our Nation.

Increased attention to the religious significance of Armed Forces Day is being supported by the Secretary of Defense and the Secretaries of the Army,

Navy, and Air Force. Working closely with the Defense Department has been the Foundation for Religious Action in the Social and Civil Order. This close cooperation between all services and all faiths is representative of the goals of our Nation.

I am pleased to direct the attention of my colleagues to the prayer for Armed Forces Day. In this prayer we offer thanks for the service and sacrifices of our Armed Forces while asking God to watch over the men and women who protect our country. This prayer is a prayer of thanks and a prayer for peace, it is hoped that you will all join with me in repeating this prayer on Armed Forces Day.

A PRAYER FOR ARMED FORCES DAY

Almighty God, on this Armed Forces Day, we give Thee thanks for all those who by their sacrifices and devotion to duty have made our heritage of freedom secure. Grant that we may prove worthy of our birthright and that in the days to come our land may be a power for peace in accordance with Thy will. Thou dost hold us to account for the use of all our powers and our privileges, thus keep us ever mindful of the responsibilities our citizenship requires.

Protect and assist all those who at home and abroad, on land and sea, and in the air are serving our country. Shield them from danger; keep them strong and steadfast; give them courage and faith. Uphold their hands that they, with all those who stand ready in reserve, may faithfully perform their duties and at all times remain true to the precepts of their Code of Conduct.

Finally we pray that we may become and remain Thy good servants, more completely surrendered in our devotion to Thee and to our country, and that Thy peace may return to this world to Thy honor and glory. (The Armed Forces Chaplain Board.)

ADJOURNMENT OVER

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Monday next.

The SPEAKER pro tempore (Mr. McCORMACK). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SAYLOR (at the request of Mr. GAVIN), for 1 day, May 17, 1956, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. CHRISTOPHER, for 30 minutes, on Monday next, to revise and extend his remarks, and to include a letter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ROBSION of Kentucky and to include a table.

Mr. COOPER and to include a press release.

Mr. MILLER of Nebraska.

Mr. HILL and to include extraneous matter.

Mr. HOSMER and to include extraneous matter.

Mr. UDALL.

Mr. KEATING.

Mr. MARSHALL and to include extraneous matter.

Mr. HESELTON, his remarks today during consideration of the bill H. R. 8901 and to include extraneous matter.

Mr. MARTIN and to include an address by Mr. VURSELL.

Mr. COLMER to revise and extend his remarks made on Committee of the Whole and to include extraneous matter.

Mr. DAVIDSON (at the request of Mr. MULTER) and to include extraneous matter.

Mr. HINSHAW to revise and extend remarks made in Committee of the Whole and to include certain tables and other extraneous matter.

Mr. REES of Kansas and include extraneous matter.

Mr. CURTIS of Missouri and include extraneous matter.

Mr. McCORMACK (at the request of Mr. PRIEST) and include extraneous matter.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1823. An act to authorize the construction of certain works of improvement in the Niagara River for power and other purposes; to the Committee on Public Works.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 6137. An act for the relief of Herman Floyd Williams, Bettie J. Williams, and Alma G. Segers;

H. R. 7186. An act to provide for the review and determination of claims for the return of lands, in the Territory of Hawaii, conveyed to the Government during World War II by organizations composed of persons of Japanese ancestry; and

H. R. 10004. An act making supplemental appropriations for the fiscal year ending June 30, 1956, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2286. An act to amend the Merchant Marine Act of 1936 so as to provide for the utilization of privately owned shipping services in connection with the transportation of privately owned vehicles.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p. m.), under its previous order, the House adjourned until Monday, May 21, 1956, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1859. A letter from the Administrator, Veterans' Administration, relative to reporting three violations of subsection (h) of section 3679 of the Revised Statutes, pursuant to section 3679 of the Revised Statutes, as amended, subsection (i) (2); to the Committee on Appropriations.

1860. A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation entitled "A bill to amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking"; to the Committee on Banking and Currency.

1861. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 22, 1956, submitting a report, together with accompanying papers, on a review of reports on Chetco Cove, Oreg., requested by a resolution of the Committee on Public Works, House of Representatives, adopted on February 17, 1949; to the Committee on Public Works.

1862. A letter from the Assistant Secretary of Agriculture, transmitting a report covering the receipts, expenditures, and work of the agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico, pursuant to the Hatch, Adams, Purnell, and supplementary acts, and title I, sections 5 and 9, of the Bankhead-Jones Act of June 29, 1935, as amended by the act of August 14, 1946, authorizing payments to States, Alaska, Hawaii, and Puerto Rico for agricultural experiment stations; to the Committee on Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TRIMBLE: Committee on Rules. House Resolution 508. Resolution providing for the consideration of H. R. 10285, a bill to merge production credit corporations in Federal intermediate credit banks; to provide for retirement of Government capital in Federal intermediate credit banks; to provide for supervision of production credit associations; and for other purposes; without amendment (Rept. No. 2175). Referred to the House Calendar.

Mr. ROBERTS: Committee on Interstate and Foreign Commerce. H. R. 5257. A bill to amend the act entitled "An act to fix a reasonable definition and standard of identity of certain dry milk solids" (21 U. S. C., sec. 321c); with amendment (Rept. No. 2176). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 10670. A bill to amend the District of Columbia Unemployment Compensation Act so as to extend the coverage of such act to employees of the municipal government of the District of Columbia employed in the District of Columbia institutions located in Maryland and Virginia; without amendment (Rept. No. 2177). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H. R. 8149. A bill to amend the first sentence of paragraph (a) of section 756 of title 11 of the District of Columbia Code, 1951 edition (par. (a) of section 5 of the act of April 1, 1942, ch. 207, 56 Stat. 193), relating to the transfer of actions from the United States District Court for the District of Columbia to the Municipal Court for the District of Columbia; without amendment (Rept. No. 2178). Referred to the House Calendar.

Mr. COOLEY: Committee on Agriculture. H. R. 9475. A bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; with amendment (Rept. No. 2180). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committee were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. McMILLAN: Committee on the District of Columbia. H. R. 10374. A bill to amend the act to incorporate the Oak Hill Cemetery, in the District of Columbia; without amendment (Rept. No. 2179). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL:

H. R. 11298. A bill to provide for the maintenance and operation of the bridge to be constructed over the Potomac River from Jones Point, Va., to Maryland; to the Committee on the District of Columbia.

By Mr. DAVIDSON:

H. R. 11299. A bill to authorize the construction of certain works of improvement in the Niagara River for power and other purposes; to the Committee on Public Works.

By Mr. FALLON:

H. R. 11300. A bill to provide for the modification of the Baltimore Harbor and channels, Maryland; to the Committee on Public Works.

By Mr. GARMATZ:

H. R. 11301. A bill to extend for an additional 6 years the authority to make, guarantee, and insure loans under title III of the Servicemen's Readjustment Act of 1944, as amended; to the Committee on Veterans' Affairs.

By Mr. HALEY (by request):

H. R. 11302. A bill to set aside certain lands in Oklahoma for the Cheyenne and Arapaho Indians; to the Committee on Interior and Insular Affairs.

By Mr. PRIEST:

H. R. 11303. A bill to amend section 345 of the Public Health Service Act; to the Committee on Interstate and Foreign Commerce.

By Mr. ROOSEVELT:

H. R. 11304. A bill to extend for an additional 6 years the authority to make, guarantee, and insure loans under title III of the Servicemen's Readjustment Act of 1944, as amended; to the Committee on Veterans' Affairs.

By Mr. BERRY:

H. R. 11305. A bill to provide for the reconveyance of certain land to the city of Spearfish, S. Dak.; to the Committee on Interior and Insular Affairs.

By Mr. BLATNIK:

H. R. 11306. A bill relating to the procedure for altering certain bridges over navigable waters; to the Committee on Public Works.

By Mr. BURLESON:

H. R. 11307. A bill authorizing the demolition and removal of greenhouses and other structures from Square 576 West and the construction of greenhouses and other structures, in replacement thereof, at the Botanic Garden Nursery, and for other purposes; to the Committee on Public Works.

By Mr. KLEIN:

H. R. 11308. A bill to amend section 12 of the Securities Act of 1933, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. MAGNUSON:

H. R. 11309. A bill to establish a sound and comprehensive national policy with respect to fisheries; to strengthen the fisheries segment of the national economy; to establish within the Department of the Interior a Fisheries Division; to create and prescribe the functions of the United States Fisheries Commission; and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TEAGUE of Texas (by request):

H. R. 11310. A bill to provide increases in monthly rates of compensation for service-connected disability and death payable under laws administered by the Veterans' Administration and to liberalize the requirements for awarding additional disability compensation to veterans who have dependents, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. THOMPSON of New Jersey:

H. R. 11311. A bill to provide insurance against flood damage, and for other purposes; to the Committee on Banking and Currency.

By Mr. McCARTHY:

H. Res. 509. Resolution to provide equal recording facilities for public service broadcasts by Members of the House of Representatives using the Joint Senate and House Recording Facility; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASPINALL (by request):

H. R. 11312. A bill for the relief of Jen Zien Huang and Ethel Chun Huang; to the Committee on the Judiciary.

By Mr. AUCHINCLOSS:

H. R. 11313. A bill for the relief of Tseh An Chen and Cheh Chen Chen; to the Committee on the Judiciary.

By Mr. BLATNIK:

H. R. 11314. A bill for the relief of Eva Fischer; to the Committee on the Judiciary.

By Mr. CUNNINGHAM:

H. R. 11315. A bill to permit Bertha R. Dudley to be admitted to and treated in St. Elizabeths Hospital; to the Committee on the Judiciary.

By Mr. CURTIS of Massachusetts:

H. R. 11316. A bill for the relief of Dr. George Kelemen; to the Committee on the Judiciary.

By Mr. DONOHUE:

H. R. 11317. A bill for the relief of Joseph Klich and his wife Katherine Klich; to the Committee on the Judiciary.

By Mr. KEARNEY:

H. R. 11318. A bill for the relief of Mrs. Christa Ernst; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1052. By Mr. HOEVEN: Petition urging immediate enactment of a separate and liberal pension program for veterans of World War I and their widows and orphans; to the Committee on Veterans' Affairs.

1053. By Mr. McDOWELL: Petition of Mrs. Lulu B. Harper, of Wilmington, Del., and other residents of Delaware urging the passage of legislation to prohibit alcoholic beverage advertising over the radio and television and in magazines and newspapers; to the Committee on Interstate and Foreign Commerce.

1054. By Mr. SHORT: Petition of Mr. A. D. Roberts and other citizens of Kansas City, Mo., urging immediate enactment of a separate and liberal pension program for veterans of World War I and their widows and orphans; to the Committee on Veterans' Affairs.

1055. By Mr. SILER: Petition of Mrs. H. K. Buttermore, Sr., Mary Alice, Ky., and some 3,500 other residents of Kentucky, Ohio, Michigan, Indiana, Minnesota, Kansas, New York, Pennsylvania, Alabama, Arizona, Illinois, and Missouri, urging enactment of legislation to prohibit the transportation of alcoholic beverage advertising in interstate commerce and its broadcasting over the air; to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

Israel Independence

EXTENSION OF REMARKS

OF

HON. JOHN MARSHALL BUTLER

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Thursday, May 17, 1956

Mr. BUTLER. Mr. President, May 4 was the eighth anniversary of the independence of the State of Israel. It hardly seems possible, in view of the many accomplishments of this young Nation, that so short a period has elapsed since the date it first achieved independence.

I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a statement I have prepared commemorating this occasion.

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

ISRAEL INDEPENDENCE

It is with particular pleasure that I extend my congratulations to the State of Israel on the eighth anniversary of its independence. One cannot think of this state, so new to the family of nations, without marveling at its remarkable achievements during the short span of its existence.

In spite of the almost continual border difficulties which have consumed so much of her time, which have sapped so much of her energy, and which have resulted in such a tragic drain on her manpower, Israel has made impressive progress in shaping a modern, thriving country.

Since that momentous May 14 in 1948 when the Jewish provisional government under David Ben Gurion proclaimed the State of Israel, with Chaim Weizmann as

President, the Jewish Government, in addition to its eternal struggle for survival in the conflict-riddled Middle East, has dealt with many other challenging problems. These have included the absorbing of many survivors of Nazi tyranny, of providing food, housing and education facilities for its mushrooming population, and, finally, of directing the Israeli economy toward a firmer and more independent base through long-range agricultural and industrial programs.

Evidence of Israel's success in meeting these challenges are everywhere to be found. Though the housing problem is still far from solved, the thousands of tents which were thrown up in such haste to accommodate the staggering influx of refugees have already been replaced with less primitive housing. And construction of permanent housing is constantly in process. To meet the overwhelming food shortage, barren desert wastes have been converted into fertile fields by the use of improved technological skills, and increased irrigation. Moreover, industrial output has more than doubled since the establishment of Israel's independence. Largely through the use of outside funds, billions of dollars have been wisely invested in such industrial enterprises as those relating to steel construction, and heavy manufacturing, and in chemical and textile plants—to name a few.

But in meeting the problems of an infant country trying to acquire the basic essentials of life, the Israelis have not neglected the development of their magnificent and ancient traditions of learning and culture. When Israel was but 6 months old, the Knesset passed the Compulsory Education Law which established universal, free and compulsory education for all children from 5 to 14. Since then, the Israelis have been constantly facing the formidable problems of school and teacher shortages, which are complicated by language differences among the pupils.

Quite clearly, in the light of these striking accomplishments, the Israelis have given proof of a vigor and resourcefulness in the molding of their splendid new nation which will not only continue to contribute toward the development of a stable, prosperous state, but which will ultimately have a beneficial influence throughout the whole Middle East. Let us hope that soon the swords of that area may be beaten into plowshares, and that Israel may devote herself fully, in peace, to the development and enrichment of her great and ancient heritage.

Public Power at Niagara—The First Step Has Been Taken

EXTENSION OF REMARKS

OF

HON. IRWIN D. DAVIDSON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. DAVIDSON. Mr. Speaker, I learned with a great deal of gratification and pleasure that last night the Senate passed Senator LEHMAN's bill, S. 1823, to authorize the construction of certain works of improvement in the Niagara River for power and other purposes. By its action, the Senate gave its approval to a principle which I have long advocated, that this great natural resource should be developed by public authority for the benefit of the people.

The first great step toward harnessing the power potential of the Niagara's waters was taken last night. It now remains for this House to approve this redevelopment project.

Because of my deep concern and feeling about the importance of this project and its value not only to the people of New York, but to the Nation as well, I am today introducing a bill identical in every respect with the bill passed last night. I do this to make unequivocal my position in support of the measure and the project which it envisions.

Delay in the passage of this act will be exceedingly costly. Too much water has already flowed, unutilized, over the falls at Niagara. Each second, an additional 23,000 cubic feet of water is lost. With it goes the potential electric energy that might have been produced. What a tremendous loss that is for the consumers of electrical power in the area. What a waste in terms of the benefits that would be derived from this electricity.

I respectfully urge each of my colleagues in the House to give this legislation his earnest support and his vote, so that the harnessing of our share of the Niagara power may begin. The benefits that will be derived therefrom will redound to the ultimate good of all the people of our Nation.

Poll of Political Preferences of High School Students Throughout the Nation

EXTENSION OF REMARKS

OF

HON. JOHN M. ROBSION, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. ROBSION of Kentucky. Mr. Speaker, Kentucky recently extended the right to vote to persons between the ages 18 to 21. We were, therefore, particularly interested in the poll conducted by Wesleyan University to determine the political preferences of high school students throughout the Nation. The total vote in that poll was 433,253 from 12,140 classrooms and it was divided as follows:

Eisenhower (59.76 percent)	258,927
Knowland (1.63 percent)	7,072
Stevenson (19.19 percent)	83,130
Kefauver (17.29 percent)	74,900
Miscellaneous write-ins (2.13 percent)	9,224
Total (100 percent)	433,253
Republican candidates (61.94 percent)	268,372
Democratic candidates (37.83 percent)	163,915
Unidentifiable by party (0.23 percent)	966
Total (100 percent)	433,253

President Eisenhower received a clear majority in every State except 5 (Georgia, 44 percent; Louisiana, 47 percent; Minnesota, 43 percent; Mississippi, 46 percent; and South Carolina, 41 percent), and he was the leading candidate in all States. Vice President NIXON received the largest write-in vote.

In the Farm Belt, constituting the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin, Republicans received 103,093 votes; Democrats received 57,631 votes; others 227.

In the so-called solid South, consisting of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia, Republicans received 69,074; Democrats received 56,917; others 584.

The vote for each candidate whose name was on the ballot State by State was as follows:

State	Eisenhower	Knowland	Stevenson	Kefauver
Alabama	7,597	248	4,696	2,090
Arizona	938	37	289	168
Arkansas	2,269	86	1,039	903
California	7,951	276	2,731	1,607
Colorado	2,743	47	1,043	549
Connecticut	3,643	69	974	355
Delaware	169	5	71	46
Florida	8,532	181	2,294	1,930
Georgia	3,967	242	3,021	1,205
Idaho	1,363	42	330	326
Illinois	17,612	351	4,941	3,435
Indiana	8,603	203	2,044	2,116
Iowa	6,667	184	1,139	2,541
Kansas	4,687	134	1,099	940
Kentucky	6,665	118	2,110	2,069
Louisiana	3,944	130	3,226	817
Maine	3,064	43	542	391
Maryland	2,402	63	527	556
Massachusetts	6,956	129	1,810	1,159
Michigan	9,223	141	1,796	1,786
Minnesota	5,135	119	1,811	4,860
Mississippi	2,261	116	1,576	597
Missouri	10,399	355	3,482	4,240
Montana	3,280	154	1,001	1,317
Nebraska	3,346	120	465	912
Nevada	455	9	78	72
New Hampshire	1,487	32	159	449
New Jersey	3,959	86	895	677
New Mexico	2,104	70	749	533
New York	5,532	100	971	615
North Carolina	6,914	188	3,654	2,590
North Dakota	3,384	111	479	1,945
Ohio	18,509	420	4,621	4,031
Oklahoma	2,972	73	1,236	939
Oregon	2,064	39	589	512
Pennsylvania	25,960	624	8,134	6,227
Rhode Island	1,290	30	304	227
South Carolina	2,689	189	2,025	852
South Dakota	1,464	66	212	618
Tennessee	7,037	155	1,583	4,828
Texas	10,543	440	4,598	3,245
Utah	826	33	210	100
Vermont	990	30	113	131
Virginia	7,581	221	3,383	1,639
Washington	1,804	55	819	526
West Virginia	4,972	114	2,164	1,643
Wisconsin	10,581	324	1,388	4,859
Wyoming	1,174	36	39	376
Alaska	17	0	0	1
District of Columbia	151	1	52	28
Other	1,062	33	418	322

President Eisenhower was asked at his May 4 press conference to comment on the poll and whether his landslide vote among the high school seniors and juniors resulted from his appealing repeatedly to the youth of the country to take an active interest in their Government and get ready for their responsibilities of citizenship. He replied:

Well, someone brought in that survey, showed it to me, and I would be less than human if I said I didn't get a lift out of it. Of course I did, because I like youngsters—as a matter of fact, I probably trust them more than lots of people do. [Laughter.] But I think the main thing to be commented upon in that survey is this: The youngsters are taking such an interest in their Government, the policies that are being applied, and the people that are trying to run them.

Now, maybe their judgments are based upon less exact information than you people have. But the fact is that they are taking the interest. Interest in our Government is the one thing that is necessary if this type of Government is to be successful over the years.

The young people must do it, and they must continue through their lives; so I applaud them for taking the interest and going to the trouble of doing all this. I thank

every one of them that think I am doing O. K.

Thomas O'Neill, a well-known political analyst, interprets the poll as evidence of a change in the political preference of the young people to the Republican Party. In his April 30, 1956, column in the Baltimore Sun he stated:

Hints that the Democrats may be in for a long siege of dark days appear in a novel presidential preference poll just completed by Wesleyan University. The university consulted the political preferences of nearly half a million students in junior and senior high schools across the Nation in a poll of presidential favorites for November. Like their seniors in other straw votes, the school boys and girls plumped heavily for Mr. Eisenhower, a result which even the Democratic Committee could have anticipated. The chill for the Democrats lay in evidence that the upcoming generation of new voters is shifting to a Republican orientation after a long period in which a stout Democratic asset was that party's appeal to a preponderance of first-voters at each succeeding election. Even Democrats who are ready to concede the reelection of Mr. Eisenhower have looked forward to a comeback in 1960 when he would be ineligible to run. Now they must consider the prospect of more extensive defeats unless a new attraction for young voters can be discovered and developed. * * * Across the Nation, an astonishing 62 percent of the students preferred a Republican over a Democratic President, including the Southern States. This proportion is a sharp reversal of the findings that most persons of voting age consider themselves Democrats and suggest that the new generation of voters will extend Republican rule at Washington incalculably beyond the present administration. President Eisenhower's personal popularity was only in part responsibile for the strong Republican showing. His share of the total vote was slightly less than 59 percent.

The Small Business Committee

EXTENSION OF REMARKS

OF

HON. WILLIAM S. HILL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. HILL. Mr. Speaker, I was flattered that my friend and associate on the Small Business Committee of this House required yesterday nearly 7 pages of the RECORD in response to some suggestions I made on this floor quite recently.

However, in thousands of words of talk for the RECORD, I must insist that the gentleman from Texas [Mr. PATMAN] failed to answer my points satisfactorily.

I said in my suggestions that the full committee has not held a single meeting during the first 5 months of this session of Congress, except for a short assembly in pursuance of the resolution for more money to spend in investigations.

I have not yet heard any answer as to why the committee has no meetings.

Why have a committee that does not meet?

My second point was the subcommittees of small business are wandering far afield from matters pertaining to small enterprise and invading areas of which are properly the concern of standing committees of this House.

Here again there was lament and protest but no explanation or expression of regret.

My third point was that much of the $330,000 granted by this House for use of the committee was wasted in pursuits as useless as a fox-terrier dog chasing the community cats. I said, and I repeat, we have reams of pages covering hearings, but not as many pages of report as might be found in a small-town telephone directory.

I say again to my worthy chairman and friend: When do we meet as a committee; when do we agree on an agenda within our realm, and when do we report on the matters that cost so much of the public money?

Statement by Senate Foreign Relations Committee on Obligation of Soviet Union To Remove Troops From Rumania and Hungary

EXTENSION OF REMARKS

OF

HON. WILLIAM E. JENNER

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Thursday, May 17, 1956

Mr. JENNER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an excellent statement by the Senate Foreign Relations Committee, pointing out the obligation resting on the Soviet Union to remove its troops from Rumania and Hungary, with the coming into effect of the Austrian State Treaty.

The citation is from pages 8 and 9 of Executive Report No. 8 of the Committee on Foreign Relations. It is dated June 15, 1955, nearly a year ago; but it is even more pertinent today than it was when first made.

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

AUSTRIAN STATE TREATY

10. WITHDRAWAL OF SOVIET FORCES FROM SATELLITES

When the State Treaty with Austria comes into effect, there will no longer be a peace-treaty basis for the Soviet Union to maintain its troops in Rumania and Hungary to protect its lines of communication to Austria.

The committee asked the Secretary of State whether steps will be taken to ascertain whether Soviet troops will be withdrawn from these countries in compliance with the terms of the peace treaties. Mr. Dulles recalled that some provisions of the treaties of peace with Rumania and Hungary, as well as Bulgaria, have been flagrantly violated in the past. He stated, however, that the Department is actively studying "to see what basis we have for asking for the withdrawal of troops" since "one consequence of the making of the treaty should be withdrawal of Soviet troops from Hungary and Rumania."

The committee fully supports the Department of State in its efforts to seek full compliance with those provisions of these treaties relating not only to the withdrawal of Soviet troops from Rumania and Hungary, but also to treaty limitations imposed on the size of the armed forces which Rumania, and Hungary, and Bulgaria as well, may maintain.

Department of Health, Education, and Welfare—Personal Property Made Available for Distribution to and Real Property Disposed of to Educational and Public Health Institutions, January 1 Through March 31, 1956

EXTENSION OF REMARKS

OF

HON. JOHN W. McCORMACK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. McCORMACK. Mr. Speaker, under leave to extend my remarks in the RECORD I include a report from the Department of Health, Education, and Welfare showing a State-by-State list of real and personal property distributed during the quarter January 1, 1956, through March 31, 1956. This property was made available to educational and public health institutions in accordance with Public Law 61 of the 84th Congress:

Department of Health, Education, and Welfare—Personal property made available for distribution to and real property disposed of to educational and public health institutions, Jan. 1 through Mar. 31, 1956 (acquisition cost)

[In accordance with sec. 5, Public Law 61, 84th Cong.]

States	Personal property	Real property	Total
Total	$54,716,724	$3,006,998	$57,723,722
Alabama	1,327,895		1,327,895
Arizona	659,147	53,567	712,714
Arkansas	487,735	3,538	491,273
California	5,016,531	193,715	5,210,246
Colorado	557,238	14,805	572,043
Connecticut	543,558		543,558
Delaware	355,633		355,633
Florida	2,687,350	800	2,688,150
Georgia	1,269,436	3,100	1,272,536
Idaho			
Illinois	2,927,273		2,927,273
Indiana	1,294,709		1,294,709
Iowa	1,260,609		1,260,609
Kansas	537,102		537,102
Kentucky	1,012,276		1,012,276
Louisiana	1,121,102		1,121,102
Maine	260,877		260,877
Maryland	1,349,571		1,349,571
Massachusetts	1,328,471		1,328,471
Michigan	1,435,454	10,512	1,445,966
Minnesota	1,110,240		1,110,240
Mississippi	805,037	185,801	990,838
Missouri	1,584,471		1,584,471
Montana	186,012		186,012
Nebraska	619,542		619,542
Nevada	72,666		72,666
New Hampshire	176,083		176,083
New Jersey	868,271		868,271
New Mexico	264,454		264,454
New York	2,547,389		2,547,389
North Carolina	1,405,932		1,405,932
North Dakota	148,194	111,630	259,824
Ohio	2,254,359	1,895,408	4,149,767
Oklahoma	705,587	128,373	833,960
Oregon	747,807	14,528	762,335
Pennsylvania	2,241,587		2,241,587
Rhode Island	564,552		564,552
South Carolina	584,929		584,929
South Dakota	652,791	75,582	728,373
Tennessee	1,277,462		1,277,462
Texas	2,821,068	265,677	3,086,745
Utah	402,230		402,230
Vermont	239,417		239,417
Virginia	1,678,502		1,678,502
Washington	1,551,298	39,854	1,591,152
West Virginia	950,079		950,079
Wisconsin	1,194,820	2,308	1,197,128
Wyoming	143,197		143,197
Alaska	107,494		107,494
Dist. of Col	367,070		367,070
Hawaii	275,846	7,800	283,646
Puerto Rico	736,371		736,371
Virgin Islands			

The Dairy Industry

EXTENSION OF REMARKS

OF

HON. FRED MARSHALL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. MARSHALL. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the May 1956 issue of the Nation's Business, a publication of the Chamber of Commerce of the United States:

AGRICULTURE

Although milk production is expected to exceed last year's record by another 2 percent or 3 percent, the consumption of total fluid milk has increased even more. As a result farmers were receiving slightly higher prices for their dairy products while Government purchases and stocks have declined.

The possible effects on future market prospects of raising of price supports on dairy products may be found by reviewing the past 3 years. For the marketing year beginning April 1, 1953, manufacturing milk was supported at $3.74 per hundredweight, 90 percent of parity; actual average price received was $3.46. CCC bought 11,200 million pounds (milk equivalent) of dairy products at the support price. In 1954 the support price dropped to $3.15, 75 percent of parity; the average price was $3.16. CCC bought only 5,700 million pounds. Last year the support price remained at $3.15 and the average price rose to $3.19. CCC bought 4,600 million pounds.

As of March 28, 1956, excess stocks of cheese and nonfat dried-milk solids were less than one-fifth of the peak inventory built up under 90 percent supports.

Thus it appears that stable and improved dairy farm incomes depend on greater production efficiency, merchandising effort and competitive prices, and a minimum of price-depressing accumulation in Government stocks.

While most of the figures given in the article are true, it would seem that the conclusions reached are misleading. On March 28, 1956, the Commodity Credit Corporation had 225.7 million pounds of uncommitted stocks of cheese and 40.7 million pounds of uncommitted stocks of nonfat dried milk. The peak inventory of cheese was reached on September 29, 1954, when the CCC held a total of 435.7 million pounds. Peak inventory of nonfat dried milk was reached on April 28, 1954, when the CCC held a total of 599.3 million pounds. As of March 28, 1956, excess uncommitted stocks of cheese and nonfat dried milk were, therefore, a little more than one-fourth of the peak inventory.

The article gives the impression that there is no longer a dairy problem. If the following information is considered along with the chamber of commerce article, we get a truer picture of the dairy industry.

For the fiscal year ending June 30, 1954, the CCC loss on dairy price support operations was $130,704,719.

For the fiscal year ending June 30, 1955, the loss was $440,274,495.

For the 1956 fiscal year from July 1, 1955, to January 31, 1956, the loss has been $250,101,280 and 5 months of this fiscal year are not included in this figure. Purchases by CCC during April and May of this year have been considerably larger than a year ago.

E. M. Norton, secretary of the National Milk Producers Federation, has said that dairymen suffered a $600 million a year setback when price supports were dropped to 75 percent of parity in April 1954. Since then they have been battling a serious price-cost squeeze. If the $600 million is added to the loss by the Government on price-support operations since April 1954, the impact on the national economy caused by the drop in price supports is more evident.

It is true that the consumption of both fluid milk and manufactured dairy products has increased among the nonfarm population in the past 2 years, but it is interesting to note how much of this increase has been due to Government donations of dairy products and the special school milk program and not to the reasons given in the last paragraph of the above article. Per capita consumption of all dairy products in 1953 was 682 pounds of which 14 pounds came from CCC donations and other programs.

In 1954, the total per capita consumption of dairy products was 691 pounds of which 21 pounds came from CCC donations and other programs.

In 1955, the per capita consumption of dairy products was 699 pounds of which 29 pounds came from CCC donations and other programs such as the special school milk program.

In other words "merchandising effort and competitive prices" accounted for an increase of 2 pounds per capita in 1954 and 1955, over 1953. There was no increase at all in per capital consumption from commercial sources in 1955 over 1954.

The fact that farmers have shown "greater production efficiency" is borne out by the fact that production increased from 123.5 billion pounds of milk in 1955 to an estimated 127 billion pounds for 1956.

After reviewing the above facts and figures, we are still wondering if it would not have been possible to carry out the same kind of a program under 90 percent price supports.

Power for Peace and the Foundation for Religious Action

EXTENSION OF REMARKS

OF

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. HOSMER. Mr. Speaker, I would like to take this opportunity to pay tribute to the splendid works of the Foundation for Religious Action in connection with the observance of Armed Forces Day.

To broaden and deepen the meaning of Armed Forces Day, May 19, 1956, and the Armed Forces Day slogan, "Power for peace," the Foundation for Religious Action in the Social and Civil Order and the Department of Defense are jointly emphasizing the spiritual factor in observance of this event.

The suggestion for such a program stemmed from the foundation and has the aim of emphasizing America's need to strengthen her national power for peace in all its phases—spiritual, psychological, and educational, as well as political, economic, and military. Nothing less is demanded if we, as a people, are to meet the prolonged crisis which we face along with free men everywhere.

The foundation is bringing the "power for peace" observance to the attention of church and synagogue authorities of the principal denominations and interdenominational councils, and in the Washington area to a number of individual churches and synagogues.

The foundation has endeavored to focus attention on both the debt of all Americans to those who serve in the Armed Forces and the contribution made by the churches and the chaplains of the services to the Nation and its Armed Forces.

The Foundation for Religious Action in the Social Order was established in 1953 to emphasize in an age of material greatness the importance of the spiritual, to interpret the importance of the religious dimension in practical affairs and to spell out what Americans can do to act in a world crisis. The foundation is an action body and does not sponsor discussions of dogma or church unity, nor does it engage in evangelism with a view to making converts for any church or doctrine.

In observing Armed Forces Day, we should all remember that our national security depends on a deep and abiding religious faith. Religious faith fosters attitudes that contribute to peace among men. With peace as our objective, the cultivation of spiritual factors in our daily living will build and strengthen the fabric of our national security.

Our Armed Services: Defense Against the Common Enemy, or Defense Against Each Other

EXTENSION OF REMARKS

OF

HON. A. L. MILLER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. MILLER of Nebraska. Mr. Speaker, article I, section 8 of the Constitution of the United States declares:

SECTION 8. The Congress shall have Power To lay and collect Taxes, Duties, Imposts, and Excises * * * to * * * provide for the common Defence * * * of the United States;

* * * * *

To raise and support Armies * * *;

To provide and maintain a Navy;

To make Rules for the Government and Regulation of the land and naval Forces.

As a peace-loving, peace-prospering nation, we have nevertheless long recognized that we must maintain our armed services at top military strength in the

interest of assuring adequate defense against the common enemy.

The morning press and radio tell us that, as the latest step in our program of defense, it has been suggested that 2 of the 3 Military Departments engaged concurrently in missiles research programs—whether offensive missiles or defensive missiles—should stage a "duel." This proposed duel will pit the Army's "Nike"—developed through research at taxpayers' expense—against the Navy's "Talos," also developed through research at taxpayers' expense. It is interesting that both happen to be ground to air weapons.

It is conceded that missiles will serve both as offensive weapons and as defensive weapons, but it is difficult to understand justification for planning one to finality only to prove that the other—developed to finality—is outmoded, ineffectual, and useless.

As ridiculous as the proposed duel may seem to some, it is good that the proposal has been made; in fact, the proposal is a sound one in light of the status quo of armed services' activities, and the author of the idea is to be commended. Good that it happened, and a sound proposal, because it gives emphasis to the conclusion of many of us that Congress and the President have a clear and present duty to call a halt to Army against Navy, Navy against Air Force, Air Force against Army, and so forth.

It is clear that each of the three military departments is going ahead—independent of each other—in multimillion—or billion—dollar missiles' research programs. Further, that each is prosecuting its individual research program to finality.

To what end?

So that the Congress, the President, and the taxpayers can stand by to witness the spectacle of a gigantic duel between the Army, Air Force, and Navy aimed at proving that two ultimate missiles can and should be discarded in favor of a third ultimate missile.

Missile airframes are missile airframes; launching bases for missiles are launching bases for missiles; propellants are propellants, and warheads are warheads. These are the common denominators in our research programs, and the unknowns are being pursued in at least three different military laboratories.

If these programs were pulled into one military department—or better yet, pulled into one research department directly under the Secretary of Defense—only one program, the best both offensively and defensively, would be pushed to finality. All research talent, know-how, brains, energy, and funds would be commonly pooled toward a common goal for the common defense.

On May 10, 1956, the distinguished chairman of the House Appropriations Committee, during debate on the Armed Services Appropriation Bill, stood in the well of the House to tell us General Curtis LeMay within the past 2 weeks—in commenting on our supercarrier Navy—has said that his bombers could sink every carrier at sea in 2 hours.

Is the next duel to be between the Navy's carrier *Forrestal* and the B-52 of the Strategic Air Force: Or will we have a warmup by testing the B-47 against the *Nautilus?*

The next duel, Mr. Speaker, should be between the taxpayers and those who have failed, refused, or been unable to unify the armed services.

The burden, under the Federal Constitution, is that of the Congress.

Proposed Changes in Excise Tax Administrative Structure

EXTENSION OF REMARKS

OF

HON. JERE COOPER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. COOPER. Mr. Speaker, today the Committee on Ways and Means met further in executive session with respect to recommendations contained in the report of the Subcommittee on Excise Tax Technical and Administrative Problems.

For the information of the Members of Congress and the interested public, I would like to insert at this point in the RECORD a press release I have issued announcing the decisions made today by the committee in regard to the subcommittee recommendations.

The committee is scheduled to meet again at 10 a. m. in executive session on May 21, 1956, to resume consideration of the subcommittee report.

The press release follows:

CHAIRMAN JERE COOPER OF THE COMMITTEE ON WAYS AND MEANS ANNOUNCES TENTATIVE DECISIONS OF THE COMMITTEE ON THE RECOMMENDATIONS OF THE SUBCOMMITTEE ON EXCISE TAX TECHNICAL AND ADMINISTRATIVE PROBLEMS

The Honorable JERE COOPER, Democrat, of Tennessee, chairman of the Committee on Ways and Means, announces the tentative decisions reached today by the committee with respect to the recommendations contained in the report of the Subcommittee on Excise Tax Technical and Administrative Problems. Previous announcements with respect to earlier decisions of the committee were issued on May 10, 14, and 16, 1956. These announcements are printed in the CONGRESSIONAL RECORD for May 10, 15, and 16, 1956, and appear on pages 8011, 8204, and 8328, respectively.

Chairman COOPER stated that the committee would resume its consideration of the subcommittee's report in executive session at 10 a. m., on Monday, May 21, 1956. A table of revenue estimates relating to the subcommittee's recommendations is printed in the subcommittee report beginning on page 13. A more detailed explanation of the recommendations appears in the subcommittee report beginning on page 16. The decisions reached by the committee today, are as follows:

X. GENERAL

1. Uncertainty with respect to the tax to be paid upon the sale of installment accounts at less than face value should be resolved by statute. The administrative rule now in effect requires payment of tax upon the face value of installment accounts irrespective of the selling price. However, an exception is made in bankruptcy and receivership cases where the taxpayment is based on the selling price. This rule should be codified and extended to similar sales made in other legally distressed situations.

2. It should be made clear that the type of contract recognized under Louisiana law, which is similar to an installment contract, qualifies for the privilege of deferred tax payments as an installment contract.

3. Statutory authority should be given to the Secretary of the Treasury or his delegate to authorize by regulations that a person, who is liable for the filing of returns with respect to the retailers' taxes and the transportation of property tax, may designate his supplier or shipper to perform such acts as are required of him in connection with the filing of the returns relating to these taxes.

4. The subcommittee has agreed to ask the State Department for a report on the question of whether or not the present foreign diplomatic exemptions should be continued and if so the proper extent of such exemptions.

5. Exemptions from manufacturers, retailers, transportation, and communication excise taxes should be provided for elementary and secondary schools and colleges and universities operated by nonprofit organizations.

XI. TOBACCO AND ALCOHOLIC BEVERAGE TAXES

The committee began consideration of the recommendations contained in this section and will resume consideration of section XI when it next meets on Monday, May 21, 1956.

Postmaster General Summerfield Asserts the Post Office Department Has No Intention of Changing Existing Regulations Affecting Rights and Privileges of Postal Employees

EXTENSION OF REMARKS

OF

HON. EDWARD H. REES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. REES of Kansas. Mr. Speaker, my attention has been directed to a recently publicized statement concerning certain regulations of the Post Office Department indicating, if enforced, might affect certain rights of employees in the postal service. Of course, I am opposed, as you are, to regulations that would jeopardize the privileges of those employed in the postal service of our country.

I addressed an inquiry to the Postmaster General concerning this matter. It occurred to me Members would be interested in my inquiry and the reply of the Department. Here they are:

MAY 15, 1956.

Hon. ARTHUR E. SUMMERFIELD,
The Postmaster General,
Washington, D. C.

DEAR GENERAL SUMMERFIELD: Postal employee leaders have called my attention to regulations of the Department which they charge might be used to curtail the rights of the Department's 500,000 employees. Postal leaders say that the policy could curtail the rights of employees to take action for the improvement of their working conditions and benefits without prior approval of the Department.

The controversial regulation, they say, appeared in the March 28 edition of the Postal Manual. It reads as follows:

"Information relating to the policies and decisions of the Post Office Department will be released only through official channels.

Employees shall not actively engage in campaigns for or against changes in the service, or furnish information to be used in such campaigns unless prior approval has been obtained from higher authority.

"If an employee has justifiable reasons for favoring or opposing changes in the postal service, he shall contact the proper officials and await specific instructions before engaging in local hearings or activities."

Union officials tell me that is a violation of the Lloyd-LaFollette Act of 1912 which, as you know, specifically gives Federal workers the right to petition Congress as to improvement in their benefits and working conditions as well as the airing of their grievances. Federal workers tell us the regulation would prevent employees from having their grievances and personnel matters aired within the Department.

It would seem to me that, if the contention of the postal employees is a correct one, and that the Department has issued regulations as described in their complaint to me, you should have an explanation therefor. I will appreciate if you will let me know when you issued these regulations, also why they were issued. Apparently they must be recent or I would have had complaints prior to this.

Knowing the fairness of your attitude toward the problems of the employees in the postal service, I am sure you must have reason for the issuance of this regulation.

Respectfully submitted,

EDWARD H. REES,
Member of Congress.

MAY 17, 1956.

HON. EDWARD H. REES,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN REES: Your letter of May 15, 1956, states that postal employee leaders have called your attention to certain regulations of the Department which they charge might be used to curtail the rights of employees. If the facts concerning postal regulations were as represented to you by these employee union leaders, I would be the first to share your deep concern in the matter. The claim that these rules are intended to restrict employee rights of free speech simply is not true. Here are the facts:

In 1949, the previous Post Office Department management issued a restriction on campaigns for changes in the mail service on the part of Postal Transportation Service employees. This regulation was reprinted recently in a revised chapter of the new Postal Manual.

It is this regulation which a few of the employee leaders have chosen to distort and misinterpret in an apparent attempt to influence legislation. The Department had no intention whatever of changing any existing privileges of employees and made this fact clear to anyone who inquired. In fact, the chapter of the Postal Manual which reprinted this old regulation made specific reference to part 741 of the same chapter which clearly stated the Department's intent and policy to protect fully the rights of employees.

Part 741 specifically provides for "the presenting by any person or groups of persons of any grievance or grievances to the Congress or any Member thereof" and that "the right of persons employed in the civil service of the United States, either individually or collectively, to petition Congress, or any Member thereof, or to furnish information to either House of Congress or any Member thereof, shall not be denied or interfered with."

Thus, these rights to present any grievance to Congress or any Member thereof, to petition Congress, or any Member thereof, or to furnish information to either House of Congress, or any committee or member thereof, are specifically set forth. Further, in a sincere effort to provide proper recognition for employee organizations, this same chapter of the Postal Manual recognizes the right to organize and contains the following instruction to all postal field management: "Consultation with employee organizations concerning mutual problems is not only the sensible course, but also the policy of the Department."

Sincerely yours,

ARTHUR E. SUMMERFIELD,
Postmaster General.

The Polish Constitution: Symbol of Freedom

EXTENSION OF REMARKS

OF

HON. JOHN MARSHALL BUTLER

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Thursday, May 17, 1956

Mr. BUTLER. Mr. President, among the many brave and gallant peoples presently enslaved by the Communist conspiracy are the people of Poland. It is altogether fitting that their millions of friends in America and throughout the free world note the 165th anniversary of the adoption of Poland's Constitution, which remains one of the great documents in man's long struggle to be free and independent.

I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a statement I have prepared in commemoration of this important anniversary.

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

POLISH CONSTITUTION: SYMBOL OF FREEDOM

Today we are commemorating the 165th anniversary of Poland's constitution, and I am grateful for the opportunity to assure the Polish people in our own country as well as the millions of our Polish friends behind the Iron Curtain that we have not forgotten the plight of Poland.

This anniversary is one of the great events in the long history of Poland. For it was by the constitution of May 3, 1791, that it was decreed that Poland would be a nation of freedom, based on laws made by the people. It contains this statement: "All power in civil society is derived from the will of the people."

The road to constitutional reform was not an easy one, although Poland was one of the first of the pioneers of liberalism in Europe. In 1347, Poland established the first complete code of laws existing then in Christian Europe. In 1413, the leaders of Poland and Lithuania executed an agreement, the language of which proclaimed the brotherhood of nations for the first time in history. In 1430, the security of the individual was recognized and safeguarded by law in Poland, and as this same law was constantly broadened, it became the nucleus of Poland's unparalleled political and religious liberties.

For 2 years preceding the Polish constitution of May 3, 1791, the Polish Diet held intense discussions until there was general concurrence in the character of the constitution. The resultant document included many of the political principles and constitutional practices of the countries most advanced in democracy at that time. It contained many of the forms and practices found in our own Constitution as well as in the British. Such things as the separation of powers, bicameral legislation, the elements of cabinet responsibility, the independent judiciary, and majority rule, all these and more are found in the Polish constitution.

It may readily be seen that the fact that Poland succeeded in these early days to achieve such great progress was due almost entirely to the genius of the Polish people themselves. The descendants of these same democratically minded people have now been thrust ruthlessly under a terroristic, totalitarian police state.

For the sake of these Poles under the Soviet oppression let us all now rededicate ourselves to the cause of constitutional democracy. We know with certainty that the day will come when the Polish people and their oppressed neighbors in Eastern Europe will be enabled to throw off the chains that bind them. We are also confident that the free men in our own great Nation will help assure the return of Poland to its traditional position of honor among the free nations of the world.

Armed Forces Day

EXTENSION OF REMARKS

OF

HON. KENNETH B. KEATING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. KEATING. Mr. Speaker, on Saturday, May 19, we celebrate a day heavily charged with overtones as to the future of our Nation, Armed Forces Day. The numerous displays of our strength and publicity concerning how our defense effort works, should go a long way toward increasing public understanding of our defense program.

Armed Forces Day is particularly timely this year because it follows so closely on the heels of the passage of the Defense Department appropriation bill here in the House. There were several aspects in the consideration of that measure which deserve the attention of everyone concerned with the future of our Nation.

If there ever was a subject that ought to be completely nonpartisan and nonpolitical, our national defense effort is it. Yet there has been in recent months a good deal of headline-grabbing and wild charges with political overtones, centering around the President's policies with respect to the development of our medium and heavy bomber force.

Mr. Speaker, everyone agrees that we cannot permit our Defense Department, and particularly our Stategic Air Force, to become second best. But this is a matter for the experts. What the Russians are really doing, and how our total defense organization compares with them, is something that only our military and intelligence experts can balance out for us. And so far as I am concerned, there is not a man in this country better qualified to do this than President Eisenhower himself. The President rightly cautioned against letting ourselves be misled by what he characterized the "numbers racket" in this field.

The House Appropriations Committee concurred with the President when they made their report on the Defense Department budget. Because these men have been studying this whole situation with minute care, their judgment is

doubly significant at a time when our defense preparations are under partisan political attack from snipers who, unlike the members of this committee, have no responsibility for study and determination of what is an adequate and proper figure to fix for our national defense.

Let me quote a few lines from the committee report:

The committee, after extensive hearings * * * feels that, barring unforeseen developments, the amount appropriated is generally adequate to fully implement our projected military requirements for the fiscal year and will enable the Department to continue to give the country an increasingly strong and well-balanced force. The 1957 military budget, perhaps more so than any previous budget in our history, reflects changes and improvements in methods of warfare which we have been forced to develop in an attempt to retain superiority over any possible aggressor.

Mr. Speaker, I hardly think it necessary to remind the Members of this body that the vote on final passage of the defense budget was 377–0. This smashing victory represents a well-deserved vote of confidence from both sides of the aisle in our defense leaders and their work. It is to be hoped that from now on we will have a lot more cooperation with and trust in our military experts and a lot less partisan pettiness and wild charges.

As we celebrate Armed Forces Day let us remember these things and continue to work to keep our defenses strong. We must never forget that our Armed Forces represents a powerful force for world peace, because they are the greatest deterrent to possible aggression.

I hope that public understanding of our national defense program will be increased by Saturday's activities and that the world will more and more come to see in our strong defenses not a threat to the world, but an affirmation of America's peaceful aspirations.

Concentration of 95 Percent of Federal Research Funds in a Few Big Firms To Be Investigated by Select Committee on Small Business

EXTENSION OF REMARKS

OF

HON. STEWART L. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. UDALL. Mr. Speaker, Harlow H. Curtice, president of General Motors Corp., said yesterday that United States leadership in the free world depends on speeding technological progress. Speaking at the dedication ceremonies for GMC's new $100 million technical center in Detroit, Mr. Curtice warned that our country was engaged in a great competitive struggle for survival and was being challenged particularly in the technological area. "We must put more emphasis on basic research, pure research," he declared.

During the past 5 years, as my friend and colleague FRANK THOMPSON, JR., Democrat, New Jersey, pointed out in a speech on the floor on May 9, the United States has spent $22 billion on such research, nearly half the total amount spent in such pursuits since 1860. One of the things which disturbs me most is the revelation that in the 7 months ending January 31, 1956, the Department of Defense awarded research and development contracts amounting to almost $1 billion, to be more precise, $982 million, and of this huge sum only 5 percent went to firms having 500 employees or less.

At the conclusion of the discussion, in which several Members of the House participated, Chairman WRIGHT PATMAN, of the Select Committee on Small Business said:

I assure the gentleman from New Jersey, however, that our committee will do all it can to gather revealing information on this important subject and report this information to the House.

The response to this discussion has been exceptional and I include here some of the comments that have been made upon it as well as a letter from George J. Burger, Jr., of the National Federation of Independent Business. The text of Congressman THOMPSON's legislative measure, House Resolution 452, to authorize the Select Committee on Small Business to investigate and study the problems of small business with respect to basic and applied scientific research and development work is also included:

[From the Trenton Evening Times of May 16, 1956]

STRANGLING SMALL BUSINESS

Even the most casual study of bankruptcy statistics, a dismal subject at best, inspires genuine anxiety concerning the future of small business. Independent business enterprises with moderate resources are finding the struggle for survival increasingly difficult and it is becoming distressingly apparent that they are not helped by administration policies.

The problem of the weakening position of small business in the Nation's economy inspired forthright and enlightening discussion in Congress a few days ago when Representative THOMPSON, of New Jersey, introduced a resolution calling for an investigation of the amount and proportion of funds distributed by Federal departments and agencies for research and development facilities.

Introduction of the resolution had been preceded by a great deal of revealing inquiry and was followed by a discussion which accented in striking fashion the extent to which Federal research funds are devoted to the interests of big business. In fact, as Representative THOMPSON charged, 95 percent of Government money for this purpose is concentrated on the research activities of a few great enterprises.

"Obviously," as he insisted, "these firms that are able to have a substantial part of their experimental and research and development activities financed by the Federal Government will have a great lead, sometimes an insurmountable lead, in the commercial race."

Research is as essential as it is expensive. Without it an industry cannot keep pace with the march of progress. When great corporations have this vital cost assumed for them by the Federal Government, their advantages in the competitive field are increased immeasurably.

The great disparity in allocations of money for this purpose constitutes an injustice with fatal possibilities with respect to the survival of relatively small-business enterprises. Mr. THOMPSON has accordingly performed an important public service by raising the issue so effectively in Congress.

[From the Newark News of May 14, 1956]

CAPITAL COMMENT

(By Thomas L. Stokes)

HOUSE EXPLORES PRIVATE RESEARCH WITH TAX MONEY

WASHINGTON.—The House of Representatives recently took a look at one aspect of the growth of big-business control of our economy and our Government which, strangely enough, is nurtured by public money provided by all of us as taxpayers.

Soon after the discussion in the House about the outlay of Government money for scientific development and research, and how the bulk of it goes to a few corporations, former President Harry Truman coined a phrase for this spreading control of big business over our Government. He called it "a new feudalism" in a message to the annual convention of Americans for Democratic Action.

Said Truman, "Centers of private power, beyond democratic control are exerting greater and greater influence over our national life, driving small business to the wall and strangling individual enterprise."

DISCERNS DANGER

Two days earlier in the House Representative THOMPSON, Democrat, Fourth District of New Jersey, had precipitated the discussion of Government research money and what happens to it. Recognizing the need of a big-scale research and development program, most of which is for defense, he warned of the danger to the free competitive enterprise system in the way the Defense Department is funneling most research contracts to big companies.

For example, the Department's figures for the 7 months ending January 31, this year, show that only 5 percent of nearly a billion dollars in research contracts during that period went to firms having 500 or fewer employees. It was pointed out during the debate by Representative PATMAN, Democrat, of Texas, chairman of the House Small Business Commitee, that "this 5 percent of the money could be compared with about 45 percent of the manufacturing activities carried on by firms with less than 500 employees."

The increasingly large contribution of our taxpayers to research by private companies was revealed in figures presented by Thompson. They showed that, of the $4.21 billions expended for research and development in 1955—which compares with $1.75 billions in 1946—the Federal Government contributed $2.42 billion or 57 percent. Private industry supplied 41 percent—$1.71 billion. The rest came from nonprofit institutions. While Government, itself, did most such research not many years ago, now 75 percent is done by private industry and a large part of that at public expense.

OTHER ADVANTAGES

Along with the money, the favored corporations get other advantages that help them to expand their control over our economy. As explained by Thompson:

"Obviously these firms that are able to have a substantial part of their experimental and research and development activities financed by the Federal Government will have a great lead, sometimes an insurmountable lead, in the commercial race. The firms that receive the research and development contracts are in a position to hire, preempt and control the available research personnel, the supply of which, as we know, is

now critically short. These companies will gain the know-how and have the inside track with new products and new processes.

"Furthermore * * * when the Department of Defense grants a contract for research and development work, it actually allows the private firm receiving the contract to take out the patents on patentable inventions it makes with the use of Government money."

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
Washington, D. C., April 5, 1956.

Hon. FRANK THOMPSON, Jr.,
House of Representatives,
Washington, D. C.

DEAR MR. THOMPSON: I have talked with our president, Mr. C. Wilson Harder, about your March 30 letter, and he has asked me to tell you that he is personally much in accord with your idea of promoting a study into the problem of federally financed research and development work and all its ramifications into the business world.

Beyond doubt, findings resulting from such a study could have much value in helping the Congress to appraise the role smaller, independent business can play in connection with these contracts and in connection with work resulting from such activity. At the same time it could go far toward helping to remove whatever arbitrary roadblocks have been thrown in small business' path.

It goes without saying that many of the helpful innovations which have strengthened our productive muscle have come right out of the minds and work of smaller businessmen. This segment of our economy continues to have a tremendous potential in this direction, provided its capabilities are fully used.

Mr. Harder has asked me to remind you, however, that since it is our policy to take a stand on legislation only after polling our membership, and that since we have not had a chance to poll our members on your bill, he cannot commit the federation as an organization. Perhaps if we had had some earlier notice we might have been able to poll, just as we are polling currently your and Senator FULBRIGHT's tax reduction bills, and possibly, assuming membership favorable vote, secure the widespread expressions you desire.

We know you understand our position, and with very best wishes,

Sincerely,

GEORGE J. BURGER, Jr.,
Assistant to President.

[From Labor]

NEWS OF CONGRESS—SENATE GROUP TRIMS DOWN PENSION BILL AS IKE ASKED—MILITARY FUNDS HELD AMPLE; CHARGE UNCLE SAM HELPS MAKE "BIG BIZ" BIGGER

(By Albert H. Jenkins)

MAKES "BIG BIZ" BIGGER

Some significant facts and figures on how Uncle Sam's huge expenditures for scientific research and developments are distributed were given to the House this week by Congressman FRANK THOMPSON, Jr., Democrat, New Jersey. Among them were these:

1. In the year beginning next July, the Government will provide $2.2 billion for research. Of each dollar, 85 cents will go for developing new weapons, and only 15 cents for studies and improvements in such fields as labor, health, welfare, commerce, and agriculture.

2. Last year, the Federal Government provided 55 percent of the $4.2 billion spent on research, and private corporations put up only 41 percent.

3. Of the Government's research billions, 95 percent is going to a few big corporations, and only 5 percent to smaller firms.

4. The big corporations get the patents on discoveries and developments they make with the Government's money, THOMPSON pointed out.

He said these patents, and the big corporations' almost complete monopoly of Government research money, are helping to make big business still bigger and more powerful.

Resolution

Resolved, That the select committee to conduct a study and investigation of the problems of small business, created by H. R. 114, acting as a whole or by subcommittee is authorized and directed to conduct a full and complete investigation and study of (1) the amount and proportion of funds distributed by Federal departments and agencies for research and development facilities and work to the various segments of industry and the various size and classes of firms, (2) the methods, standards, and criteria being used by the Federal departments and agencies for distributing such Federal funds among various competing firms and size and classes of firms, (3) the methods and procedures adopted by the Federal departments and agencies to safeguard the interest of small business in research and development work and to assure broad participation by such firms in federally sponsored and federally aided research and development programs, and the extent of the success of such methods and procedures, (4) the extent to which the award of Federal research and development contracts determines the distribution of Federal contracts for procurement of supplies and services, (5) the extent to which the granting of Federal funds for research and development work influences or determines the employment by small business of scientific and technically trained research personnel, and (6) the procedures and methods in use by Federal departments and agencies concerning the assignment of patents and the licensing of patented inventions made or developed with the assistance or use of Federal funds.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation and study, together with such recommendations as it deems advisable.

For the purpose of carrying out this resolution the committee or subcommittee is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

Vursell and Nelsen Against Hoover REA Report

EXTENSION OF REMARKS

OF

HON. JOSEPH W. MARTIN, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. MARTIN. Mr. Speaker, with leave to extend my remarks in the RECORD, I am inserting a radio-broadcast discussion participated in between Mr. Ancher Nelsen, Administrator of REA, and my colleague, the Honorable CHARLES W. VURSELL, on May 10, 1956.

This is one in a weekly series of interesting and informative broadcasts on farm problems by Mr. VURSELL, carried by several radio stations in the 23d Congressional District of southern Illinois.

The matter follows:

VURSELL AND NELSEN AGAINST HOOVER REA REPORT

My friends, this is your Congressman, CHARLES W. VURSELL. In this broadcast today I have a pleasant surprise for you. I am honored to have with me on this program the top Administrator of REA, Mr. Ancher Nelsen.

Mr. Nelsen has directed this organization, nationwide, from his office in Washington for the past 2 years, and I am safe in saying that no administrator is more highly respected or has done a finer job in helping to bring light and power, and REA telephone service, to the farmers since this organization started than has Mr. Nelsen, who will participate in a brief discussion with me today.

However, before calling upon Mr. Nelsen, as your Congressman I want to make a short statement. It has been my pleasure to serve in the Congress for 14 years, where I have had an opportunity to see REA grow, and an opportunity to help it to expand its growth—through always seeing to it that we in the Congress constantly provided adequate funds for its operation and development.

When I came to Congress, the REA organization was about 6 years old, and about 47 percent of the farmers had been reached with its service. Today, about 95 percent of the farmers of the Nation receive light and power. Of all of the billions of dollars I have helped to appropriate over the past 14 years, none of it, in my judgment, has done as much to aid the farmers, to lift the drudgery from farm work and farm women, and build up the economic welfare of our Nation as has the money we have loaned to REA cooperatives.

This organization has turned on the light and power in the farm homes of America. It has helped to modernize and make farm life more enjoyable. It has brought about a condition that helps to keep more of our fine young men and women on the farms of our country.

By making electricity available to the farmers, they have spent billions of dollars for electrical appliances, which has helped to employ labor, increase business, and build up the economy of the Nation.

Let me tell you what REA has done for Illinois: The 27 cooperatives in Illinois have extended REA service to over 95 percent of the farms in our State. Up to January 1, 1956, these cooperatives have borrowed from the Government $84,510,000, and paid back to the Government in interest $8,950,838, and repaid on principal $18,167,359. This includes a current balance of $5,147,854 of payments made ahead of schedule. In other words, they have paid interest and payments due, and have a prepayment for the future to their credit of $5,147,854.

The fine thing about it is that the record throughout the 48 States is almost as good as the record in Illinois.

In my congressional district, the 5 REA cooperatives have borrowed a total to date of $17 million from REA, and have invested $15,600,000 of that amount, with which they have built and now operate 8,400 miles of line, and serve 28,600 rural customers, who are my constituents. These REA cooperatives are also paying their loans ahead of schedule.

At the close of 1955, they had paid $6,600,000 on principal and interest due on

their loans, of which $2,400,000 was paid in advance on principal.

Now, my friends, you have heard quite a bit of talk about the Hoover Report, which sought to change the loan and financing status of REA. As a Member of Congress, I would like to say to you: first, I am opposed to making any change in the present set up of REA, and second, in my judgment, the Congress that brought into being the REA, and has helped to nurture its growth for 20 years, is so proud of its accomplishments that you need not have any fear that we will permit its present organization to be handicapped, or changed, in any way, that would mar the fine record it has been making.

Mr. Nelsen, I am going to ask you to comment on any of the phases of REA that come to your attention at the present time. I know my people will be glad to hear this information from the very top of this great organization.

Mr. NELSEN. Well, Congressman, first may I say that I appreciate the opportunity of appearing on this program with you. I think it is a compliment to me and a compliment to the program.

The rural electrification program has been one of the outstanding contributions to rural America. I say that to you as a farmer. I happen to own and operate a farm in Minnesota. I helped organize the system that serves my farm, and I know farming with kerosene lamps, and it isn't easy. When electric power came out there it was a great contribution.

One of the things we have tried to do in the years I have been acting as Administrator is to try to apply some of the commonsense business administration that we learned on the farm—we have tried to apply that to Government. We have tried to make loans where they are necessary—where they are needed. We have not tried to outbid anyone else, but we are trying to do what is necessary.

We have encouraged that the farmers, directors and managers assume more responsibility and learn more about the business of running their cooperatives. Therefore, they become stronger; because it is necessary to understand your responsibilities to do a good job.

We have encouraged greater financial strength. We encourage the cooperatives to have their rate structure such that will permit them to acquire greater ownership and less Government equity, and more farmer equity—and, therefore, owning it. So right across the board, our objective has been to do what any good farmer wants to do; that is, to own and operate and understand the business. And we have been very successful in that respect, because today we find the financial picture with REA cooperatives nationwide to be the best in its history. We find at the present time over $80 million of advance payments to the Government of the United States. We find that only about 13 of the cooperatives are behind in their payments. We find also that about 700 to 900 have paid advance payments to the Government. So, I think, when you add the total score we find ourselves in a very strong position.

And I want to say regarding the Hoover Committee report, we hear so much talk about it—I think mostly politically inspired, because we had Hoover Committee reports under previous administrations—and they are recommendations to the Congress for consideration. But our position on the present report is this: that we felt the recommendations in that report went far beyond where they should go, and had not had adequate study, and, therefore, we in REA recommended against it. The Secretary of Agriculture supported our position, and the President of the United States supported our position, and, on top of that, the Congress has supported our position, so, I think, we are in fine shape. We are financially strong. The farmers are getting electricity. We are paying back our loans. And, as a farmer, I feel very proud of what the rest of the farmers nationwide have done.

Mr. VURSELL. Now, that is fine, Mr. Nelsen. If there is anything further you would like to say I note we have almost 2 minutes of time.

Mr. NELSEN. Well, you may be interested also in the telephone program. That is part of our responsibility. We started out, I think the first year with about a $4 million loan program. Gradually that has gone up. Today it runs around $80 million per year.

A part of the contribution that the telephone program makes to rural telephone is the competition. The Bell companies and the independent companies are all doing a little more just because we are in it to push them a little bit. Incidentally, a big percentage of our loans are made to the small independent companies who have difficulty in getting finances. So we are trying to improve rural telephones. In this past year we had the most successful year in the history of rural telephony in the extension of telephone service to farm people.

Mr. VURSELL. That is fine, Mr. Nelsen. I see our time is almost up, but I want to compliment you for the very fine job you have done. I am delighted to have you here with me on this program today. I know our listeners are as well.

This is your Congressman, CHARLES W. VURSELL, signing off until this same time over this same station next week.

Appointment of a New Secretary of the Interior

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 1956

Mr. CURTIS of Missouri. Mr. Speaker, one of the major differences between the Eisenhower administration and the preceding administrations of Presidents Roosevelt and Truman lies in the philosophy of the relationship between Federal and local government and between Government and private enterprise in the field of developing our power and other natural resources.

In each of the annual Economic Reports of the Eisenhower administration much effort has been devoted to spelling out the belief of the Eisenhower administration that a balanced partnership between Federal Government, local governments, and private enterprise in the development of our power and other natural resources is the best way to get the greatest and cheapest abundance of these necessities for our society. There is plenty of room for honest argument as to just where the balance should be struck, but there is no room for argument which refuses to recognize that the issue is one of balance and not one of one side being for cheap abundant power and the other being against cheap abundant power. As a matter of fact, there is not just two sides to the question. There are many sides. Some believe that the balance proposed by the Eisenhower administration still unduly weighs the responsibility of the Federal Government at the expense of private enterprise. My own personal view is that the Eisenhower administration is still weighing too heavily the Federal Government at the expense of both local government and private enterprise.

Mr. Leland Olds, testifying before the Joint Committee on the Economic Report on the President's 1955 Economic Report, complained that there was no attention paid to the problem of getting cheap adequate power for our people in the report. In questioning Mr. Olds on his views, I made the following suggestions for his comment: That he, Mr. Olds, was what is known as a public-power advocate. Mr. Olds admitted that he was. I suggested then that his complaint with the President's report was not that no attention was devoted to the problem of getting more cheap power for our people, but rather that the President had not suggested the Federal Government develop plans for moving further into the field directly. The President's report gave emphasis to plans which required more private initiative and which had a better balance between Federal Government, local government, and private participation. The objectives of Mr. Olds, the Eisenhower administration, and people holding views similar to mine, is to get as much cheap power for our people as we can. The issue is not centered on differences in motives, but rather in differences as to how we best attain these desired objectives.

However, the public-power advocates and others who are advocating the philosophy of greater Federal governmental participation in the areas of the development of our natural resources will not accept this statement of the question. I think it is fair to say, generally speaking, these people advocate greater Federal governmental participation in almost all areas of economic and social development in our society. They are opposed not only to a greater participation of State and local governments in all areas of social and economic development, but also a greater participation of private enterprise in these areas. Theirs is not just a holding action; they want the Federal Government to assume more responsibility.

The Americans for Democratic Action have been the public spokesmen of this philosophy and are directing the strategy of public debate on it. Although this is a relatively small group of citizens, in its ranks are individuals influential in the thought-molding professions of our society. They consist of traditional politicians, teachers, professors, authors, newspaper reporters, columnists, book reviewers, book publishers, and other persons in the administrative work of these professions. Accordingly, the strategy they develop on the public discussion of a political issue becomes important.

As I have stated, this group refused to accept the issue for discussion as being one of how we attain the fine objectives we all agree upon. Instead, this group decided to pose the issue as one of motives and opposite objectives. They are for cheap adequate power; the other side is for the opposite. They are for good; their opponents are for bad.

So the issue has been presented to the people by them under the huckster slogan "giveaway." The term "giveaway"

implies insidious, improper motives. It has been applied by this group to every step taken by the Eisenhower administration where it has tried to effect a different balance, a balance away from the amount of present Federal governmental participation in economic developments in our society.

These spokesmen of ADA have not been content with merely implying improper motives; in many instances they have made frontal attacks on the motives of all persons connected with a particular issue where the importance of the Federal Government in a matter was being diminished. The Dixon-Yates controversy affecting the TVA as it did is a classic example of the methods employed. The strategy was a series of hit and run attacks. The public today has forgotten many of the charges made as detailed charges. They only remember, as those knowing public psychology planned they remember, there was something unsavory alleged. One of the first charges was that Bobby Jones, a personal friend of President Eisenhower, was financially interested in the Dixon-Yates proposals and therefore * * *. This charge was disproved almost immediately, but those who know public relations media and public psychology knew the refutation would never attain the prominence of the original charge. In the Dixon-Yates matter, one attack after another on the motives of the persons involved was made, refuted, and dropped, only to be picked up after a reasonable period of time and referred to vaguely and collectively to persuade the public that something unsavory was connected with the matter.

The basic issues involved in the Dixon-Yates matter were never honestly posed to the public or discussed by the ADA group although there was much area for honest public discussion.

So it has been with one giveaway after another, including the tideland oil question. Not once has this crowd of intellectuals honestly posed the questions so the American public could give consideration to the real and sometimes difficult issues involved. Furthermore through the power they possess in their thought-molding professions they have been rather successful in poisoning the air throughout the country on matters that can and should be the subject of honest and searching debate.

Now we come to one of the purposes behind such campaigns. The Secretary of the Interior has resigned. This governmental department makes a great deal of policy in regard to issues of power and natural resource development. This department, under Secretary McKay, has been conscientiously following the philosophy of President Eisenhower in this area in spite of all attacks. It is most important to the ADA to have a Secretary of the Interior in this administration who is not a person of courage and strong convictions. The smear campaign can hurt a strong and able man, but it cannot make him change his course. The smear campaign can make a weak man—a man who doesn't study or know his subject—temporize and modify his views. Particularly, as men have learned, if he does modify his views he receives, through the same power these people exercise in the thought molding fields, great praise as a humanitarian. He is no longer an anti-intellectual, an ante-diluvian.

So the campaign has been on for some time to keep the Under Secretary of the Interior Clarence Davis, an honest, hard-working, and knowledgeable man, from being appointed by the President to the Secretaryship. The campaign against Davis I feel is pointed toward a few people in the administration who have been known in the past to have been influenced by these campaigns, either because they have been taken in by the cleverness of them, or because they feel that the public in general have been taken in by them.

An article entitled "Republican 'Giveaways': the Charges and the Facts" appearing in Harper's magazine, May 1956, illustrates the techniques employed.

This article cloaks itself—not too cleverly either—in the guise of being an objective and intellectual examination of the issues involved in the approach our society should adopt in the development of our natural resources. An alert, thoughtful person can see the dishonesty without even having to refer to outside materials. The fact that it was printed and headlined in Harper's magazine assist in taking the unalert intellectual unawares. I am curious as to why the editors of Harper's participated in this attempt at public deception on this important public issue.

I am setting forth a résumé of the background of Clarence Davis, the person the ADA is seeking to keep out of the Secretaryship of the Interior. I want to point out an interesting fact. Nebraska has long had a system of State ownership of power. Clarence Davis has had a great deal to do with the development of this system. So it can be seen his record is not really that of leaning primarily toward private enterprise in the balance of Federal Government, local government, and private enterprise. If anything it is one leaning toward State and local government. But either private enterprise or local government is anathema to those who want to enlarge the Federal Government. Much as I believe the emphasis should be more on private enterprise, I have no great fear of State or local operation except for the inherent inefficiency of the personnel system it brings, because our local and State governments are still close enough to the people to be watched. I do fear the concentration of economic power in Washington, D. C., or in Wall Street; it makes no difference. I greatly fear the concentration of both economic and political power wherever it be. A totalitarian state is nothing more than a state where economic and political power rests in the same hands. This result can be achieved by the economic groups taking over the political groups as in fascism or nazism or it can be achieved by the political groups taking over the economic groups as in communism. Or it can be a catalysis where the Military Establishment takes over both and coordinates and controls them.

One thing alone will keep a republic a republic and a people of a society free and that is honest public debate which means respect for the wisdom and motives of one's opponents and of the people of the society who listen. Clarence Davis is a public servant whose entire career bespeaks honesty, integrity coupled with great ability and great courage. He would make a splendid Secretary of the Interior.

CLARENCE A. DAVIS

Mr. Davis was born at Beaver City, Nebr., November 21, 1892, the son of Thomas M. and Nannie Galvin Davis. In 1916 he married Florence Wells, of Schuyler, Nebr. They have 1 son, Thomas M. Davis II, and 3 grandsons.

Education: Attended public schools of Beaver City, Nebr. (population 1,200), graduating in 1910. He attended Nebraska Wesleyan University, 1910–13 (A. B., 1913), taking the 4 years' work in 3, and had many college activities; baseball team, track team, tennis team, debating team, class orator, etc., and graduated from Harvard Law School (LL. B., 1916).

Legal biography: He practiced in Omaha, Nebr., from 1916 to 1917, with the firm of Baldrige and De Bord. He removed to Holdrege, Neb., in 1917 and was elected attorney general in 1918.

Attorney General of Nebraska, 1910–23; counsel to Nebraska in interstate water litigation and in preparation of Nebraska-Colorado Interstate Compact regarding the South Platte River, 1923; member of commission compiling Nebraska statutes, 1922; member Uniform Laws Commission, 1922–25; general practice in Holdrege, Nebr., 1923–36; general practice in Lincoln, Nebr., 1936–53; member of law firm of Davis, Healey, Davies & Wilson; general counsel to Western Public Service Co., 1925–41; general counsel to Consumers Public Power District, 1941–53; counsel to Missouri Valley Development Association; lecturer on administrative law, University of Nebraska, 1943; trustee, Nebraska Wesleyan University, 1923–27.

Member of the Lincoln, Nebr., the Nebraska State, and the American Bar Associations, and a member and vice president of the Federal Bar Association; member of advisory board of editors, American Bar Association Journal, 1948–52; president, Nebraska State Bar Association, 1951; member of house of delegates, American Bar Association; member of the General Resolutions Committee of the American Bar Association, 1950, 1951, 1952, and 1953; has been on the council of the sections of municipal law, public utilities, and an adviser-member of the committee sponsoring the Administrative Procedure Act; member, committee on Lawyers' Reference Service of American Bar Association, 1951–52; chairman of the Missouri Valley regional meeting of the American Bar Association in Omaha, 1953; member of National Conference of Bar Association Presidents, and a member of its council, 1951–53; and presently a member of the committee of the American Bar Association on Civil Service and a member of the Federal Bar Association Committee on the same subject.

He has been a director of the American Judicature Society since 1951; is a member of the Institute of Judicial Administration and a member of the American Law Institute.

He is a member of the Nebraska Reclamation Association, the National Reclamation Association, the American Public Power Association, and a member of its legislative committee in 1952.

Other affiliations and activities: He is a member of the Episcopal Church, Scottish Rite (K. C. C. H.), Masons, Shrine, Pi Kappa Delta, Order of Coif, Lawyers Club (New York), University and Country Clubs (Lincoln, Nebr.).