Mr. BURLESON. In connection with funds collected in the United States, let me ask the gentleman, do you agree that contributions to the United Jewish Appeal for the State of Israel should be a deductible item on the tax account of the American taxpayer as a philanthropic contribution?

Mr. MULTER. To the same extent that they are deductible for the support of the American University at Beirut, to the same extent as they are deductible to help people who are in distress anywhere in the world, to the same extent as they are to the Red Cross, and the like.

Mr. BURLESON. Do you know of any other instances or any precedent where any contribution by United States citizens to any political entity of a foreign government is deductible for income tax——

Mr. MULTER. These funds are not made available to a political entity.

Mr. BURLESON. But I disagree with the gentleman—I do not make a challenge that could not be refuted. Frankly, I don't know, but my information is that the funds collected by the United Jewish Appeal for the State of Israel goes into a common fund and can be used for any purpose the Israeli Government may desire.

Mr. MULTER. Mr. BURLESON, I most respectfully, but just as strongly disagree with you. The evidence is overwhelming that not a penny of that money goes into the coffers of the State of Israel. Not a penny of that money is disbursed by the State of Israel. Every dollar of that money is used—that which goes into the State of Israel; not all United Jewish Appeal money goes to the State of Israel—that which does go in is used for philanthropic purposes, rehabilitating people, making available to them the means for agriculture, to learn to farm, to learn skills for industry, for hospitals, and the like.

There isn't a dollar of that money that is administered by or paid to the State of Israel.

Mr. BURLESON. Our State Department people were very definite in 1954 in saying that those funds collected went into a common fund in the State of Israel, and the expenditures were not traceable, that they would not give us any assurance that tanks, planes, guns, public housing, health, or anything else were not purchased with them; that it was administered by the Israeli Government.

Mr. MULTER. Mr. BURLESON, were they referring to the United Jewish Appeal funds or to Israel bonds?

Mr. BURLESON. They lumped them all together.

Mr. MULTER. You can't lump them together, because the United Jewish Appeal money is not money that is used by the government or administered by the government, while the Israel bonds is a bond issue of the State of Israel and the proceeds go to the State of Israel.

Mr. VORYS. And you pay tax on them?

Mr. MULTER. Yes, you pay the tax on the income.

Mr. VORYS. And you can't deduct it?

Mr. MULTER. There is no deduction for the purchase of bonds or the income therefrom.

Mr. VORYS. I found that out recently at home.

Mr. BURLESON. I know that is true of the bonds.

Mr. MULTER. I assure you, Mr. BURLESON, if any such proof were available, our Treasury Department, the Internal Revenue Service would immediately revoke the tax exemption that is accorded to those gifts.

Mr. BURLESON. They first decided it was not deductible, and then later on they decided it was under an appeals court decision.

Mr. MULTER. I am not familiar with any litigation involving the matter.

I do know very definitely, I have been active in those matters for a long time, on a high level, and I know there isn't a dollar of United Jewish Appeal money that goes to the Israeli Government.

Mr. BURLESON. I hope the gentleman understands I was inquiring. I also hope he is correct and would welcome substantial proof of the correctness of his position.

Mr. MULTER. For more than 50 years the Jewish National Fund, an American organization, has been raising funds here and buying land in Israel, which is then leased on long-term leases, to anyone, to any Jew in Israel who wants to occupy the land. That has been going on for 54 years, to be exact.

Chairman RICHARDS. What is your recommendation about this legislation? You do not want us to include any money for help to any Arab State unless they do what?

Mr. MULTER. Unless they will in good faith enter into peace negotiations, either directly or through the United Nations or an agreed intermediary.

I am not so foolish as to think that you can force these Arabs to sit down face to face with the Israelis. But certainly good faith negotiations should be entered into without delay through an appropriate intermediary.

The United Nations would, of course, be the best intermediary. There are antagonisms there, too. Possibly they could agree upon some other intermediary, who could bring them to the peace table where they could sign the peace agreement.

It is not going to be an easy task. And it will not be accomplished overnight or in a day or week. Certainly we ought to say very firmly, "This is the time to do it."

Chairman RICHARDS. That you have to do certain things or else?

Mr. MULTER. Yes.

Chairman RICHARDS. If they don't do what we say——

Mr. MULTER. We will know where we stand. We will know whether or not we ought to send in any training tanks to Saudi Arabia at a time when there are reserve tank battalions in this country which haven't been able to get a single tank for training purposes.

Chairman RICHARDS. They agreed in writing to provide those tanks, did they not?

Mr. MULTER. They made the agreement to purchase the tanks in September 1955, and payment was made in November 1955. You and I sitting there would certainly have said, "Well, now, this is not the time to make that kind of delivery."

Mr. JUDD. Was not the basic agreement made in 1951 that they could buy weapons and training tanks, and so on, in this country?

Mr. MULTER. Yes.

Mr. ZABLOCKI. Mr. MULTER, is your suggestion only to this one area or is it your intention that we include such a provision for every area where there is a dispute? For example, do you propose the United States withhold any aid to Greece or Turkey, or Britain, until the Cyprus issue is settled, withhold aid to Pakistan and India until the Kashmir problem is resolved? Further, how about the other areas where there are conflicts?

Mr. MULTER. I say, once you find that the parties refuse to sit down and negotiate in good faith——

Mr. ZABLOCKI. Who would adjudicate the situation as to whether the parties are sitting down in good faith?

Mr. MULTER. Don't you think that the question answers itself, when 8 years have gone by and the parties have not yet sat down and consummated an agreement? Isn't that long enough to determine that they are not trying in good faith to arrive at an agreement?

Mr. ZABLOCKI. No, because there is not a settlement over 8 years does not necessarily indicate bad faith on the part of Israel and the Arab States.

Mr. MULTER. That might be the necessary thing. It might be necessary to say to both sides, "You are both intransigent. Neither will talk. We can help neither one of you from here in."

It might be necessary to come to that position. I don't think it will be. But it may be.

I would like to stay on, but if it is agreeable, I will come back at any time you suggest. I must get to my committee, which is in executive session.

Chairman RICHARDS. Thank you, Mr. MULTER.

SENATE

THURSDAY, MAY 24, 1956

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

Father of all men, amidst the clamor of busy cares, we seek a quiet cloister of the soul where spirit with spirit may meet. In this convulsive day of the world's passion and pain, we would purge and purify our own hearts as we face the high demands of the public good committed to our keeping.

Fix our eyes this day not just on the evil we vow before Thee to tear down, but upon the good which in Thy name and for the sake of all Thy children we pledge to build up. Forgive us that it has taken the lurid glare of global war and now the awfulness of the split atom with its terror and horror for us to recognize that all peoples must work out the common concerns of the world together, or else go down together into the Red burial of a final suicidal holocaust.

O Thou strong Father of the nations, draw all Thy great family together, with an increasing sense of our common blood and destiny, that peace and justice with equal worth and freedom for all may come at last to a cleansed earth—the home of the holy brotherhood of peoples. We ask it in the name of our Elder Brother for the coming of whose kingdom we pray. 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 23, 1956, was dispensed with.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the special committee investigating lobbying was authorized to meet during the session of the Senate today.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that statements made during the morning hour be limited to 2 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business, and take up nominations on the Executive Calendar under "New Reports."

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. HILL, from the Committee on Labor and Public Welfare:

Warren Weaver, of Connecticut, to be a member of the National Science Board, National Science Foundation, vice James Bernard Macelwane, deceased;

Laurence McKinley Gould, of Minnesota, and sundry other persons to be members of the National Science Board, National Science Foundation; and

John E. Munzer, and sundry other candidates for personnel action in the Regular Corps of the Public Health Service.

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

Sidney F. Davis III, midshipman (Naval Academy), to be an ensign in the Navy; and

Theodore R. Hunley and sundry other persons for appointment in the Navy.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar under "New Reports."

FEDERAL MARITIME BOARD

The Chief Clerk read the nomination of Thomas Edward Stakem, Jr., to be a member of the Federal Maritime Board.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

CIVIL AERONAUTICS BOARD

The Chief Clerk read the nomination of G. Joseph Minetti to be a member of the Civil Aeronautics Board.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES COAST GUARD

The Chief Clerk read the nomination of Joseph A. Kerrins for promotion in the United States Coast Guard to the permanent rank of rear admiral.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be notified immediately of the nominations today confirmed.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

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

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

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

The VICE PRESIDENT. The Secretary 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 VICE PRESIDENT. Without objection, it is so ordered.

Morning business is in order.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON COOPERATION WITH MEXICO IN CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Assistant Secretary of Agriculture, reporting, pursuant to law, that there have been no significant developments to report for the month of April relating to the cooperative program of the United States with Mexico for the control and the eradication of foot-and-mouth disease; to the Committee on Agriculture and Forestry.

CHIEF WARRANT OFFICER LOUIS P. ARBOUR

A letter from the Secretary of the Army, transmitting a draft of proposed legislation for the relief of C. W. O. Louis P. Arbour (with accompanying papers); to the Committee on the Judiciary.

MASTER SERGEANT HAROLD LEROY ALLEN

A letter from the Secretary of the Army, transmitting a draft of proposed legislation for the relief of M. Sgt. Harold LeRoy Allen (with an accompanying paper); to the Committee on the Judiciary.

LOCATION OF NATIONAL LIBRARY OF MEDICINE—RESOLUTION

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by the City Council of the City of Chicago, at a meeting held on May 9, 1956, requesting the United States Congress to designate the city of Chicago as the site for the proposed National Library of Medicine. I would like to add my personal endorsement to the request of the city fathers of Chicago, Ill.

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

Whereas there is pending before the Congress of the United States a bill providing for the removal to a more accessible location of the world's largest medical library, an invaluable instrument for medical and scientific research, with its more than 650,000 volumes accumulated since its foundation by the United States Army in Washington, D. C., over 75 years ago; and

Whereas the library is now crowded into a Civil War building, its services handicapped for lack of space and its safety and protection jeopardized by the danger of fire or other natural hazards; and

Whereas the bill provides for the renaming of the library as the National Library of Medicine and most aptly transferred from the jurisdiction of the Department of Defense to that of the Department of Health, Education, and Welfare, and further provides that the new library may and should be moved to a location more readily available to centers of medical research than is its present inadequate site; and

Whereas Chicago is already the Nation's No. 1 medical center, offering unsurpassed facilities for medical treatment, teaching, and research in the fields of medicine and surgery; is also the transportation hub of the United States for air, bus, rail, and automobile travel; and

Whereas, if moved to Chicago and housed in a modern fireproof structure, the new library would be a storehouse of knowledge, enhancing the city's fame as a world medical center, and establishing it as the most acceptable and desirable location for the benefit of all interested parties from all parts of the Nation desiring access to the historic volumes; and

Whereas his Honor, Mayor Daley, is leading the drive to present Chicago's claim for congressional recognition of its preeminent position in the medical field by locating the new library within the confines of the city; and will soon appoint a civic committee to take charge of the campaign: Therefore be it

Resolved, That the City Council of Chicago in regular session does hereby unanimously endorse the campaign for placing Chicago's unmatchable qualifications as a site for the medical library; and respectfully memorializes the Congress to give prompt attention to Chicago's plea; and be it further

Resolved, That a copy of this resolution be sent to the United States Senators from Illinois and the Representatives in the Congress from the Chicago area and all other districts of the State, with the request that they give their official and personal support to the nonpartisan civic movement to bring to Chicago the largest and most authentic medical library in the world, in keeping with Chicago's great reputation for education and scientific achievement.

SIZE AND WEIGHT OF PARCEL POST MAIL MATTER—RESOLUTION

Mrs. SMITH of Maine. Mr. President, I present a resolution adopted by 250 members of the Crest Shoe Co., favoring enactment of the bill (S. 3635) to readjust size and weight limitations on fourth-class—parcel post—mail. I ask unanimous consent that the resolution may be printed in the RECORD.

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

Whereas the existence of an efficient, economical parcel post system is essential to the pattern of life of our citizens and businesses in both rural and urban areas; and

Whereas the present discriminatory parcel post size and weight limitations seriously disrupt the service once enjoyed by all at great and unnecessary cost and inconvenience; and

Whereas there is no nationwide substitute for parcel post that can and will serve all citizens regardless of address; and

Whereas the present size and weight limitations have been both a financial and an administrative burden to the Post Office Department: Be it hereby

Resolved, That the Crest Shoe Co., comprised of 250 members and representing shoe manufactures businesses in Lewiston, favors immediate enactment of S. 3635 and restoration thereby of uniform parcel post sizes and weight limits.

PROHIBITION OF LIQUOR ADVERTISING IN INTERSTATE COMMERCE—PETITIONS

Mr. LANGER. Mr. President, I present petitions, signed by sundry citizens of the State of New York, favoring the enactment of legislation to prohibit alcoholic beverage advertising in interstate commerce. I ask unanimous consent that the petitions may be printed

in the RECORD, without the signatures attached.

There being no objection, the petitions were ordered to be printed in the RECORD, without the signatures attached, as follows:

To the UNITED STATES SENATE,
(Care of Senator LANGER),
Washington, D. C.:

We your constituents earnestly beg you to help conquer juvenile delinquency now in our midst. We can do this by exercising the powers of Congress to get advertisements of beer and wine off the radio and TV. Senate bill 923 would do this if it became law. We ask you to use your influence with the Interstate Commerce Committee to have this or similar bills brought out for a vote.

We the signers of this as a petition ask you to do all you can to stop sale of alcoholic beverages on airliners or to engineers of railroad trains where people are transported.

PROHIBITION OF SALE OF INDECENT COMICS AND SHOWING OF IMMORAL PICTURES ON TELEVISION—PETITION

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD, a petition signed by sundry ctizens of the State of New York, praying for the enactment of legislation to prohibit the sale of indecent comics and the showing of immoral pictures on television.

There being no objection, the petition was ordered to be printed in the RECORD, without the signatures attached, as follows:

This petition with signers who ask you to use your influence or vote wherever it can be to stop sale of indecent comics or literature or the putting on TV screen of immoral pictures or murder to influence our children or people.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, without amendment:

S. 3365. A bill to amend section 410 of the Interstate Commerce Act, as amended, to change the requirements for obtaining a freight forwarder permit (Rept. No. 2040).

By Mr. MAGNUSON, from the Committee on Appropriations, with amendments:

H. R. 9536. A bill making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1957, and for other purposes (Rept. No. 2042); and

H. R. 9739. A bill making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1957, and for other purposes (Rept. No. 2041).

By Mr. SALTONSTALL, from the Committee on Armed Services, with an amendment:

H. R. 2106. A bill to provide that the enlistment contracts or periods of obligated service of members of the Armed Forces shall not terminate by reason of appointment as cadets or midshipmen at the Military, Naval, Air Force, or Coast Guard Academies, or as midshipmen in the Naval Reserve, and for other purposes (Rept. No. 2050).

By Mr. CASE of South Dakota, from the Committee on Armed Services, without amendment:

H. R. 4229. A bill to provide running mates for certain staff corps officers in the naval service, and for other purposes (Rept. No. 2044).

By Mr. STENNIS, from the Committee on Armed Services, with an amendment:

H. R. 4363. A bill authorizing the conveyance of certain property of the United States to the State of New Mexico (Rept. No. 2051).

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

H. R. 4704. A bill to provide for the examination preliminary to promotion of officers of the naval service (Rept. No. 2046); and

H. R. 5268. A bill to amend section 303 of the Career Compensation Act of 1949 to authorize the payment of mileage allowances for overland travel by private conveyance outside the continental limits of the United States (Rept. No. 2047).

By Mrs. SMITH of Maine, from the Committee on Armed Services, without amendment:

H. R. 2216. A bill to amend the act of June 19, 1948 (ch. 511, 62 Stat. 489), relating to the retention in the service of disabled commissioned officers and warrant officers of the Army and Air Force (Rept. No. 2043); and

H. R. 8477. A bill to amend title II of the Women's Armed Services Integration Act of 1948, by providing flexibility in the distribution of women officers in the grades of commander and lieutenant commander, and for other purposes (Rept. No. 2052).

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

H. R. 4437. A bill relating to withholding for State employee retirement system purposes, on the compensation of certain civilian employees of the National Guard and the Air National Guard (Rept. No. 2045).

By Mr. WELKER, from the Committee on Armed Services, with an amendment:

S. 2771. A bill to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Boy Scouts of America for use at the Fourth National Jamboree of the Boy Scouts of America, and for other purposes (Rept. No. 2048).

By Mr. WELKER, from the Committee on Armed Services, with amendments:

S. 2772. A bill to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and to provide transportation and other services to the Boy Scouts of America in connection with the World Jamboree of Boy Scouts to be held in England in 1957; and for other purposes (Rept. No. 2049).

BILLS INTRODUCED

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

By Mr. MALONE:

S. 3917. A bill for the relief of Pao-Wei Yung; to the Committee on the Judiciary.

By Mr. SALTONSTALL (for himself and Mr. KENNEDY):

S. 3918. A bill to provide for the establishment of the Cape Cod Canal National Park, in the State of Massachusetts; to the Committee on Interior and Insular Affairs.

By Mr. BRICKER:

S. 3919. A bill for the relief of John Yung-Fong Liu; to the Committee on the Judiciary.

By Mr. JACKSON:

S. 3920. A bill to authorize the partition or sale of inherited interests in allotted lands in the Tulalip Reservation, Wash., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. POTTER:

S. 3921. A bill for the relief of Mieko Furukubo; to the Committee on the Judiciary.

By Mr. ROBERTSON:

S. 3922. A bill to improve the usefulness of national bank branches in foreign countries; to the Committee on Banking and Currency.

By Mr. SYMINGTON:

S. 3923. A bill to amend paragraphs (7) and (8) of section 5 (1) of the Railroad Retirement Act of 1937, as amended, in order to provide for the payment of survivors' benefits under such act in certain cases; to the Committee on Labor and Public Welfare.

RESOLUTIONS

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

By Mr. DOUGLAS:

S. Res. 270. Resolution to investigate all factors relating to automobile accidents and accident prevention; to the Committee on Labor and Public Welfare.

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

ADDITIONAL FUNDS FOR COMMITTEE ON APPROPRIATIONS

Mr. HAYDEN, from the Committee on Appropriations, reported an original resolution (S. Res. 271) providing additional funds for the Committee on Appropriations, which was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the 84th Congress, $15,000, in addition to the amounts, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act, approved August 2, 1946, and Senate Resolution 136, agreed to July 29, 1955.

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. MAGNUSON submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 9739) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1957, and for other purposes, the following amendment, namely: On page 26, after line 4, insert a new paragraph, as follows:

"Notwithstanding the provisions of any other law, the officer of the Army now serving as Director of the Selective Service System shall, effective upon the day preceding his retirement, be considered to hold the grade of lieutenant general for all purposes, without regard to any limitations on the number of officers in that grade, and shall receive the pay and allowances of an officer of that grade and his length of service, and when retired under any provision of law shall be advanced on the retired list to such grade and shall receive the retired or retirement pay at the rate prescribed by law computed on the basis of the basic pay which he would receive if serving on active duty in such grade."

Mr. MAGNUSON also submitted an amendment, intended to be proposed by

him, to House bill 9739, making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1957, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

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. POTTER:

Address delivered by him before the Propeller Club of New Orleans on May 22, 1956.

NOTICE OF HEARING ON NOMINATION OF FREDERICK G. HAMLEY TO BE UNITED STATES CIRCUIT JUDGE FOR THE NINTH DISTRICT

Mr. McCLELLAN. Mr. President, on behalf of the chairman of a subcommittee of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, June 1, 1956, at 10 a. m., in room 424, Senate Office Building, on the nomination of Frederick G. Hamley, of Washington, to be United States circuit judge, ninth circuit, vice Homer T. Bone, retired.

At the indicated time and place all persons interested in the above nomination may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], chairman, the Senator from Indiana [Mr. JENNER], and myself.

EXPANSION OF NORTHEAST AIRLINES SERVICE

Mr. PAYNE. On Monday, May 21, 1956, there appeared an excellent editorial in the Bangor Daily News, of Bangor, Maine, concerning the opportunity that is available for Northeast Airlines to offer service of an adequate nature to the New England area, and particularly to the three Northeastern States of Maine, New Hampshire, and Vermont, if favorable consideration is given to the case that will shortly be under consideration by the Civil Aeronautics Board.

I ask unanimous consent that the editorial may be printed in the RECORD at this point.

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

NORTHEAST OFFERS MORE

A committee representing New England's congressional delegation is preparing a statement urging the Civil Aeronautics Board to approve Northeast Airlines' petition for a New York-Florida route. The committee will have no trouble in presenting what should be a convincing case. Commonsense and fair play are on the side of Northeast.

The issue is not simply a matter of which airline should be given a chance to share the business of this busy and profitable seaboard air haul. Also involved is the matter of tying in New England with the South by direct plane service. Further, award of the route to Northeast would give New England better regional service, which is something Northeast cannot provide while limited to unprofitable short-haul flights.

CAB Examiner Thomas Wrenn, who has recommended that the South's Delta Airlines get the extra seaboard route, overlooks New England's legitimate desire for improved air service. Delta would simply get another money-making long-haul franchise. New England would be no better off than before.

Wrenn goes out of his way in an unfair attempt to belittle Northeast Airlines in his report. He observed that awarding the route to Northeast would be "almost the same as commissioning a new carrier to enter the highly competitive market."

New carrier? Northeast for 23 years has battled New England's rugged winters and coastal fogs. It has been forced to operate with a minimum of airport facilities and navigational aids. Yet it has done so successfully and with an enviable safety record.

During World War II the able fliers of Northeast extended themselves and their equipment beyond ordinary endurance in order to establish for the Allies the vital North Atlantic air route.

Northeast last year carried 500,000 passengers and probably will carry 750,000 this year, although its flights are confined to regional operation north of New York.

How can an airline with such accomplishments be looked upon as a new carrier?

What the issue boils down to is this: As far as the New York-Florida route is concerned, Northeast would provide the extra service as well as any other bidding airline. In addition it alone would give New England the improved service it deserves.

Mr. GREEN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial which appeared in the Pawtucket Times, of Pawtucket, R. I., on Tuesday, May 22, 1956, entitled "A Boost for Northeast Airlines." This editorial is very complimentary to the senior Senator from Maine [Mrs. SMITH], and I believe it will be of interest to the Members of the Senate.

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

A BOOST FOR NORTHEAST AIRLINES

Better air service for New England may be the contribution of Senator MARGARET CHASE SMITH. The Maine Senator, the first of her sex to be elected to the United States Senate, was a most telling witness at the Senate hearing on the activities of the Civil Aeronautics Board.

Direct evidence growing out of personal experience when related before a Senate committee generally has more effect than a carload of resolutions of protest. Mrs. SMITH told of her distasteful experience in New York where employees of an airport terminal tried to make her the victim of sales practices which should not be countenanced by the CAB.

The CAB officials naturally countered with the obvious admission there was no justification for the treatment to which the Maine Senator was subjected. Too, the CAB said it investigates complaints similar to those lodged by Senator SMITH, but explained it lacked authority to penalize offending airlines.

Rather than seek the power to penalize offenders the CAB has a remedy to command. There is pending in Washington the petition of the Northeast Airlines to extend the scene of its operations southward. Northeast has been serving more than 40 New England communities, including the Blackstone Valley. It is the only air link to other than large centers in New England. Expansion of Northeast's scene of operations, especially to the profitable New York-Florida run, suggests an increase in the services northward from New York, not only to Boston but to Maine which has been getting "pretty poor service" according to Senator SMITH.

Northeast, the only airline which has persisted in its New England service, is operating with Government subsidy, a fact which should suggest to the CAB the desirability of expanding Northeast's traffic potential whose added income should reduce the call for subsidy.

The profit with airlines as with railroads is in the long haul. Those airlines which are operating over long distances, Senator SMITH has found, do not wish nor do they intend to provide the services which the Maine Senator holds should be available, uninterrupted better accommodations for passengers who would fly north of New York into New England.

Other New England Senators, as well as community organizations, have filed lack of service protests. But the pin-pointing of the inadequacies of existing service and the shortcomings of the CAB have given substance to the effort to override a CAB examiner's recommendation to confine Northeast Airlines to New England.

"THE SUPREME COURT MUST BE CURBED"—ARTICLE BY HON. JAMES F. BYRNES

Mr. WOFFORD. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD an article entitled "The Supreme Court Must Be Curbed," which was published in U. S. News & World Report in the issue of May 18, 1956. This article was written by the Honorable James F. Byrnes, former Governor of South Carolina, and a former Associate Justice of the United States Supreme Court.

Governor Byrnes has held many of the highest offices in the Federal Government, and his views should be carefully considered by every American who is interested in the preservation of our constitutional form of government.

In his article, Governor Byrnes has declared that the "Court did not interpret the Constitution—the Court amended it," with reference to the decision on May 17, 1954, declaring segregation in the public schools to be unconstitutional.

He also cited as "more frightening the trend of the present Court to destroy the powers of the 48 States." In this instance he referred to the decision of the Court in the case of Pennsylvania against Nelson on April 2, 1956.

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—

Governor Byrnes pointed out.

He warned:

You may be unconcerned today. You may "cry tomorrow."

Mr. President, I hope these warnings will be heeded before it is too late.

I wish this article were required reading for every student in the schools of this country. Certainly, I urge every Member of the Senate to give it his earnest consideration.

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

THE SUPREME COURT MUST BE CURBED

(By James F. Byrnes, former Justice of the Supreme Court of the United States)

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 presentations 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* v. *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 those schools was increased 450 percent in 3 years.

Similar educational programs have been underway 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 3-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 3-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 arguments 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 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 the 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 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 the human beings within it."

ENFORCEMENT OF DECISION

The fifth section of the 14th amendment authorizes Congress to enforce that amendment. Congress never legisiated 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 of 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. Southerns fear that the purpose of those who lead the fight for integration in schools is to break down social barriers in 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 do 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".

THE WEATHER BUREAU

Mr. MAGNUSON. Mr. President, because we have been convinced that through added appropriations for the Weather Bureau in the Department of Commerce, many of us have pointed to the hurricanes of last year as an example of the possibility in saving life and property through improved weather forecasting techniques.

One of the leaders in this drive has been the Senator from Rhode Island [Mr. GREEN]. He submitted a statement before the Senate Appropriations Committee outlining the tremendous possibility available to our citizens through greater accent on the importance of the Weather Bureau and expansion of its activities. In addition to going into the record of the committee, Senator GREEN's statement has evoked the consideration of thoughtful individuals along the entire east coast, and as a direct result an editorial was carried in the Providence Journal of Friday, May 11, which I would like to have inserted in the RECORD at this point.

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

WAS THE WEATHER BUREAU'S 1957 BUDGET QUIETLY AXED?

Senator GREEN's proposal that the Weather Bureau's budget for next year be increased to permit a continuation and expansion of the improved storm and flood forecast and warning programs initiated this year makes excellent sense.

A year ago the weather service's requested appropriation was slashed $16 million by the Department of Commerce (of which the service is a part) and the Bureau of the Budget. Largely through the efforts of Senator GREEN and Representative FOGARTY, however, nearly $7 million of the slash was restored later.

Apparently the meat ax has now been applied to the request for funds for next year. The Senate Appropriations Committee, at Mr. GREEN's request, is moving to find out how much the cuts amount to and who made them. It will do this by comparing the Bureau's original proposed budget total with the figure finally approved by the Commerce Department.

It is the Senator's contention that $3 million more should be provided for the national river flood warning system, $2 million for the expansion of hurricane, tornado, and other storm forecasting, and $2 million to "prevent further and dangerous deterioration" in the weather information provided for aircraft. Money for these purposes, Mr. GREEN suspects, was sought by the Weather Bureau, but denied by budget officers somewhere along the line before the request got to Congress.

It seems a matter of simple logic that if funds already spent or authorized for improving the service rendered by the Bureau are to lead to adequate protection for the public they must be supplemented in the manner proposed. Otherwise, what progress has been made to date may largely be lost.

In this connection, Representative JAMES T. PATTERSON, of Connecticut, another hurricane- and flood-conscious State, emphasizes the need to increase the number of river forecasting centers, establish more radar storm-detection stations, and set up cooperative river and rainfall observation posts in valleys subject to flash flooding. All this could be done and the personnel to operate the expanded facilities provided, he says, from the increase in the flood-warning appropriation that Senator GREEN is seeking.

UNITED STATES-CANADIAN NEGOTIATIONS ON WATER RESOURCES

Mr. NEUBERGER. Mr. President, I ask unanimous consent that at this time I may speak for not to exceed 5 minutes.

The VICE PRESIDENT. Is there objection? Without objection, the Senator from Oregon may proceed for 5 minutes.

Mr. NEUBERGER. Mr. President, at noon on yesterday, May 23, 1956, the Government of Canada and the United States announced their decision to engage in a joint examination, at a high diplomatic level, of the issues arising from the use and development of water resources which cross the boundaries of our two countries. The Senate was told about this decision yesterday by Mr. Marselis C. Parsons, Jr., Director of the Office of British Commonwealth and Northern European Affairs of the Department of State, at a hearing before the Senate Interior and Insular Affairs Committee on the subject of upper Columbia River storage development in Canada. The announcement itself was in the form of a press release, and I ask unanimous consent that it appear in the RECORD at this point.

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

The Canadian and United States Governments have decided to examine together the subject of waters which flow across the international boundary between the two countries.

The last time both Governments examined this matter thoroughly together was before the conclusion of the Boundary Waters Treaty of 1909. During the 46 years which have elapsed since its ratification, the International Joint Commission which was established by the treaty has worked with outstanding success in solving water problems within the framework of this treaty.

It has recently appeared, however, that the development of the resources of such basins as the St. John, the Columbia, and the Yukon, requires, among other things, the solution of various complicated legal, economic, and engineering questions. In agreeing to examine the matter of waters which cross the boundary, the two Governments realize that there may be no easy or quick answer to the problems which are arising today in such areas and that the studies may reveal that the Boundary Waters Treaty of 1909 is sufficiently broad to meet present problems. The two Governments believe, however, that a full and confidential exchange of views may contribute to the resolution of these problems and it is in this spirit that the discussions have been agreed to. At the same time, the two Governments desire that the International Joint Commission shall press forward its studies under the Columbia River Basin Reference of 1944 and the other similar references which it has under consideration.

Mr. NEUBERGER. Mr. President, I am delighted that this step has been taken to make a new start on negotiations between Canada and the United States of these issues, which are of immense economic importance to both nations, and particularly to the Pacific Northwest, British Columbia, and Alaska.

Last October, I visited British Columbia, and specifically the upper Columbia River Basin, on behalf of the Senate Interior and Insular Affairs Committee, to study at firsthand the vast possibilities of hydroelectric development in that basin and the problems which appeared to be delaying agreement between the Canadians and ourselves as to this development. I was especially disturbed by the fact that in 1954 and 1955, Canadian authorities had moved forward toward serious study and consideration of a plan to divert as much as one-quarter of the combined Kootenay and Columbia Rivers' flow in Canada into the Fraser River. This water would thus be forever lost to the Pacific Northwest, with incalculable damage to the economic future of this region of our own country, including my own State of Oregon.

My study convinced me that much of the impetus for the diversion proposals came from an apparent deadlock within the International Joint Commission, the United States-Canadian groups charged with responsibility for study of such mutual boundary problems. Consequently, when, upon my return, I made my report to the chairman of the Senate Interior and Insular Affairs Committee, the distinguished senior Senator from Montana [Mr. MURRAY], my first recommendation was:

That responsibility within the United States Government for these important negotiations be raised from the level of a purely advisory committee like the United States section of the International Joint Commission and be explicitly assumed by the policy-making executive departments themselves.

When Prime Minister Louis St. Laurent, of Canada, visited President Eisenhower at White Sulphur Springs on March 26, the Prime Minister similarly suggested to the President that the time had come when the problem of the development of rivers crossing the international boundary might best be taken up at a conference of representatives of our two Governments. This suggestion has also been discussed and has received favorable comment in the Canadian Parliament and in the Canadian press.

Mr. President, I repeat that it is a cause for great satisfaction and for renewed hope for everyone in the Pacific Northwest that this recommendation has been accepted by the administration. I must admit that a good part of my misgivings over the status of these vital negotiations resulted from the fact that the Chairman of the American section of the International Joint Commission, former Gov. Len Jordan, of Idaho, has been a consistent and highly partisan enemy of the Federal power program in the Columbia River Basin—the very program which would be enhanced by agreement with Canada for upstream storage, and which would be the victim if Canada were to divert the Columbia and Kootenai Rivers. Needless to say, Governor Jordan was highly critical of my recommendation for high-level negotiations, when I made it last winter, and he thought it did not deserve any attention or consideration. At the hearing of the Interior Committee on yesterday, however, Governor Jordan stated that if this was what the Canadian Government and President Eisenhower wanted, he, too, would be for it.

In view of these promising developments, Mr. President, I hope we may now look forward to early progress toward agreement on the allocation of costs and benefits of future upstream storage developments in the Columbia River Basin, both at the Libby site in Montana and at Canadian sites. This development, if pursued to its fullest extent and at the lowest possible cost, is the key to the future prosperity of British Columbia and the Pacific Northwest, with immense benefits to the rest of both countries.

If this full development comes about, much of the credit will be due to the illustrious chairman of the Senate Committee on Interior and Insular Affairs. I am sure even the present first step—that of accepting the recommendation for high-level negotiations—owes much to the active interest and cooperation of the senior Senator from Montana, who, as chairman of this committee, pressed forward with public hearings which brought to the attention of the American people the grave crisis confronting the development of our continent's principal water power river system, which we share with Canada.

Furthermore, the name of Senator JAMES E. MURRAY is inextricably linked with one of the great projects whose fate is at stake in these negotiations. This is the vast Libby Dam, proposed for the Kootenai River in his State of Montana, which requires international approval because its reservoir will inundate Canadian lands north of the border. Libby Dam is one of the finest storage projects for flood control, power, and other multipurpose benefits in all of North America. Its benefit-cost ratio is extremely high. Its construction relies upon the negotiations soon to be started afresh with Canada. It represents a dream and a hope of the two distinguished Senators from Montana [Mr. MURRAY and Mr. MANSFIELD], and its eventual completion will be a monument to their faithful and persistent public service in its behalf.

The urgency of progress toward construction of the Libby project and other storage projects in the upper reaches of the Columbia River system has been dramatized again by the floods and the flood threats which constantly imperil sections of the Northwest. Just this weekend, for instance, the Kootenai River is flooding in northern Idaho, downstream from the boundary where the huge Libby reservoir will some day store, as I recall, about 4 million acre-feet of such flood waters.

In conclusion, Mr. President, I ask unanimous consent to include in the RECORD the United Press wire dispatch covering yesterday's hearing before the Senate Interior Committee; the statement of Mr. Marselis C. Parsons, Jr., of the Department of State, to the committee; and an article from the Oregon Journal of May 21, 1956.

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

The State Department announced that diplomatic discussions will be started with Canada on use of streams, including the Columbia, crossing the international boundary.

The announcement was made as a Senate subcommittee was questioning former Idaho Gov. Len B. Jordan, Chief of the American section of the International Joint Commission, on negotiations involving the Columbia.

Subcommittee Chairman RICHARD L. NEUBERGER, Democrat, of Oregon, commented the announcement followed a recommendation he made to take the discussions away from Jordan and the IJC. He had accused Jordan, as a supporter of private power development, in effect of dragging his feet on negotiations for Libby Dam in Montana.

The announcement mentioned three streams as being involved in the discussions—the Columbia, the Yukon and the St. Johns. It said there are complicated legal, economic, and engineering problems involved in international development of the streams, and pointed out there have been no diplomatic discussions on them since 1909.

It said that the governments believe that full and confidential exchange of views may contribute to resolution of these problems. It said, however, that the IJC should press forward on matters before it.

Marselis C. Parsons, Jr., director of British Commonwealth Affairs for the State Department, said he believes a deputy assistant director of the Department will head the American group.

An advisory commission including Jordan, Maj. Gen. John S. Bragdon, a special assistant to the President, and officials of the State, Army, Interior and Justice Departments also will be set up, he said.

He also gave the subcommittee a transcript of debate in the Canadian House of Commons in which Prime Minister St. Laurent said the chairmen of the two sections of the IJC had publicly expressed views so diametrically opposed that little progress appeared probable there.

Jordan said in answer to questions by NEUBERGER that special discussions on the streams was a wise move, and he was in complete agreement.

NEUBERGER said Jordan had attacked him for suggesting such a procedure and asked why he had changed his mind.

"The fact the President agreed to this is ample reason," Jordan said.

Jordan had maintained in an earlier appearance that negotiations on the Libby Dam site were stalled because the Canadians wanted time to study a diversion plan on their side of the border.

Two representatives of conservation groups also appeared to oppose construction of Penny Cliffs and Bruces Eddy Dams on the Clearwater River in the Columbia system.

Stewart Brandborg of the National Wildlife Federation said alternate sites should be chosen to protect an invaluable recreation resource. Howard Zahniser of the Wilderness Society said Penny Cliffs would back water 6 miles into a primitive area, and that both dams would affect unspoiled natural country.

NEUBERGER asked Jordan why he had cited possibility of construction of the two dams in deprecating the value of Canadian storage on the Columbia, in view of the controversy over them.

Jordan said there were alternate sites. He added that there was some controversy over nearly every dam site in the basin.

STATEMENT OF MARSELIS C. PARSONS, JR., DIRECTOR OF THE OFFICE OF BRITISH COMMONWEALTH AND NORTHERN EUROPEAN AFFAIRS, DEPARTMENT OF STATE, MAY 23, 1956

The committee has expressed special interest in the events relating to the Canadian proposal that there should be discussions between the two Governments concerning waters which flow across the international boundary, such as the Columbia, Yukon, and St. John Rivers.

The Canadian Government made this suggestion shortly before the March 26–27 meeting of the President and the Canadian Prime Minister at White Sulphur Springs. Prime Minister St. Laurent mentioned the subject briefly to the President at that time and on April 9 reported on his conversation to the Canadian House of Commons as follows:

"I also suggested to the President that the time seemed to have come when problems regarding the use of water power on rivers crossing the international boundary might well be studied at a conference between representatives of the two Governments. Here I might perhaps extend this a little to answer a question of which notice was telephoned to my office by the honorable member for Kamloops, Mr. Fulton. There was no discussion of the problem, but merely the suggestion that it would probably be desirable at this time to have it studied by a joint conference representing the two Governments, to try to get at something which would make for the possibility of expeditious use of these water powers to the best possible advantage of the people who might derive advantage from their use. It was left at that, with the understanding that the subject would be further pursued in discussions between our Department of External Affairs and the Secretary of State of the United States."

The committee ask that it be provided with any official explanation or discussion of the Canadian proposal. Accordingly there is submitted a transcript of the Prime Minister's report to the House of Commons and of the ensuing discussion as it appears on pages 2726–2729 of the Canadian House of Commons Debates for April 9, 1956.

The Canadian suggestion received careful study within the United States Government and subsequently we informed the Canadian Government through diplomatic channels that we were agreeable to its proposal. I believe the committee has at hand the text of the press release which is being issued today by the two Governments, announcing this agreement.

The problems connected with waters crossing the international boundary are immensely broad and complex. They encompass an examination of the basic principles which were incorporated in, or omitted from, the Boundary Waters Treaty of 1909—and involve technical engineering and economic questions which have developed as geographic areas have become so much more heavily populated and heavily industrialized than was the case in 1909.

It is apparent that the policy under which the Department of State can conduct such discussions must be formulated to accord with the interests of the several affected agencies of the executive branch of the Government. Therefore, prior to further action on the Canadian suggestion, the Department of State consulted with the agencies of the Government having an interest in or responsibility for our water resources. Thereafter, the Department of State suggested to the Bureau of the Budget that it provide for the establishment of an advisory committee on Canadian boundary water problems. It was decided that this could be most appropriately achieved by establishing it as a subcommittee of the existent Interagency Committee on Water Resources to be composed of the following: Governor Len Jordan, Chairman of the United States Section of the International Joint Commission; Maj. Gen. John S. Bragdon, special assistant to the President for public-works planning; and one representative each from the Departments of State, Army, Interior, and Justice, and the Federal Power Commission.

The Chairman of the Interagency Committee on Water Resources is proceeding to set up this advisory committee and it is my understanding that he has already invited the various agencies to designate their representatives.

With the appointment of the advisory committee, the Department of State will be in a position to examine more thoroughly the many complex questions connected with rivers flowing across the border. It has been recognized informally by both the United States and Canadian Governments that it may take a while to formulate our respective national studies and also that during this period it will be helpful to exchange views on the subjects in which each side is likely to be most interested. This will make it possible to coordinate our work more effectively on the various problems and will prepare the way for discussions later in the year.

[From Canadian House of Commons Debates, vol. 98, No. 58, 3d sess., 22d Parliament, pp. 2726–2729, Apr. 9, 1956]

EXTRACTS CONCERNING THE CANADIAN PROPOSAL FOR INTERGOVERNMENTAL DISCUSSIONS ON WATERS WHICH FLOW ACROSS THE INTERNATIONAL BOUNDARY

EXTERNAL AFFAIRS—STATEMENT ON VISIT OF PRIME MINISTER WITH PRESIDENT OF UNITED STATES

On the orders of the day:

"Hon. GEORGE A. DREW (leader of the opposition). Mr. Speaker, I wish to ask the Prime Minister if he will inform the honorable members of this House in regard to what was discussed, and, insofar as that is possible, what was achieved at the meetings in Virginia which he attended just before Easter.

"Right Hon. L. S. ST. LAURENT. Mr. Speaker, I anticipated that there might be such a question and I prepared a rather brief statement of what took place there which otherwise I would not have inflicted upon the House 10 or 12 days after the visit that has been so fully, although not always as accurately as fully, reported in the newspapers of both countries.

"This visit took place at White Sulphur Springs on March 26 and 27 between the heads of Governments of the United States, Mexico, and Canada. The host at this meeting was the President of the United States who in his invitation and subsequently emphasized that it would be of an informal character without agenda for the purpose of exchanging views on matters of mutual interest and of getting to know each other better.

"In view of the character of the meeting, no decisions were reached and none was expected. It was, however, from my point of view, both helpful and agreeable to be in a position to discuss current international affairs with the presidents of the United States and Mexico in this informal way. There was also an opportunity to bring up 1 or 2 subjects of specific Canadian-United States concern with President Eisenhower and Mr. Dulles.

* * * * *

"I also suggested to the President that the time seemed to have come when problems regarding the use of waterpower on rivers crossing the international boundary might well be studied at a conference between representatives of the two Governments. Here I might perhaps extend this a little to answer a question of which notice was telephoned to my office by the honorable member for Kamloops (Mr. Fulton). There was no discussion of the problem, but merely the suggestion that it would probably be desirable at this time to have it studied by a joint conference representing the two Governments, to try to get at something which would make for the possibility of expeditious use of these waterpowers to the best possible advantage of the people who might derive advantage from their use. It was left at that, with the understanding that the subject would be further pursued in discussions between our Department of External Affairs and the Secretary of State of the United States.

"Needless to say, the President expressed a very warm feeling for this country and gratification at the way in which relations between our two peoples were based on mutual respect and friendship and frank statement of diverging views, when there were diverging views.

* * * * *

"Mr. FULTON. May I ask the Prime Minister whether his statement that it has been suggested that the problems of the control of the Columbia River should now be discussed directly between representatives of the Governments of the two countries means that the Prime Minister or the Government feel that the situation has got to the point where it is not likely to be solved under the agency of the international joint commission and that it should therefore be discussed at the higher level by direct negotiation between governments?

"Mr. ST. LAURENT (Quebec, east). I would not like to say this was a higher level but there was a feeling that the chairman of the two sections had publicly expressed views so diametrically opposed to each other that there was little probability of their being able to make the kind of progress we would hope would be made in arriving at a solution of these problems.

"Mr. FULTON. If I may ask one further question, has a date, either definite or tentative, been set yet for the meetings?

"Mr. ST. LAURENT (Quebec, east). No. I would not even wish to convey the impression that the President had agreed that there would be meetings. He seemed interested in the suggestion and it was felt that the

matter would be further discussed between our Department of External Affairs and the Department of the Secretary of State."

(Later.)

On the orders of the day:

"Mr. FULTON. May I ask a further question with relation to the matter of the Columbia River development that was referred to earlier? Can the Prime Minister give the house assurance that the surveys and plans for the development of the Columbia River power in Canada will not be interfered with in any way because of the prospect of these negotiations, and that no such undertaking was implicit in the discussions?

"Mr. ST. LAURENT (Quebec, east). There was no undertaking implicit whatsoever. It was merely a suggestion that it might be desirable at this time to have the matter looked into, and the Columbia River was not referred to particularly. It was the rivers that cross the international boundary. The Columbia is one of them, the Yukon is another and the St. John in the east is another. There are several of these rivers. The matter was just referred to. The whole thing probably did not take more than 3 minutes, not as much time as it has taken in the house to answer the questions.

"Mr. FULTON. There is no reason why surveys and studies in Canada should not proceed as before?

"Mr. ST. LAURENT (Quebec, east). My conversation with the President is not a reason why they should not proceed."

[From the Oregon Journal of May 21, 1956]

MEN, EQUIPMENT RUSH TO BATTLE KOOTENAI

BONNERS FERRY, IDAHO, May 21.—Men and equipment were arriving in this north Idaho town today in an all-out effort to prevent the rising Kootenai River from spilling over its dikes onto the town and 36,000 acres of farmlands along the swollen stream.

The Kootenai, fed by a heavy mountain snow pack, stood at 34.30 feet Sunday night, more than 3 feet above the 31-foot flood stage, and was still rising. Dikes protecting the town are expected to hold the river back until it reaches 37 feet.

Col. George Bennett, chief of the Idaho National Guard, said from Boise that 28 five-ton dump trucks would arrive in Bonners Ferry sometime today. From Coeur d'Alene, 21 National Guards men under the command of Maj. Gen. Gordon I. Shores, of Lewiston, and 10 radio equipped jeeps were dispatched to the scene.

Gov. Robert E. Smylie declared a state of emergency in the area and authorized the use of the guardsmen. He also requested Army engineers from Fort Lewis, Wash., as a precautionary measure. Some 300 troops from there are expected to arrive today.

From the flood center here, Charles C. Howard, assistant flood coordinator for Kootenai County, said workers are making satisfactory progress in their fight against the rising waters.

Workers upstream from here at Libby, Mont., were watching the river with anxious eyes also as the river rose to 15.8 Sunday and is expected to hit 16.6 today. Flood stage there is 16. Forecasts predict a crest of 17.2 Tuesday and a fall to 16.7 by Wednesday.

Evacuation is taking place in St. Maries, Idaho, 100 miles to the south, as the St. Joe River nears flood stage. Some 24 families have moved out, but the Weather Bureau does not foresee flood proportions there yet.

Mr. MURRAY. Mr. President, I wish to congratulate and commend the able Senator from Oregon [Mr. NEUBERGER] for the splendid and successful efforts he has made in bringing about this new procedure for the handling of boundary problems between Canada and the United States. It is of the greatest importance that these water projects on the border between Canada and the United States be constructed as promptly as possible.

The Libby Dam is a case in point, for in the Libby area we are now threatened with floods, as a result of the failure to construct that dam.

I am sure that as a result of the successful efforts of the able Senator from Oregon, we shall now be able to proceed with our negotiations with Canada, and shall be able to bring about an adjustment and an understanding between the two countries, so as to enable this very important water conservation program to be proceeded with.

I desire to thank the Senator from Oregon personally. He made his trip to British Columbia at my request, and he has done a splendid job.

Mr. NEUBERGER. Mr. President, I thank the distinguished chairman of the Senate Committee on Interior and Insular Affairs. I assure him that without his active cooperation, I know this important step in the international use of the Columbia River would not be taking place.

It is my fond hope that, when the great Libby Dam project is complete, the senior Senator from Montana will be present to participate in the dedication ceremonies incident to one of the great projects in the history of the Pacific Northwest, of his own State, and of our country. Libby Dam then will be testimony to the effective efforts of the senior Senator from Montana.

ANALYSIS OF AGRICULTURAL ACT OF 1956

Mr. CARLSON. Mr. President, recently I requested the Department of Agriculture to furnish me an analysis of the newly passed farm bill. I have it here in my hand. I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

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

OUTLINE: AGRICULTURAL ACT OF 1956

TITLE I. SOIL BANK ACT

Acreage reserve program (secs. 103–106): Duration of program: 1956, 1957, 1958, and 1959. Payments authorized for reducing production of wheat, cotton, corn, peanuts, rice, and tobacco. Program is voluntary, except participation in soil bank required for price support for corn. To be eligible, producer must reduce below his farm acreage allotment or base acreage established for corn. In case of corn the total base will be 51 million acres for 1956, and also for subsequent years if farmers in referendum vote to discontinue acreage allotments and 75-percent to 90-percent price supports; otherwise, acreage allotments after 1957 will be established on old basis. Overall limit on program $750 million per year, with specified maximum limits for each commodity. With respect to applicability of acreage reserve program to 1956, the conference report is to contain the following statement:

"The conference agreed to make the soil bank effective immediately as provided in the House bill. It was recognized, however, the larger part of this year's plantings have already taken place and is not expected that any large part of the crop planted will be plowed up or otherwise removed from production as authorized by section 103. The committee recognizes that the Secretary cannot be expected to accomplish the impracticable or to secure any large part of the beneficial results hoped for in the soil bank in 1956, but it also recognizes that certain farmers have heretofore planned to participate this year and it is felt that they should be assured of the opportunity to do so."

Conservation reserve program (secs. 107–113): Secretary is authorized to enter into contracts with producers for a minimum period of 3 years and a maximum period of 10 years (15 years in the case of tree cover) under which the producer would devote a designated part of his cropland to conserving uses. He would agree not to harvest any crop from the designated acreage and not to pasture it for a specified period except under certain emergency conditions. The Secretary would be authorized to pay a fair share of the costs of establishing the conservation use and, in addition, to make an annual payment to the producer which will provide a fair and reasonable annual return for the land diverted to conservation uses. Overall limit on program of $450 million a year.

General soil-bank provisions (secs. 115–124): As a condition of eligibility for any payment under soil-bank program, the producer must comply with all acreage allotments or base acreages. Civil penalties imposed for violation of prohibition against cropping or grazing.

Funds of CCC may be used for carrying out program until July 1, 1957.

Production on Government lands: President is directed insofar as practicable to prohibit leasing of Government-owned lands for the production of price-supported crops in surplus supply.

TITLE II. SURPLUS DISPOSAL

Program of orderly liquidation (sec. 201): Secretary required to submit to Congress in 90 days detailed program (1) for disposal of all CCC stocks (2) for a food stamp or similar plan, and (3) for strategic stockpiling of agricultural products.

Extra long staple cotton (sec. 202): Cotton having staple length of $1\frac{11}{16}$ inches or longer would be included within import quota under section 22. CCC directed to sell for export at competitive world prices existing CCC stocks of extra long staple cotton.

Export sales of cotton (sec. 203): CCC is directed to sell cotton at prices at which cottons of comparable qualities are being offered in substantial quantities. In any event during the 1956 marketing year bids shall be accepted at a level comparable to the 25.5 cents level at which cotton was sold under the CCC sales program announced August 12, 1955. CCC may accept bids in excess of this price but shall not reject bids at such maximum prices unless a higher bid is received for the same cotton.

Agreements limiting imports (sec. 204): President authorized to negotiate agreements with foreign governments limiting exports to United States of agricultural commodities or products.

Section 32 (sec. 205): Authorizes annual appropriation of $500 million for section 32, with limitation of 50 percent on amount of such funds which may be used for any one commodity.

Transfer of bartered materials to supplemental stockpile (sec. 206): Provides for transfer to supplemental stockpile established by Public Law 480 of materials acquired by CCC under barter program unless such materials were required for regular stockpile or other purposes.

Surplus Disposal Administrator (sec. 207): Authorizes Secretary to appoint Agricultural Surplus Disposal Administrator.

Ocean freight on commodities donated for foreign relief (sec. 208): Authorizes payment of ocean freight charges on commodities donated for foreign relief under Public Law 480 or section 416. Limitation on expenditures for foreign relief increased from $300 million to $500 million.

Commission on Industrial Use of Agricultural Commodities (sec. 209): Five-member bipartisan commission, to be appointed by President, established to make recommendations for increased industrial use of agricultural commodities.

Donations to penal institutions (sec. 210): Authorizes CCC to donate commodities to Federal penal and correctional institutions, and to State correctional institutions for minors.

Federal irrigation, drainage, and flood control projects (sec. 211): Federal farm benefits restricted for 3 years after the enactment of the act for crops in surplus grown on any newly irrigated or drained lands within any Federal project authorized hereafter for crops in surplus grown on such lands.

Processing of donated commodities (sec. 212): Authorizes CCC to pay processing costs on donated food commodities.

TITLE III. MARKETING QUOTAS AND ACREAGE ALLOTMENTS

Extension of surrender and reapportionment (sec. 301): Extends to 1956 and 1957 crops of wheat provisions whereby wheat producers could release unused portion of allotment, without affecting their future allotment.

Cotton acreage allotments for 1957 and 1958 (sec. 302): National acreage allotment for cotton for 1957 and 1958 shall not be less than 1956 national acreage allotment, provided that the allotment for no State can be reduced in 1957 or 1958 below the allotment for the preceding year by more than 1 percent, the additional acreage required for this purpose to be in addition to the national allotment.

Small farm allotments for cotton (sec. 303): For 1957 and 1958 provides 100,000 acres to establish minimum farm allotments for cotton of 4 acres or highest acreage planted on farm in preceding 3 years, whichever is smaller. For 1956 unused allotted acreage in State may be used for this purpose.

Minimium allotments for 1956 rice crop (sec. 304): Provides minimum State rice acreage allotments for 1956 equal to 85 percent of allotment for 1955. The 1957 and 1958 allotments will be the same as the final 1956 allotments.

Increase in peanut marketing penalties (sec. 305): Increases marketing penalty for peanuts from 50 percent to 75 percent of support price.

Collection of peanut marketing penalties (sec. 306): Provides for 6 percent interest on peanut marketing penalties and for a lien to secure the penalties.

Preservation of unused acreage allotments (sec. 307): During the period 1956 to 1959 permits producer to preserve for future years his unused acreage allotments.

Acreage requirements for price support on corn and other feed grains (sec. 308).

A. Corn for 1956: For 1956, the level of price support for corn in the commercial area would not be affected by the legislation—$1.50 to compliers; $1.25 to noncompliers.

To be eligible for the $1.50 support price announced for compliers, the producer would have to stay within his base acreage and devote to the soil bank an acreage of land equal to 15 percent of his corn base.

The Secretary would, however, have the authority to support the price of corn to producers who do not meet the foregoing requirements, at a level not in excess of the level of price support to producers who meet such requirements.

Corn outside the commercial area would be supported at 82½ percent of the level in the commercial area, with no acreage limitations.

B. Corn after 1956: After 1956, price support for corn in the commercial area would depend on the outcome of a referendum to determine whether producers favor base acreages in lieu of acreage allotments, with price support "at such level as the Secretary determines will assist producers in marketing corn in the normal channels of trade but not encourage the uneconomic production of corn," or whether producers favor acreage allotments, with price support at 75 percent to 90 percent of parity.

If producers vote in favor of base acreages instead of acreage allotments, producers would be required as a condition of eligibility for price support to stay within their base acreages and devote 15 percent of their corn base to the soil bank; support in the noncommercial area would be at 82½ percent of the level for corn in the commercial area.

If producers vote in favor of acreage allotments, acreage allotments would be in effect for purposes of the acreage reserve program, and producers would have to comply with acreage allotments as a condition of eligibility for price support but would not have to participate in the soil bank.

The Secretary would have authority to make price support available to noncompliers in the commercial area.

C. Feed grains for 1956: The level of price support for the 1956 crop of grain sorghums, barley, rye, and oats would be 76 percent of parity, with no acreage limitations.

D. Price support on noncompliance corn and other feed grains: If support is made available in 1957 for noncompliance corn, price support would be made available for other feed grains at such levels not less than 70 percent of parity, as the Secretary determines to be reasonable in relation to the level of support for noncompliance corn, and after consideration of specified factors.

The acreage reserve program for feed grains is eliminated.

TITLE IV. FORESTRY PROVISIONS

Assistance to States (sec. 401): Provides for assistance to States for tree planting and reforestation.

Forest products, price-reporting research (sec. 402): Requires Secretary to study price trends and relationships for forest products and make a report thereon to the Congress within 1 year.

TITLE V. CERTIFICATE PROGRAM FOR RICE

Provides discretionary authority for a two-price plan for rice in 1957 and 1958 or in 1958 and 1959 if the Secretary determines it to be feasible and in the best interests of rice producers and the United States.

TITLE VI. PRICE SUPPORTS—COTTONSEED AND SOYBEANS

Section 601: Whenever either cottonseed or soybeans is supported the support price for the other shall be supported at levels enabling them to compete on equal terms.

Transitional parity for basic commodities frozen during 1957 (sec. 602): This freezes transitional parity for corn, peanuts, and wheat during 1957. The Secretary is required to make a thorough study of possible methods of improving the parity formula and report to Congress not later than January 31, 1957.

MASS AIR TRANSPORTATION

Mr. MAGNUSON. Mr. President, an address delivered before the Oakland Chamber of Commerce and Oakland Trade Club today by Vice Chairman Joseph P. Adams, of the Civil Aeronautics Board, is informative and will evoke considerable thought among those engaged in commercial aviation both here and abroad.

Adams, a veteran Marine Corps pilot and one of the original and most forceful advocates of low-fare air coach, discusses aviation's present and future in clear, understandable terms, and tells us of the possibilities available if we will but utilize them.

Adams cited some interesting statistics. He pointed out our domestic airline industry last year generated almost 20 billion passenger miles—an increase of more than 65 percent since 1952. He also disclosed that 34 percent of the travelers utilized low-fare air-coach service.

Because of the importance of remarks made by Vice Chairman Adams, I ask unanimous consent of my colleagues to have his address before the Oakland, Calif., group, printed in the RECORD at this point.

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

MASS AIR TRANSPORTATION IS IN THE PUBLIC INTEREST

(Address by Hon. Joseph P. Adams, Vice Chairman, Civil Aeronautics Board, member, National Advisory Committee for Aeronautics, before the Oakland Chamber of Commerce and Oakland World Trade Club, May 22, 1956)

Mr. Chairman, members of the Oakland Chamber of Commerce Aviation Committee and the Oakland World Trade Club, greetings.

It is a privilege and an honor, as the Member of the Civil Aeronautics Board from the west coast, to breakfast with you in the international room of the Metropolitan Oakland International Airport. Truly, I cannot imagine a more fitting meeting place in which to observe World Trade Week.

Ten years ago, the pierhead was our point of departure for international trade and travel, but today, only 100 feet from this head table, you can board a postwar aircraft and fly to the far corners of the world. More specifically, I learned from Boeing officials in Seattle yesterday, that their intercontinental 707 jet transport will take off from your airport, circle the world, with five fuel stops, and return to Oakland in less than 40 hours. You in Oakland will be 10 hours and 30 minutes from Copenhagen, Denmark, and 9 hours and 27 minutes from Tokyo, Japan, by jet. You in Oakland, moreover, are doubly fortunate in that your international trade facilities include both the pierhead and the Metropolitan International Airport.

Three years ago, April 15, 1953, it was my pleasure to address the Oakland Chamber of Commerce and the Lions Club on the subject of Mass Air Transportation and the Public Interest. One week later, April 21, 1953, the citizenry of Oakland voted to approve a $10 million bond issue for improving the Oakland airport, thereby reversing a national trend of communities that had voted down similar airport bond issues. You people of Oakland voted for more than a bond issue. You voted to meet the challenge of the advance of civil aviation in the jet age and you voted to provide your community with increasingly improved service.

Today, 3 years later, we meet again in Oakland, at the airport where the voter-approved expansion is now well underway. You are qualifying for the jet transport age with a terminal offering unobstructed, all-weather, over-water approaches at either end of an 8,600-foot runway. In an innovation of planning that merits national acclaim, you are moving your airline operations 1 mile out in the bay, solving noise and safety problems.

Yesterday, your board of port commissioners opened bids for the work that will construct these magnificent new facilities in the bay. Your plans to retain present runways and operations areas for executive and private flying will make Oakland the mecca of the West for general aviation. Your proposal will be hailed as most intelligent and far-sighted planning by the managements of over 7,000 of America's largest corporations that today operate executive type aircraft,

by the members of the National Business Aircraft Association and by the owners of some 61,300 general aviation planes. Your plans recognize that this private fleet of aircraft is some 45 times as large as the civil airline fleet and flew over 3 times as many hours as the civil airline fleet in 1955. Your airport planning is truly cognizant of the giant aviation has become.

This pause to relate what you of Oakland have done in the last 3 years is but a backdrop to my recitation of the advances of commercial air transport in the same period. Your progress, excellent as it is, is being paced by phenomenal gains in civil aviation. My additional period of service on the Civil Aeronautics Board since our last meeting in 1953 compels me to say that it is now my firm conviction that mass air transport is not only related to, but is in the public interest.

In participating in Civil Aeronautics Board decisions, I have learned that a particularly controversial area is that surrounding the principles or motivations for decisions which affect airline profits. As in any other business, the managements of the airlines are interested in providing a service for which people will pay enough to give the stockholders a financial profit.

Now you and I understand the financial profit motive; all of us in all walks of life know this primary economic force. But when you consider the business of Government regulation, the motive of profit rarely involves money alone—instead, the profit motive of Government, and consequently of the CAB, is, broadly speaking, seeing to it that the interests of all our people in civil air transportation are promoted and protected. This means that the CAB must, at all times, keep before it in its decisions, all factors relating to the public interest; that is, your interest. Pinpointing this matter of public interest, I said in 1953, that it means among other things, eliminating subsidy payments to air carriers as rapidly as possible in order to relieve the taxpayer of this financial burden.

CAB MUST CONTINUE TO PROMOTE SOUND ECONOMICS OF AIR CARRIERS WITH RESULTANT FURTHER REDUCTION IN SUBSIDY PAYMENTS

It is with genuine satisfaction, then, that I report to you the substantial progress which has taken place during the last 4 years in the reduction of total subsidy mail payments to our air transportation industry. This record of subsidy reductions is one of which the Civil Aeronautics Board and the airline industry can be justly proud. By the same token, of course, it is a record which should be most gratifying to the taxpayers of the United States. Three years ago I reported to you that only four of our domestic trunklines were at that time still classified as subsidized carriers. By June 1 of this year, 1956, there will remain only one domestic trunkline air carrier still receiving Federal Government subsidy support.

For the entire airline industry—domestic, Territorial, and international—the subsidy bill has been reduced some 32 percent, from a total of $63½ million in 1952 to approximately $43 million for the present fiscal year ending June 30, 1956. Even this sizable cut of more than $20 million during the last 4 years is not really the whole story. During the same period our very important local air service carrier group has so expanded that it is now serving 60 more cities than 4 years ago and is operating approximately 4,000 more route-miles than in 1952. This greatly broadened service to the United States traveling public has, of course, carried with it a greater need for Federal subsidy mail pay. The actual increased subsidy involved in the case of the local service carriers is about $5 million as compared with their 1952 level.

I am sure that the Board and the entire airline industry are agreed that this increase has been required in the interests of the public-service responsibilities of air transportation. We all recognize that in the long run it must be reduced, and I can assure you that it will be reduced if the Board will cooperate with these local service carriers in properly strengthening the route systems operated by them. Suffice it to say that this is a specialized problem in the subsidy field and all of us are cooperatively working on it.

Aside from this special subsidy problem and excluding from consideration the subsidy mail pay for the local carrier group, the record achieved in the last 4 years becomes even more impressive. In the fiscal year 1952 the total subsidy mail pay bill for our domestic trunklines, helicopter operators, and all of our international overseas, and Territorial carriers was $44,500,000. In fiscal 1956, this sum will be reduced to approximately $19 million, or a reduction in a short 4-year period of 53 percent. The Civil Aeronautics Board and the managements of every one of the airlines involved can take great pride, it seems to me, in having reduced by more than half the dependence of these 37 air carriers upon subsidy support.

Because low-fare air-coach development has broadened the air travel base, resulted in phenomenal growth of air travel, and thus reduced subsidies by $25 million, I am convinced that mass air transportation is in the public interest.

CAB MUST CONTINUE TO CREATE FAVORABLE ATMOSPHERE FOR EVER-INCREASING NUMBERS OF NECESSARY AIRLINE INVESTORS AND STOCKHOLDERS

Having referred to the concept that the Civil Aeronautics Board is responsible for the interests of all our people in air transportation, let's leave the classification of taxpayer and proceed to consider the stockholder or investor in airline companies. Under the Civil Aeronautics Act, the Board is charged with developing a sound air transportation system and such a system certainly requires that our investing public have a high regard for the soundness of the air transport industry as an investment.

The corporate finances of our domestic trunkline carriers are in a healthy condition. The managements of these carriers may well be proud of their financial progress, taking in stride the several aircraft fleet changes that have taken place since the inauguration of the DC-3 airplane.

My interpretation of the responsibility of the Civil Aeronautics Board in considering the interests of the investor is that the Board should in the issuance of its regulatory decisions create a favorable atmosphere for the potential air-carrier investor. The Board considers its regulatory actions, taken in the 3 years since I last reported to you, as conducive to such a favorable investor atmosphere, but it is not always sufficient to be simply well intentioned, so let's look at some comments and financial facts of record in appraising the results.

In the January 9, 1956, issue of Aviation Week Alpheus W. Jessup, writing under the headline "Airlines' High Credit Eases Jet Financing," had this to say:

"Finance will not hobble the United States air transport industry during its rapid expansion into the jet age.

"With unexpected speed, arrangements have been completed or are assured to finance payments of $1.5 billion for the Douglas DC-8 and Boeing 707 turbojet and Lockheed Electra turboprop fleets ordered by the airlines in the last 9 months.

"In the past most investors and executives of investing institutions (such as the insurance companies) have considered the air carriers highly speculative. Suddenly they have become aware that air transportation is mass transportation, that the industry is big, vital, and growing, and in need of investment support. They also see that it is backed by a decade of achievement—assets more than doubled to $1.5 billion and net worth tripled to $750 million."

While I as a Board member am necessarily aware of such articles as this that appear in the aviation trade press, I asked myself, "What about the man in the street?" Considering him as a potential airline investor, I thought I would explore what he might experience as financial atmosphere should he enter any one of the thousands of investment houses in this country today in search of information on airline stocks.

Last week I did just that, and availing myself of the library of a typical broker's office which is open to the public, I studied copies of Standard & Poors and Fitch Investors for current descriptions of domestic airline stocks. Here are samples of expressions used in describing five trunkline stocks:

"Backed by the industry's strong growth trend, the common is recommended for purchase."

"Prospects appear bright for the company and the industry; 1956 has started off well for the company."

"Operating revenues have risen steadily since formation of the company, with profits in a strong uptrend."

"Company's gross revenues for full 1955 will be the largest in the firm's history."

"New records were established in revenues and traffic volumes and costs per available seat-mile were reduced substantially."

This brief quote from a trade magazine and these scattered words from financial periodicals represent at best a superficial approach to the selective purchase of airline stocks, but for my purpose in indicating today's market atmosphere surrounding the potential airline investor, I believe it must be concluded that all indices are favorable.

Further, since our last meeting, 3 years ago, the average price of all listed domestic trunkline stocks has increased 75 percent; 3 managements have doubled annual dividend payments; 2 managements have resumed dividend payments; and another has increased the annual dividend.

Because, therefore, low-fare air-coach development has broadened the travel base, resulted in phenomenal growth of air travel and created today's most favorable financial atmosphere for the potential airline investor, I am convinced that mass air transportation is in the public interest.

CAB MUST CONTINUE TO STIMULATE COMPETITION, INITIATIVE, AND INVENTIVENESS IN THE AIRLINE INDUSTRY TO SATISFY THE INSATIABLE DESIRE OF THE PUBLIC FOR MASS AIR TRANSPORTATION

So far I have discussed with you the fine job done by the air transportation industry in the interests of that part of the public represented by our taxpayers and our investors and stockholders in airline securities. The third aspect of the public interest represented by you, the traveling public, has been equally well served by air transportation in the last 3 years.

Some of you may recall that when I was here with you 3 years ago, I pointed with considerable pride to the record achieved even through 1952 by our domestic transportation industry on behalf of the traveling public of the United States. I expressed at that time my keen personal and professional interest in the further development of low-fare air-coach service, particularly within the borders of this country. I pointed to the fact that almost 20 percent of domestic air passenger travel was low-fare air-coach travel in 1952, and I urged that the ratio of 20 percent air coach and 80 percent first-class be reversed. Finally, I made a plea that all of us—the CAB, our air carrier managements, and the forward-looking public itself represented by such people as you here today—join together in a promotion to make low fare air coach increase from 20 percent to 80 percent of all air travel, everywhere.

I take pride in reporting to you how successfully our entire air transport industry has worked on this problem of expanding low-fare air-coach service. The facts are so impressive that I feel sure you will agree with me when I say that the fondest hopes of the most ardent supporters of mass air transportation have either already been realized or are well down the road toward realization.

By the same token, I feel justified in pointing out that the fine record achieved by the air transport industry has exploded once and for all the theories of the gloomy forecasters which I mentioned to you here 3 years ago. These theories, you may recall, expressed the pessimistic view that further development of low fare air coach beyond 1952 levels might well have long-run adverse effects upon the economic health of the industry. These prophets of doom in 1952 and 1953 pointed to the so-called artificial supports of passenger travel volumes of those days, such as the Korean emergency and the crash defense program. The record achieved by the airlines in the last 3 years, however, has, I am sure, forever dispelled whatever doubts the gloomy forecasters may have created as to the healthy effects resulting from the continuing growth of low fare mass air transportation in the overall public interest.

Let's look first at our domestic airline industry. Three years ago I reported that this industry had carried in 1952 about 24 million passengers. Last year this total had jumped to more than 37 million, almost a quarter of this country's entire population. There can be no doubt that this 50-percent increase in air travel in only 3 years is in large part due to the tremendous expansion in low-fare air-coach service provided by our domestic carriers.

Last year our dynamic domestic airline industry generated almost 20 billion passenger-miles, an increase from 1952 of more than 65 percent. Of this 20 billion passenger-mile total, 34 percent of the travelers utilized low-fare air-coach service. In other words, my 20 percent air coach figure of 1952 has in only 3 years jumped to 34 percent.

It looks as though the present increasing low fare coach trend percentage in relation to first-class travel will continue. In the annual air transport progress issue of American Aviation, dated April 23, 1956, Mr. William V. Henzey, a top writer in the aviation field, had this to say:

"The vital ratio statistics of coach passenger-miles to total passenger-miles could come close to the 40 percent mark in 1956. Several years ago, by way of noting a target, CAB Vice Chairman Joseph P. Adams said the industry should aim at a ratio of 80 percent coach and 20 percent first-class or, a complete reversal of the then-existing ratio.

"Several industry carriers are approaching the Adams ratio."

The 34-percent figure for 1955 which I have given you is, of course, an overall industry figure for our domestic airlines. As such, it is weighted downward, of course, by many of our domestic carriers whose route systems, or present equipment situation, or both, have not permitted them to fully develop the low fare air coach field.

The fact that the local service carriers any many of the smaller trunklines are still wrestling with route system and equipment difficulties which can and will be solved, make the future very bright, it seems to me, for even a greater exploitation of low-fare air coach travel. By the same token, these problems which are as yet unsolved make the 1955 figure of 34 percent coach a very impressive figure, in my opinion.

I am sure you will also be interested in knowing, aside from an overall percentage for the industry, how far some of the individual domestic air carriers have gone in the low fare mass air transportation field. In the case of two of our domestic trunklines, low-fair air-coach travel accounted for approximately 55 percent of total air passenger travel in 1955. Another trunkline's percentage reached 44 percent last year.

Our foreign and overseas air carriers have made even greater strides than these which I have just indicated for our domestic industry. In 1955, coach travel for our entire foreign and overseas operations accounted for approximately 62 percent of all air travel. I can also report to you that across the North Atlantic the two United States flag international operators are in 1956 generating just about 80 percent of their total travel as air coach travel. Internationally, then, in the very important and highly competitive North Atlantic area, my goal of reversing the 20–80 to an 80–20 ratio in favor of air coach has already been achieved. It is, in my opinion, most significant that in this particular North Atlantic traffic market where the 30–20 coach first-class ratio has been reached, both our international operators, TWA and Pan American, are operating without subsidy.

Both domestically and internationally then, the traveling public is having a real job done for it by the air transportation industry, and the end is by no means in sight. Relatively speaking, there has been very little development of low-fare air coach travel in the short-haul markets of this country. A cooperative effort by the Civil Aeronautics Board and our domestic airlines will undoubtedly, however, in the next few years, fill this gap in our overall air coach service pattern. I have already mentioned that for obvious reasons our local air carrier industry through 1955 has hardly been in a position to experiment in the low air fare field of service. And while this is true generally so far in 1956, I hasten to add that just last week Southwest Airways, your local service carrier, filed with the Board a coach tariff requesting CAB approval of coach service between the bay area and other important California cities. Since this proposed coast service is subject to CAB approval and has not yet been acted upon, I may not discuss its merits or demerits with you at this time. I feel that the mere fact of its filing is worthy of mention, however, since it is the first short-haul coach tariff ever filed by a local carrier.

I should also like to mention other recent and significant developments which point to an even greater exploitation of the low-fare air travel potential in this country. One airline has only recently announced to the public that 75 percent of its entire service will be devoted to air-coach passengers this year. Today, our domestic trunkline carriers are providing low-fare coach service in their very best equipment—Douglas DC–6, Douglas DC–6B, DC–7, Lockheed 1049G (super-Constellation), and the Viscount Turboprop. Such service, providing today's coach passengers with the most modern and fastest airplanes in existence, is simply further tangible evidence of air transportation's benefits to you, the traveling public.

I would be less than fair if I did not also make special mention of the $80 transcontinental air fare offered to you west coast travelers by our three largest transcontinental air carriers our supplemental air carriers. This fare must, it seems to me, be regarded by one and all as the very best travel bargain anywhere in this country, or, for that matter, in the entire world today.

Because, therefore, our low-fare air coach development has broadened the travel base, resulted in phenomenal growth of air travel and today makes possible historically lower fares in the most modern equipment for the air traveler, I am convinced that "mass air transportation is in the public interest."

WHEN WE MEET AGAIN IN THE JET AGE

Today, I have given a report of growth of the civil air transport industry for the period that has elapsed since our last meeting 3 years ago. The reporting period I have used meets no known accepted standard of reporting, but is a personalized one, meant for you Oakland Chamber of Commerce and Oakland World Trade Club members who originally invited me to participate in your aviation program on April 15, 1953.

No mention has been made of the several new route awards to carriers serving Oakland, and we have not discussed the supplemental air carrier decision that affected favorably so many of the carriers that are based at your Oakland airport.

Time does not permit a report, discussion, or prediction on the dynamic possibilities of the all-cargo or airfreight industry which, in the foreseeable future will require a network of terminal airports for its exclusive use.

So, while much must be left for later reports, I would like in summation to look to the future and mention the advancing jet-transport age and my view of it.

My personal flying experience as a pilot in this jet age is quite limited. A guest of the United States Air Force, I graduated from their 1-week course described as "Senior Officers' Jet Instrument Familiarization Course" and the flying was done in the veteran Lockheed T–33 trainer.

This personal experience, brief as it is, was the capstone on some 27 years of Marine Corps Reserve action, flying conventional piston-type aircraft. Relying in this brief jet-flying experience, I believe that, physically, emotionally, and mentally, the jet-age passenger will be invigorated, exhilarated, and stimulated.

It is my belief that jet-age civil aviation cannot be properly described as an advance in travel. It is instead a revolution and a complete break with the past.

Today's designers of the Boeing 707 and the Douglas DC–8 jet transports are fully aware of this complete break with the past. They are designing and building larger and more spacious passenger cabins. These newly designed cabins will have the effect of wrapping the jet-age passenger in a cocoon of comfort—immune from vibration, released from engine noise, and spared weather turbulence.

It is my prediction that the enthusiastic reaction of the jet-age passenger to this luxury, this simplicity, this security, will guarantee profitable jet-air transport operations from the date of their inauguration.

Should we not meet again until we are enjoying this jet age of transportation sometime in 1959, I predict now that presently ordered piston-type transport aircraft will not adequately keep pace with the phenomenal traffic growth and demands for seats that mass air transportation will generate in 1957 and 1958. The jet age of air transportation is not arriving a day too soon.

It is my opinion in summation that the aircraft designers and manufacturers, the airline operators, the Civil Aeronautics Board, and you, the traveling public, are all fit, willing, and able; yes, eager, to enjoy the beneficial consequences of the jet age of transport.

I wish you Godspeed.

The VICE PRESIDENT. Is there further morning business? If not, morning business is concluded.

Without objection, the Chair lays before the Senate the unfinished business.

HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of 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.

Mr. SPARKMAN. Mr. President, at the outset of Senate debate on Senate bill 3855, I should like to make a short statement. As chairman of the Subcommittee on Housing, I wish to thank the members of the subcommittee and of the Committee on Banking and Currency for their diligence and cooperation in preparing the housing bill for 1956.

At subcommittee hearings, held from March 20 through March 29, nearly a thousand pages of testimony were recorded. Some 300 reports, statements, and letters were received. Every proposal was carefully considered by the subcommittee during 4 days of executive sessions, and later by the full committee during 2 days of executive sessions.

The bill is divided into six titles. Title I covers the FHA programs established by the National Housing Act. Title II is a major new program for elderly persons housing, and, in my opinion, one of the most important developments in recent years. Title III provides for changes in the operations of the Federal National Mortgage Association. Title IV contains a number of improvements to the slum clearance and urban renewal programs. Title V provides for a comprehensive low-rent public-housing program. Title VI contains a number of miscellaneous provisions, including college housing, research, farm housing, and a number of other subjects which I shall explain in more detail later in this statement.

TITLE I. FEDERAL HOUSING ADMINISTRATION

First, I shall describe the provisions in title I of the bill, which cover the various programs administered by the Federal Housing Administration.

PROPERTY IMPROVEMENT LOANS

The bill would extend the FHA home repair and modernization program for 3 years, until September 30, 1959. The maximum eligible loan would be increased from $2,500 to $3,500 for home improvement and nonresidential loans, and from $10,000 to $15,000 for loans for the improvement of structures housing two or more families. The Commissioner would be authorized to increase the maximum maturity of these loans from the present limit of 3 years up to 5 years. The bill also provides an interest rate ceiling of 5 percent discount for loans us to $2,500, and a limit of 4 percent discount on the portion of any loan over $2,500.

HAZARD INSURANCE ON FHA-ACQUIRED PROPERTIES

This bill adds a new provision to authorize FHA to establish a fire and hazard loss fund for self-insurance purposes. The fund would be available to provide fire and hazard risk coverage on property acquired by FHA by foreclosures or otherwise. The FHA Commissioner would also be authorized to purchase additional insurance protection if he determined it to be necessary, and to provide for the reinsurance of any risk assumed by the fire and hazard loss fund. This proposal was suggested by the General Accounting Office.

COOPERATIVE HOUSING INSURANCE

Under existing law, the maximum amount of a cooperative housing mortgage is 90 percent of the FHA estimate of replacement cost, unless at least 65 percent of the cooperators are veterans of World War II, in which event the maximum mortgage amount may be 95 percent of the FHA estimate of replacement cost. The bill would change the law to permit the higher maximum mortgage amount if at least 50 percent of the cooperators are veterans of World War I or World War II.

The committee believes that the present law is unnecessarily restrictive in its definition of a veterans' cooperative, and feels that these changes are highly desirable.

GENERAL MORTGAGE INSURANCE AUTHORIZATION

The general mortgage insurance authorization for FHA would be increased to make available $3 billion of authorization for the next fiscal year. The balance of the present authorization—estimated to be about $2 billion at the end of this fiscal year—would be included in that amount. The authorization covers all the mortgage-insurance programs except the new military housing program under title VIII and the title I home-modernization program.

HOUSING IN URBAN-RENEWAL AREAS

Section 220 of the National Housing Act would be amended to permit an additional $1,000 per room or per family unit for both garden-type and elevator-type projects in high-cost areas. At the present time, only elevator-type projects are eligible. The committee feels that garden-type apartments can be properly encouraged in high-cost areas in order to provide more desirable neighborhood environment.

LOW-COST HOUSING FOR DISPLACED FAMILIES

The FHA Section 221 mortgage insurance program for housing families moving out of urban renewal areas would be liberalized. Maximum dollar amount would be increased from $7,600 to $8,000 per dwelling, and from $8,600 to $10,000 in high-cost areas. The maximum loan-to-value ratio would be increased from 95 percent to 100 percent except that the purchaser would have to make a cash payment of $200, which amount could include settlement costs. The maximum maturity of these mortgages would be increased from 30 years to 40 years.

COST CERTIFICATION OF RENTAL HOUSING

An amendment to section 227 of the National Housing Act would improve the cost certification procedures. Once the cost certification is approved by the FHA Commissioner, it would be considered final and incontestable, except where there has been fraud or misrepresentation by the mortgagor.

In addition, the bill contains a provision to encourage the production of rental housing in urban renewal areas under section 220 of the National Housing Act. This provision would authorize the FHA Commissioner to allow a profit on such projects of up to, but not exceeding, 10 percent of the actual costs—not including the cost of land. The uncertainties and hazards peculiar to capital ventures invoked in the production of rental housing in urban renewal areas should be recognized by the FHA Commissioner and profit allowances should be made on a basis which will foster greater activity under the slum clearance and urban renewal program.

MILITARY HOUSING

The bill would extend the military housing program for 3 years, through September 30, 1959; widen the coverage of the program to include construction of projects on Midway Island and in the Canal Zone; increase FHA insurance authorization from $1,363,500,000 to $3 billion; increase from $9 million to $18 million the maximum monthly expenditure by the military to amortize military housing mortgages; increase maximum average unit cost from $13,500 to $15,000 for any single project, and set a service-wide ceiling on average unit cost of $14,250; establish maximum limits on net floor area, based upon military rank, for each unit of housing; and would make minor technical and perfecting amendments to existing law.

The bill also contains provisions emphasizing FHA's responsibilities in order to prevent overbuilding in areas surrounding military installations. It requires a determination by the Secretary of Defense, with the approval of the FHA Commissioner, that adequate housing is not available for personnel of the armed services at reasonable rentals within reasonable commuting distance of the installation. This determination must be made before a new project can be approved. The bill further provides that the FHA Commissioner shall report to the Committee on Banking and Currency of the Senate and the House of Representatives each instance in which he has disagreed with the military as to need for housing and has required the Secretary of Defense to guarantee the armed services housing mortgage insurance fund against loss.

Existing law is amended to require that plans and specifications prepared for military housing follow the principle of modular measure. This requires that plans be drawn so that military housing can be built by conventional construction, site fabrication, or factory fabrication, whichever the successful bidder may elect. This amendment was recommended to permit economies in design, materials, and construction, and reaffirms the committee's intent that builders of prefabricated homes should have equal consideration in bidding on military housing projects.

TITLE II. HOUSING FOR ELDERLY PERSONS

Title II of this year's housing bill deals with elderly persons, and is one of the most important new housing programs in many years.

Prior to 1955 no real effort had been made to develop a Federal program to provide housing for the elderly. In 1955 the Senate Banking and Currency Committee reported a bill which would have provided an allocation of public housing units for elderly persons. This provision passed the Senate but was not enacted.

Since 1955 there has been an increasing awareness of the need to encourage the building of a more substantial number of adequate dwelling units for older persons. A study by the Senate Housing Subcommittee entitled "Housing for

the Aged" has helped to define the problem and delineate its scope. A number of bills dealing with housing for elderly persons have been introduced in both Houses of the Congress, and almost every witness who testified before the Housing Subcommittee this year indicated that some program to assist elderly persons is needed.

This bill is designed to meet the needs of elderly persons in two ways. First, it would amend title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages with liberal terms for elderly persons. These new mortgage terms would be applicable to both sales and rental housing. FHA insurance is conditioned upon the projects being economically sound.

Sales housing mortgages would be insured up to 100 percent of value where the mortgagor is the owner-occupant, except that the borrower must pay $200 in cash, which may include payment of settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses. The maximum mortgage would be $8,000—$10,000 in high-cost areas—and the maximum maturity would be 40 years. An elderly person could buy only one house with the benefits of this program.

Rental housing mortgages would be insured up to 100 percent of value if the mortgagor is an acceptable public or private nonprofit organization, and 90 percent of value for all other types of mortgagors. As with sales-type housing, the mortgage amount could not exceed $8,000 per unit—$10,000 per unit in high-cost areas. Maximum maturity would be 40 years.

With respect to sales housing, the bill provides that where a mortgagor is 60 years of age or over, a third party—a person or a corporation satisfactory to the FHA Commissioner—may provide the downpayment required and may cosign the mortgage note. For rental housing, an acceptable third party may contribute a part of the required rental payment and may assist in meeting equity requirements.

An elderly persons housing insurance fund would be established in the FHA to carry out the provisions of the new section 229.

FNMA is authorized to enter into advance commitments to purchase such mortgages up to $50 million outstanding at any one time. A maximum of $5 million would be available in any one State. Both would be revolving funds.

Second, the bill would broaden the opportunities for low-income elderly persons to find shelter in public housing accommodations by initiating a program of 15,000 public housing units for each of 5 years beginning July 1, 1956, and by making elderly persons eligible on a first-preference basis to any suitable units in any other public housing projects, even though they were not specifically designed or built for elderly persons. These 15,000 units would be in addition to other low-rent public housing units authorized by other provisions of the bill.

In order to make elderly persons eligible for public housing, the definition of "families of low income" is amended. The term "families" would include a single person 65 years of age or over, or the remaining member of a tenant family. The term "elderly families" is further defined to mean families the head of which or his spouse is 65 years of age or over. To be eligible for admission to public housing, elderly persons and families need not comply with the requirement that they must come from slum dwellings or be displaced by Government action.

The total authorization for annual contributions by the Public Housing Administration is increased from $336 million to $366 million. This is an increase at the rate of $6 million a year for each of the 5 years.

In order to defray the higher cost of units especially designed for the elderly, the bill authorizes an increase in the cost limit for such units from $1,750 to $2,250 per room.

To ensure that the Federal Government develops and maintains a program to meet the needs of elderly persons, the bill would require the Housing Administrator to establish an advisory committee on matters relating to housing for the elderly.

TITLE III. FEDERAL NATIONAL MORTGAGE ASSOCIATION

A number of perfecting amendments to the law governing Fanny Mae operations are made by this year's bill.

The bill provides that eligible mortgages covering property located in Alaska, Guam, or Hawaii could be offered for FNMA purchase, under its special assistance operations, without regard to the present $15,000 maximum amount limitation. Because of higher building costs in Alaska, Guam, and Hawaii, the present restriction prevents the financing of needed housing in those Territories.

Under present law, mortgage sellers must subscribe to FNMA common stock equal to 3 percent of the unpaid amount of the mortgages, or such greater percentage as may from time to time be determined by FNMA. Under this bill, FNMA would have authority to adjust downward as well as upward the percentage of capital subscriptions required, although the contribution could never be less than 1 percent.

This reduction in the required percentage of common stock subscription need not result in a lower total amount of such subscriptions or a consequent delay in the retirement of the preferred stock held by the Treasury. A reduction in the required percentage could result in an increase in the secondary market operations of the association of sufficient proportion to increase the total stock subscriptions.

The bill also revises the method for establishing the purchase prices of mortgages to be purchased by FNMA in its secondary market operations. Under present law, the FNMA is required to establish such purchase prices at the market price for the particular class of mortgages involved. Experience gained by FNMA since this provision became effective, November 1, 1954, has indicated that the pricing factors affecting individual mortgages are so diverse that it is not practicable to comply literally with the requirement that prices be established at the market price. It is practicable, however, to ascertain ranges of market prices from time to time. Accordingly, this section of the bill would prescribe the criterion that the prices to be paid by the association for mortgages purchased under the secondary market operations should be established, from time to time, within the range of market prices for the particular class of mortgages involved, as determined by the association. The purpose of this change is to permit the association to raise its purchase price schedule.

Under the purchase price policies established by the association for its special assistance functions, the Agency has charged discounts up to 2 percent in addition to its regular fees. The committee believes that these policies tend to defeat the purposes for which the special assistance function was created. Consequently, this bill would require that all mortgages purchased under the special assistance functions be purchased at par. This provision would also apply to mortgages on elderly persons' housing.

TITLE IV. SLUM CLEARANCE AND URBAN RENEWAL

One of the most important programs administered by HHFA is the program for slum clearance and urban renewal. Although legislation on this subject has existed for several years, new problems constantly arise, and it is necessary to clarify and perfect the statute as experience is gained. A majority of these urban renewal provisions are clarifying and perfecting amendments.

One amendment deserves special mention.

Perhaps the most difficult problem associated with clearing and rehabilitating a slum area is the avoidance of personal and financial hardships to families and businesses forced to leave the area. The bill amends the law to alleviate such distress. The amendment provides that individuals, families, and business concerns may be reimbursed for expenses or losses, resulting from their displacement from an urban-renewal area and for which reimbursement or compensation is not otherwise made, on the following basis: First, necessary moving expenses not to exceed $100 for any individual or family; and, second, business losses, including loss of good will and necessary moving expenses, not to exceed $2,000 for any one business. These payments may be made by the Administrator of the Housing and Home Finance Agency under such reasonable rules and regulations as he may prescribe.

The committee believes that this amendment will not only relieve unusual distress and suffering of tenants—both residential and business—in urban-renewal areas but will also remove much resistance to urban-renewal planning and execution, thereby fostering the restoration of slum areas all over the country.

TITLE V. LOW-RENT PUBLIC HOUSING

The Committee on Banking and Currency has again considered the need for low-rent public housing to help provide adequate shelter for the thousands of

low-income families of the Nation who could not otherwise obtain a decent place to live. The Congress has been confronted with this problem for many years and in 1949 enacted a law authorizing a program of financial assistance for 810,000 low-rent housing units to be built, owned, and operated by local public bodies in communities where such housing is needed. In 1956, 7 years later, this goal is yet to be achieved. The PHA Commissioner advises that by July 31, 1956, approximately 315,500 units will have been placed under contract pursuant to the authorization in the Housing Act of 1949. Thus, 7 years after establishment of a goal, that goal is less than 40 percent satisfied. The committee is aware of no other means for housing the families eligible for this program, and is aware of no reason for reducing the goal established in 1949.

Consequently, this bill authorizes the PHA to enter into new contracts for loans or annual contributions until the 810,000-unit program is completed. The bill establishes 135,000 units as the number to be placed under contract in any one fiscal year, with a condition that the President may vary this amount down to 50,000 units or up to 200,000 units if conditions in the national economy so require.

In order to assist in meeting the housing needs of elderly persons of low income, both families and single persons, this bill amends the definition of "families of low income" as it appears in the United States Housing Act of 1937. Under the new definition, persons 65 years of age or over, whether married or single, are eligible for admission to public-housing projects if they meet other requirements in the law.

Through the years, numerous restrictions placed on the public-housing program have reduced its effectiveness. None of these restrictions is necessary for administration and control of the public-housing program and, therefore, the committee bill would repeal them.

In accordance with the administration's wishes to dispose of as much federally owned property as is feasible, the committee has included in title V of the bill amendments to, first, dispose of farm-labor camps, and, second, dispose of certain Government-owned defense-housing projects.

TITLE VI. MISCELLANEOUS

COLLEGE HOUSING

The college housing loan program authorized by the Housing Act of 1950, and stimulated by the Housing Amendments of 1955, is now functioning to meet the critical housing shortages on the campuses of the Nation's colleges and universities. Applications are already on hand in a volume which would exhaust the present authorization of $500 million. The need for student, student family, and faculty housing was intensified in the fall of 1955, and will become even more acute in the fall of 1956, due to mounting enrollments, further deterioration of temporary facilities, and the increasing shortage of off-campus housing. Enrollments in colleges and universities in the fall of 1955 were the highest in the Nation's history. The projected estimate of enrollments ascends at a rapid rate to more than 3 million in 1960, more than 4 million in 1965, and more than 5 million in 1975.

In the light of these circumstances, the committee bill would increase the authorization for college housing loans by $250 million. This amount should enable this program to continue at a high level of activity and will make a substantial contribution to the educational needs of the country without cost to the Federal Government. The bill also amends existing law by specifically providing that divinity schools would be eligible for college housing loans.

RESEARCH

The bill would authorize and direct the Housing Administrator to undertake a comprehensive research program. The Federal Government's stake in the field of housing involves a contingent liability of many billions of dollars. The housing agencies are required every day to make intelligent economic judgments which can be made only on the basis of adequate factual information.

The bill includes the research subjects which the committee feels require the most urgent attention. Among these are research on the housing market, the operations of Fanny Mae, the field of elderly persons housing, low-income and middle-income housing, and similar lines of inquiry. The Housing Administrator would be authorized to enter into research contracts with private and public research organizations. These contracts could not exceed $500,000 during the fiscal year 1957, and this amount could be increased by an additional $1 million on July 1, 1957, and $1 million on July 1, 1958.

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

The bill raises from $2,500 to $3,500 the ceiling on property improvement loans which may be made by Federal savings and loan associations. This provision is recommended since another provision of the bill raised to $3,500 the maximum permissible amount of home improvement loans under the FHA title I program. One other change is made that would affect Federal savings and loan associations. It would increase from 15 percent to 20 percent the proportion of an association's assets that could be used to make loans secured by property located more than 50 miles from the association's place of business.

COMMISSION ON NATIONAL HOUSING POLICY

A commission would be established to undertake a study of and report upon the short-term and long-term housing needs of the Nation, housing of low- and middle-income families, the discounting of Government-supported mortgages, the prospects for developing new sources of investment funds, and the extent to which resources of the Federal National Mortgage Association can be used to stabilize the mortgage market.

The committee is concerned with the need for informed opinion on the prospective residential housing needs of the country and the capacity of the economy in general and of the building industry and mortgage market in particular to meet these needs. In an attempt to obtain this informed opinion, this bill establishes a Commission on National Housing Policy to conduct an inquiry on this subject and to report its findings to the Congress and the President by June 30, 1957. Interim reports may also be made.

FARM HOUSING

The Banking and Currency Committee has again carefully considered proposals to amend title V of the Housing Act of 1949. These amendments as reported would authorize, first, $450 million for direct farm housing loans to be available during a 5-year period; second, additional $10 million for contributions by the Secretary of Agriculture to prevent defaults in payments on loans for potentially adequate farms; and, third, an additional $50 million, to be available during a 5-year period beginning July 1, 1956, for grants and loans for improvement and repair of certain farms as well as for enlargement and development of farms.

It is believed that these amendments will be especially beneficial to first, capable young farmers with little accumulated money or resources who are finding it more and more difficult to meet the increasing capital requirements of farming in a period of drastic income decline; second, families who have been unable to obtain the credit needed to construct or make changes in existing service buildings to keep pace with changing agricultural patterns; and, third, rural families that are not engaged in farming on a full-time basis because of inadequate land resources or other reasons.

Although these amendments authorize availability of some $500 million over a 5-year period, it is not a new loan authority, but an effort to renew the unused loan authority which has accumulated under title V since its inception in 1949. Despite the fact that more than $100 million was authorized under title V for this fiscal year, no loans have been made thus far, and the administration has only recently requested a supplemental appropriation of $5 million to revive its lending activity under title V.

HOSPITAL CONSTRUCTION

The bill would revive and extend to June 30, 1957, that portion of the Defense Housing and Community Facilities and Services Act of 1951, which authorizes loans or grants for hospital construction. One of the purposes of the act of 1951 was to provide needed community facilities in areas, designated by the President as "critical," in which there was an influx of population caused by defense activities. During the life of this program, the applications of 6 communities were approved, but the applications from 22 other communities were pending at the time the authority under the act expired. The bill extends this portion of the Defense Housing and Community Facilities and Services Act of 1951 for 1 year and authorizes expenditures of Federal funds up to $5 million for each of the fiscal years ending June 30, 1956, and June 30, 1957.

SALE OF HOUSING PROJECTS

The bill contains two routine provisions covering the sale of a Lanham Act project in the city of Alexandria, Va., and

the granting of an additional 12 months within which the housing authority of Glastonbury, Conn., may purchase a war housing project.

CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

In order to help solve the problem of a critical shortage of qualified professional city planners and housing technicians and specialists, the bill contains a provision authorizing the Housing Administrator to conduct a scholarship and fellowship program. These awards would be made by private and public nonprofit institutions of higher education for graduate training. Persons shall be selected for such scholarships solely on the basis of ability. The bill authorizes appropriations of $500,000 annually for a 3-year period, beginning on or after July 1, 1956.

Mr. President, at this point I ask unanimous consent that there may be printed in the RECORD a section-by-section analysis of the bill.

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

SECTION-BY-SECTION ANALYSIS

TITLE I. FHA INSURANCE PROGRAMS

Property improvement loans

Section 101: (a) Amends section 2 (a) of the National Housing Act to extend the title I property improvement program of the FHA 3 years until September 30, 1959.

(b) Amends section 2 (b) of the National Housing Act to: (1) increase the maximum permissible loan for improvement of existing single-family structures from $2,500 to $3,500; (2) permit the FHA Commissioner to increase the maximum maturity to 5 years on loans for improvement of single-family structures; (3) require an interest rate ceiling of 5 percent discount a year up to $2,500 and 4 percent discount on that portion of a loan in excess of $2,500; (4) increase the maximum permissible loan for the improvement of multifamily structures from $10,000 to $15,000, with an average of $2,500 per family unit.

Hazard insurance on FHA acquired properties

Section 102: Amends title I of the National Housing Act by adding a new section 10 to authorize the FHA Commissioner to establish a fire and hazard loss fund for self-insurance of acquired properties.

Cooperative housing insurance

Section 103: Amends section 213 (b) (2) of the National Housing Act to reduce from 65 to 50 percent the proportion of veterans required to qualify the cooperative for a 95-percent mortgage loan and for higher room and unit mortgage amount limits. This amendment would also permit World War I veterans to be counted in determining the percentage of veteran cooperators.

General mortgage insurance authorization

Section 104: Amends section 217 of the National Housing Act to increase the general insurance authorization of the FHA by adding $3 billion to the amount of insurance outstanding as of July 1, 1956.

Housing in urban-renewal areas

Section 105: Amends section 220 (d) (3) (B) (iii) to increase mortgage limits up to $1,000 per room or per unit in high-cost urban-renewal areas. This increase is applicable to both elevator and garden-type apartments.

Low-cost housing for displaced families

Section 106: Amends section 221 of the National Housing Act to: (1) increase the maximum permissible mortgage amount from $7,600 to $8,000 (from $8,600 to $10,000 in high-cost areas); (2) permit insurance of mortgages amounting to 100 percent of the value on both rental and sales housing, except that for sales housing the borrower must pay $200 cash, which may include settlement costs, taxes, etc.; (3) increase the maximum maturity of insured loans from 30 to 40 years on both sales and rental housing.

Cost certification of rental housing

Section 107: Amends section 227 of the National Housing Act to: (1) provide that a cost certification, when approved by the FHA Commissioner, shall be final and incontestable, except for fraud or misrepresentation on the part of the mortgagor; (2) provide that there shall be included in actual cost an allowance for sponsor's profit, in the case of a mortgage insured under section 220, up to but not over 10 percent of all project costs (not including the cost of land).

Military housing

Section 108: (a) Amends section 801 (g) of the National Housing Act to permit construction of projects on Midway Island and in the Canal Zone.

(b) Amends section 803 (a) of the National Housing Act to: (1) Increase the FHA title VIII insurance authorization from $1,363,500,000 to $3 billion; and (2) extend the program for 3 years until September 30, 1959.

(c) Amends section 803 (b) (2) of the Natonial Housing Act to require the Secretary of Defense, in programing additional military-housing units, to determine, with the approval of the FHA Commissioner, that the new units will not substantially curtail occupancy in existing housing covered by FHA-insured mortgages. If the FHA Commissioner does not approve additional units, and he requires the Secretary of Defense to guarantee the armed services housing mortgage insurance fund from loss, he shall report to the Committees on Banking and Currency of the Senate and House of Representatives each instance in which he required such a guaranty.

(d) Amends section 803 (b) (3) of the National Housing Act to increase the maximum average unit cost of military housing from $13,500 to $15,000 for any single project, and sets a servicewide ceiling on average unit cost of $14,250.

(e) Amends section 803 (b) (3) of the National Housing Act and sections 403 (a) and 403 (b) of the Housing Amendments of 1955 to make a number of technical changes.

(f) Amends section 403 (a) of the Housing Amendments of 1955 to clarify the bonding requirements imposed upon contractors who build under this act.

(g) Amends section 405 of the Housing Amendments of 1955 to increase from $9 million to $18 million the total permissible monthly payment by the Armed Forces to amortize military housing mortgages.

(h) Amends section 406 of the Housing Amendments of 1955 to require plans and specifications to follow the principle of modular measure.

(i) Amends section 407 of the Housing Amendments of 1955 to permit the use of military construction funds for purposes other than the amortization of outstanding mortgages.

(j) Amends title IV of the Housing Amendments of 1955 by adding a new section 410 establishing maximum limits, based on military rank, on net floor area for each unit of military housing.

TITLE II. HOUSING FOR ELDERLY PERSONS

Private housing for elderly persons

Section 201: (a) Amends section 203 (b) (2) of the National Housing Act to permit a third party to pay the required downpayment for a mortgagor 60 years of age or over.

(b) Amends title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages financing the construction or rehabilitation of housing for elderly persons 60 years of age or over, as follows:

(1) On sales housing, mortgage insurance could be up to 100 percent of value, except that the borrower must pay $200 cash, which may include settlement costs, taxes, etc. The maximum mortgage amount is set at $8,000 ($10,000 in high-cost areas). The maximum mortgage amount is set at $8,000 ($10,000 in high-cost areas). The maximum maturity would be 40 years.

(2) On rental housing, mortgage insurance would be available for 2 classes of mortgagors: if the mortgagor is an acceptable public or private nonprofit organization, or a public body of any type, an insured mortgage would be up to 100 percent of value, the maximum mortgage amount would be $12,500,000, with a per unit ceiling of $8,000 ($10,000 in high-cost areas); for all other mortgagors, an insured mortgage would be up to 90 percent of value, the maximum mortgage amount would be $12,500,000, with a per unit ceiling of $7,200 ($9,000 in high-cost areas). The maximum maturity would be 40 years.

(3) On both sales housing and rental housing for elderly persons, third parties may provide financial assistance. On sales housing, a third party may pay the required downpayment. On rental housing, a third party may contribute toward rental payments, and may assist in meeting equity requirements.

(4) An elderly person's housing insurance fund is established as a revolving fund for carrying out the provisions of this new section. A sum of $1 million is authorized to be transferred from the war housing insurance fund.

(c) Requires that mortgages secured by section 229 housing are subject to existing requirements in the National Housing Act covering labor standards, transfer of moneys among insurance funds, availability of FHA appraisals to purchasers, cost certification, and transient occupancy.

(d) Amends section 305 of the National Housing Act to authorize FNMA to enter into advance commitment contracts, up to $50 million outstanding at any one time, on elderly persons housing. A maximum of $5 million of this authorization (revolving) would be available in any one State.

Public housing for elderly persons

Section 202: (a) Amends section 2 of the United States Housing Act of 1937 to permit the admission to public housing of a single person 65 years of age or over.

(b) Amends section 10 of the United States Housing Act of 1937 by adding a new subsection (m) to authorize 15,000 units for elderly persons for each of 5 years beginning July 1, 1956, and increases the authorization provided for annual contributions by $6 million a year for 5 years. This authorization would be in addition to any other authorization for low-rent public-housing units. Elderly persons would be eligible on a first-preference basis for admission to units specifically designed for them and on a first-preference basis to any suitable units in other public-housing projects. The requirement that persons admitted to low-rent public-housing units must come from unsafe and unsanitary dwellings or be displaced by Government action would be waived in the case of elderly persons.

(c) Amends section 15 (5) of the United States Housing Act of 1937 to authorize an increase, from $1,750 to $2,250 per room, in the maximum cost, if the unit is specifically designed for elderly persons.

(d) Amends section 21 (d) of the United States Housing Act of 1937 to increase the total authorization for annual contributions by $30 million.

Elderly persons advisory committee

Section 203: Requires the Housing Administrator to establish an advisory committee on matters relating to housing for elderly persons.

TITLE III. FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 301: Amends section 302 (b) of the National Housing Act to remove the $15,000 ceiling on mortgages covering housing in Alaska, Guam, and Hawaii when purchased under the Association's special assistance functions.

Section 302: Amends section 303 (b) of the National Housing Act to reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from a minimum of 3 percent of the unpaid principal of the mortgage to a minimum of 1 percent.

Section 303: Amends section 304 (a) of the National Housing Act to change the criterion for FNMA purchases from "at the market price" to "within the range of market prices."

Section 304: (a) Amends section 305 (b) of the National Housing Act to require FNMA to purchase at par all mortgages acquired under its special assistance functions.

(b) Amends section 305 (e) of the National Housing Act to require that the FNMA $5 million advance commitment limit per State for cooperative housing mortgages be operated as a revolving fund.

Sections 305 and 306: Amend section 305 and 306 of the National Housing Act to correct a printer's error and to eliminate an obsolete provision.

TITLE IV. SLUM CLEARANCE AND URBAN RENEWAL

Section 401: Amends section 102 (d) of the Housing Act of 1949 to authorize HHFA to make urban renewal planning advances to a single local public body acting on behalf of all local bodies having authority for surveys and plans for an urban renewal project.

Section 402: (a) Amends section 105 (a) and section 110 (b) of the Housing Act of 1949 to enable the HHFA to make loans or capital grants on the basis of a local plan covering a general urban renewal area, without requiring the local public agency to identify and submit in advance a plan for the redevelopment of a particular project area.

(b) Amends section 110 (c) of the Housing Act of 1949 to change the definition of "urban renewal project" in two respects. First, the various parts of the definition would be rearranged to consolidate the provisions relating to slum clearance and redevelopment with those relating to rehabilitation and conservation. Second, the requirement that an urban renewal project area be predominantly residential would apply to the entire urban renewal area, including the parts to be rehabilitated.

(c) Amends section 110 (d) of the Housing Act of 1949 to provide that the cost of public facilities financed through special assessments against real property in a project area may be counted as a local grant-in-aid contribution, where the property is to be rehabilitated but not acquired.

(d) Amends section 110 (e) of the Housing Act of 1949 to authorize local public agencies that do not pay taxes on land held for urban renewal purposes to include an amount equal to such taxes in computing their gross project costs.

Section 403: (a) Amends section 102 (d) of the Housing Act of 1949 to permit advances for "general neighborhood renewal plans" for urban renewal areas of such scope that urban renewal therein may be carried out in stages rather than in a single project.

(b) Amends section 104 of the Housing Act of 1949 to provide that local grants-in-aid shall be a maximum of one-third of aggregate net project costs.

(c) Amends section 103 (b) of the Housing Act of 1949 to increase the capital grant authorization under the slum clearance and urban renewal program from $200 million to $250 million for the years beginning July 1, 1955, and July 1, 1956.

Section 404: Amends section 106 of the Housing Act of 1949 to provide financial assistance to an individual, family, or business concern displaced from an urban renewal area, as follows: (1) not to exceed $100 for necessary moving expenses for any individual or family; and (2) not to exceed $2,000 for any business concern for business losses, including loss of goodwill and necessary moving expenses.

TITLE V. PUBLIC HOUSING

Low-rent public housing

Section 501: (a) Amends section 10 (i) of the United States Housing Act of 1937 to restore the public housing program to the numbers originally provided in the Housing Act of 1949; i. e., a total program of 810,000 units, to be constructed at an annual rate of 135,000 units. For the fiscal year 1956, the authorization of 135,000 units may be increased by the unused portion of the 45,000 units authorized for the fiscal year 1955 under prior legislation. The President is authorized to increase the 135,000 unit figure by 65,000 units, or decrease it by 85,000, upon a determination that economic conditions warrant such a change.

(b) Amends section 13 of the United States Housing Act of 1937 to authorize the PHA to establish general physical standards covering public housing projects, and requires it to allow local agencies maximum discretion as to size of project, type of dwellings, and project densities and design.

(c) Amends section 21 (d) of the United States Housing Act of 1937 to increase from 10 percent to 15 percent the maximum portion of annual contribution and grant funds for public housing which may be made to any one State.

(d) Repeals certain portions of the United States Housing Act of 1937 and certain provisions in appropriation acts to eliminate restrictions that have been placed upon the original public housing provisions of the Housing Act of 1949.

Farm-labor camps

Section 502: Amends section 12 of the United States Housing Act of 1937 to direct the PHA, upon request, to transfer farm-labor camps to local public housing agencies, without compensation, and within 12 months of enactment. First occupancy preference is given to low-income agricultural workers, and second preference to other low-income workers. Mineral rights are reserved for the United States.

Disposition of defense housing

Section 503: (a) Provides for the transfer of 41 temporary defense housing projects constructed or acquired under the Defense Housing and Community Facilities Act of 1951, and two Lanham Act war housing projects, from the Housing Agency to the Department of Defense, effective July 1, 1956.

(b) Provides that 1951 act defense housing not transferred to the Department of Defense must be disposed of as expeditiously as possible, not later than June 30, 1957, on a competitive-bid basis; project IDA-2D1 at Cobalt, Idaho, to be sold for onsite use only.

(c) Directs the HHFA to convey the Lanham Act Tonomy Hill project (RI-37013) at Newport, R. I., to the Housing Authority of the City of Newport, and the Lanham Act Passayunk projects (PA-36011 and PA-36012) in Philadelphia, Pa., to the Housing Authority of the City of Philadelphia.

(d) Amends the Lanham Act by adding a new section 614 to accelerate the disposition of those projects which must be sold for off-site use or as entire projects.

TITLE VI. MISCELLANEOUS

College housing

Section 601: (a) Amends section 401 (d) of the Housing Act of 1950 to increase the revolving fund for college housing loans from $500 million to $750 million.

(b) Amends section 404 (b) of the Housing Act of 1950 to permit HHFA to make college housing loans to divinity schools.

Research

Section 602: Authorizes and directs the Housing Administrator to conduct a research program covering the supply and demand factors affecting the housing market, mortgage market problems, the need for low-income and middle-income housing, housing for elderly persons, and related subjects. The Administrator is authorized to enter into research contracts with agencies of State or local governments, educational institutions, and other nonprofit organizations, and to make working agreements on a reimbursable basis, with other agencies of the Federal Government. These contracts and working agreements must not exceed $500,000 during the fiscal year 1957, and this amount shall be increased by an additional $1 million on July 1, 1957, and $1 million on July 1, 1958.

Federal savings and loan associations

Section 603: (a) and (b) Amend section 5 (c) of the Home Owners' Loan Act of 1933 to permit Federal savings and loan associations to increase their maximum permissible home-improvement loan from $2,500 to $3,500, and to permit them to increase from 15 to 20 percent the proportion of their assets that may be loaned on property located beyond 50 miles from the association.

Commission on National Housing Policy

Section 604: Provides for the establishment of a Commission on National Housing Policy, to make recommendations, by June 30, 1957, relating to the short-term and long-term housing needs of the Nation; the discounting of Government-supported mortgages; the prospects for developing new sources of investment funds; the extent to which the resources of FNMA can be used to stabilize the mortgage market; and ways and means of increasing the supply of adequate housing for families of moderate income. The Commission would consist of 11 members—5 officials from the executive branch of the Federal Government, and 6 persons to be appointed by the President from private life.

Farm housing

Section 605: Amends title V of the Housing Act of 1949 to authorize, for a 5-year period beginning July 1, 1956, and ending June 30, 1961, (1) $450 million for farm housing loans, (2) $10 million for contributions by the Secretary of Agriculture to prevent defaults in payments of loans for potentially adequate farms, and (3) $50 million for grants and loans for improvement and repair of certain farms.

Hospital construction

Section 606: Revives and extends, until June 30, 1957, the authority of the Housing Administrator to make hospital construction loans or grants or other payments under the Defense Housing and Community Facilities and Services Act of 1951, in cases where loans, grants, or payments were denied solely because of the unavailability of funds. For each of the fiscal years 1956 and 1957, the sum of $5 million is authorized to be expended from appropriations.

Sale of housing projects

Section 607: (a) Authorizes the Housing Administrator to sell VA-4431, the Chinquapin Village housing project, to the city of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority.

(b) Amends section 108 (c) of the Housing Amendments of 1955 to increase from 12 months to 24 months the period of time during which Lanham Act project CONN-6028 may be sold to the housing authority of the town of Glastonbury, Conn.

City planning scholarships and fellowships

Section 608: Authorizes $500,000 annually for a 3-year period, beginning July 1, 1956, to be used by the Housing and Home Finance Administrator to provide scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists.

Mr. SPARKMAN. Mr. President, I believe this is a comprehensive and constructive housing bill, and I urge all Members of the Senate to give it favorable consideration.

Mr. PAYNE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. PAYNE. Mr. President, I rise at this time to say that never before have I had the privilege of being on a committee and enjoying the work as much as I have in serving under the very capable leadership of the Senator from Alabama [Mr. SPARKMAN], who headed up the work in connection with the housing bill. He was eminently fair in giving consideration to every proposal which was brought before the committee, and there was a great deal that was under consideration. He gave full opportunity for everyone to be heard and to have every side of every angle explained over and over again. The bill is a constructive measure, generally, and I should like to ask unanimous consent that a statement which I have prepared in connection with the bill be printed at the conclusion of the remarks of the Senator from Alabama.

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

(See exhibit 1.)

Mr. SPARKMAN. Mr. President, I should like to express my appreciation of the kind remarks of the able Senator from Maine. I certainly can reciprocate his expressions, with reference to him and to every member of the subcommittee and of the committee as a whole. I believe I never saw a subcommittee work more smoothly and harmoniously than did our subcommittee. I wish I might have had time, as I went through the bill, to point out who on the subcommittee contributed certain ideas. For instance, there are aspects of the bill which represent the handiwork of the Senator from Maine [Mr. PAYNE]. There are those which represent the work of the Senator from New York [Mr. LEHMAN]. I could go around the committee and point out something in the bill which represents the work of practically every member of the subcommittee.

The Senator from Maine will recall that the subcommittee had before it probably a dozen different bills. The measure now pending is a comprehensive bill which does not represent either the administration bill or any other one bill. I know we have made a conscientious effort to take the best of all the suggestions which have come to us, and the bill represents the work of the entire committee. It is a good bill, and I am glad to have this opportunity, as chairman of the subcommittee, to present it to the Senate.

Mr. LEHMAN. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. LEHMAN. I should like to be permitted to address a few questions to the Senator from Alabama.

Mr. SPARKMAN. I yield for that purpose. I am ready to yield the floor, but I understood that the Senator from New York wished to ask some questions, and I yield for that purpose.

Mr. LEHMAN. Mr. President, first, I wish to compliment the Senator from Alabama for the superb leadership he has shown as chairman of the subcommittee. Later in my remarks I shall refer to the question of middle-income housing, which I consider a highly important subject.

I wish to ask the Senator from Alabama whether my understanding is correct that he intended to direct the staff of the subcommittee to undertake a full study of the question of middle-income housing during the coming months, so that the subcommittee will give the matter full attention, as a matter of priority, when Congress reconvenes next January. I understand that is the intention.

Mr. SPARKMAN. That is my intention; and the Senator from New York will recall that I made that statement in the committee. As a little further background for the interest in this particular subject, I will say that the Senator from New York had a bill pending which was a rather comprehensive bill. Some of the ideas in the pending bill came from that bill. But there is one matter to which he particularly makes reference, namely, a provision for housing to meet the needs of the low- and middle-income group. I have said many times on the floor of the Senate and in the committee that we have a very good overall housing program, but there is one gap in it for which we have never found a solution by providing adequate housing for what we would call the low- and middle-income group.

The Senator from New York may remember that in 1949 I sponsored a bill similar to his. As a matter of fact, the Senate Banking and Currency Committee reported the bill to the floor of the Senate. It was debated, and we lost on a very close vote, by only 2 or 3 votes. The Senator's bill followed pretty closely the plan which was laid down in 1949.

I feel very definitely that we need such a provision. As a matter of further background, the Senator offered his amendment in the committee and it was rejected by a tie vote.

The committee divided evenly for and against it. Some Senators who voted against it stated that they were doing so because they did not believe we had properly prepared for its presentation at this time. That was when I stated to the committee that it was my purpose to instruct the staff to make this its first objective during the adjournment of Congress, just as last year the staff made the very excellent study on the needs of housing for elderly persons. Very largely based on that study, many bills were introduced at the beginning of this session of Congress.

I think a very worthwhile program has been incorporated in the bill. We know housing bills are pending in the House. The outlook is that something certainly will be done for elderly persons. I believe this is the first comprehensive study which has been made of that situation.

I have instructed the staff that during the adjournment of Congress I expect them to make a comparable study on the question of housing to meet the needs of the low- and middle-income groups.

The Senator from New York may remember that I prepared a bill to provide for a National Housing Policy Commission, which was agreed to by the committee. That proposal is contained in the bill now before the Senate. The Senator will remember that the very first item designated to be studied in that connection is the very problem of housing for the low- and middle-income groups.

Mr. President, I express my thanks to the Senator from New York for the very kind remarks he made about me. At the same time, I wish to express openly my thanks to him for the very useful contributions he has made toward preparing the bill now under consideration. No one has given more time, devoted interest, and effort to a piece of proposed legislation such as this than the distinguished Senator from New York has given toward developing an adequate housing program such as we have tried to incorporate in the bill.

Mr. LEHMAN. Mr. President, I am very grateful to the Senator from Alabama.

EXHIBIT 1

STATEMENT BY SENATOR PAYNE

The Senate Committee on Banking and Currency and its Subcommittee on Housing, of which I am a member, have worked for several months to write a housing bill which will meet the housing needs of the Nation. A large part of S. 3855, now under consideration, is essentially in the nature of tightening up existing legislation so that such programs as urban renewal and redevelopment can go forward at a faster pace. S. 3855 reflects a great deal of bipartisan work done both within the Subcommittee on Housing and in cooperation with the administration. And although there are some provisions of the bill with which I cannot personally agree, on the whole the bill is a good one. My distinguished colleague, the junior Senator from Alabama [Mr. SPARKMAN], chairman of the Subcommittee on Housing, is to be highly commended for the excellent work which he has done both in the past and during this session to provide a sound national housing program.

One of the outstanding features of S. 3855 is title II, which provides for a bold new program of housing for the elderly. This is an area of housing which presents special problems. In the past, there has been insufficient recognition given to the special housing needs of elderly people in our population. However, the Senate Subcommittee on Housing devoted a great deal of attention to this problem in its consideration of housing legislation for this year. Taking the best provisions from a variety of proposals with wide bipartisan sponsorship, the bill now provides a full and distinct program of housing for the elderly.

Specifically, title II of S. 3855 would facilitate FHA insured mortgages for elderly housing by guaranteeing mortgages up to 100 percent for elderly owner-occupants in sales housing and in rental housing if the mortgagor is a public or private nonprofit

organization. Further, if a mortgagor is 60 years or over, a third party may provide the downpayment and act as cosigner of the mortgage note.

In public housing, elderly persons with low incomes would be given a first preference for occupancy of existing public housing units and an additional 15,000 low-rent housing units designed especially for the elderly would be constructed annually for the next 5 years.

I do not think that anyone would pretend that title II represents the final solution to the problems of housing for the elderly. But by adoption of title II, this Congress can make a firm and realistic start toward the solution of what is increasingly a major social problem in the United States—that of providing adequate and safe housing for the growing numbers of senior citizens in our population.

Another important field in which S. 3855 takes effective measure is that of military housing. S. 3855 will extend the military housing program for 3 years, an extension of vital importance if we are to continue and expand this very worthwhile program. To my mind, it has been clearly demonstrated that one of the major reasons why men in our Armed Forces fail to make the service a career is the lack of adequate housing for their wives and children. Through a program of military housing, it is possible to provide attractive living quarters for enlisted and officer personnel which will be comparable to the quarters that these men and their families could obtain in civilian life.

The military housing provisions of S. 3588 also contain language designed to take care of the problem which has arisen in regard to Wherry housing projects on or near military establishments. The intent of the military housing program is not to supplant Wherry housing but to supplement it and to satisfy new housing needs of the military. By establishing a clearer and more specific definition of policy and responsibility in regard to occupancy of existing Wherry housing, it is intended that future difficulties will be avoided.

I do not wish to prolong my remarks on S. 3588 at this time. I point out in closing, however that there are many excellent features of the bill in reference to urban renewal, home improvement loans, and FHA-insured mortgages which contribute substantially to the overall soundness of S. 3855.

Mr. LEHMAN. Mr. President, I ask unanimous consent that a statement I have prepared on the need for action on middle-income housing, together with a summary of an amendment proposing the creation of a National Mortgage Corporation and the text of the amendment, be printed at this point in the RECORD.

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

THE FORGOTTEN FAMILIES OF MIDDLE INCOME AND THEIR HOUSING NEEDS

One of the most serious deficiencies in American life, both economic and social, is the lack of proper housing for people of modest means. They are roughly classified as "families of middle income." Specifically we refer to those whose incomes are too high to be eligible for subsidized low-rent public housing but too low to afford available private structures of sound construction in good neighborhoods.

Throughout the hearings of the Subcommittee on Housing of the Senate Committee on Banking and Currency the importance of meeting this growing, critical, housing need was pointed up by competent witnesses. In an effort to provide a partial, if not a total answer to this problem, eight of my colleagues and I introduced S. 3158, title II of which would have created an entirely new program of nonsubsidized housing for these people. In the executive sessions of the Banking and Currency Committee this program was submitted in a modified form. It was defeated by a tie vote of 6 to 6. A copy of that amendment will be included at the conclusion of this statement.

I am confident that a majority of the committee, if not all of its members, agreed that an answer must be found to the housing needs of persons of modest means if we are ever to reach our stated national policy adopted in 1949 by the Congress as seeking "a decent home in an adequate living environment for every American family." It is recognized that the problem is complicated, and not easy of solution. Progress has been made, however, in recognizing and defining the problem. I am happy to know that its thorough analysis followed by legislative recommendations will be the next order of business of the Subcommittee on Housing of the Committee on Banking and Currency.

Unfortunately, precise information as to the housing needs of these families is scarce. We do know, however, that the 1950 census showed that there are approximately 7 million dwellings in the urban centers of our country that should be demolished. In addition there are some 2 million substandard dwellings subject to rehabilitation. For the purpose of this statement I am excluding an additional 6 million substandard American dwellings located in rural and rural nonfarm areas.

It has long been estimated, and experience with the limited urban redevelopment and renewal programs that are presently under way has confirmed, that approximately half of the persons living in these disgraceful dwellings and neighborhoods have incomes so low that they are eligible for low-rent public housing. The other half fall to a very large degree within the middle income range for which no proper housing is now, or will be available, unless Congress acts to meet this need.

It is an established fact that until ways and means are found to supply nonsubsidized housing for these families at monthly costs within their means, slum clearance and urban renewal programs for which we claim so much will be stopped after the first few pilot projects. The same holds true of an adequate program of low-rent public housing. We cannot stabilize, rebuild and replan our cities, unless the vast human needs of families, people, our fellow Americans who are to be displaced from their present homes are cared for properly. S. 3855, which I hope the Senate will adopt today by an overwhelming majority, takes significant strides in the field of low-rent public housing, if it is adopted as reported by the committee. But it is silent in this other vital area that is of equal importance to our national welfare.

The finest statement that I have seen on middle income housing was contained in a report to Gov. Averell Harriman from Joseph P. McMurray, commissioner, Division of Housing of the State of New York. Most every Member of the Senate remembers Joe McMurray as the able staff director and later special counsel of the Banking and Currency Committee. He is presently giving outstanding leadership in housing in my State. I wish to quote some sections of his report:

"A large gap exists between the rentals for low-rent public housing and rent-controlled housing on the one hand, and the rentals required for unsubsidized new housing on the other. This gap is not being closed but is widening. To preserve New York's vitality, housing must be provided for middle-income families, who make up the heart of the productive working forces of the State. To supply them with medium-rental housing used to be a profitable private business, but it is now a difficult and declining one.

"While the extent of the middle-income housing problem is obvious, substantial study is required to set reasonably exact figures on the need for this type of housing. Certain factors will, however, illustrate the great need which exists for housing for families in this income group, particularly those living under substandard or overcrowded conditions.

"The census of 1950 showed about 732,000 New York State dwelling units dilapidated or lacking adequate plumbing facilities. Large though this figure may appear, it actually understates the problem. Many areas, even though their dwellings might have the required plumbing, are so run down and comprise an environment so detrimental to adequate living that the inhabitants are held captive only because they have no alternative.

"The Federal title I slum clearance areas in New York City are an example of the shortcomings of the Census definition. If the four most substandard of these title I areas are considered, only 40 percent of the dwellings are dilapidated or lack adequate plumbing facilities; yet these areas are considered generally substandard and unfit for decent living, and are slated for demolition.

"While it is generally supposed that families occupying these substandard dwellings are only of low income and thus eligible for subsidized public housing, this is not actually the case. More than half of the families of this State who live in substandard housing are not eligible for public housing projects under present income limitations. Demolition for public and private construction, substandard housing, overcrowding, and obsolescence are not ills which strike only at the very poor. The areas in which these conditions exist contain a substantial number of families in the middle-income group who face an even greater problem of relocation than do the lower-income groups for whom subsidized public housing is available and for which they have legislative preference.

"On title I slum-clearance sites in New York City, for example, surveys have shown almost half as many families in the middle-income range as in the group eligible for low-rent housing. These are the families who face the most serious problem of relocating, and who are being driven, slowly but inexorably, into the remaining slums and into areas which, because of overcrowding and improper maintenance of the property, are likely to become the slums of the future.

"It is estimated that the middle one-third of the families of New York State earn between $3,750 and $5,900 per year. These figures exclude one-person families. Of the 1,458,000 families in the State in this income group, an estimated 140,000 live in units which are dilapidated or lack adequate plumbing facilities. These represent about 10 percent of all families in the middle-income group and about 20 percent of all families in substandard housing. On the basis of spending one-fifth, rents could then range from $63 to $98 per month. Yet little housing is being built at these rental levels, outside of the limited amount of no-cash-subsidy housing in New York City, which does not begin to meet the need.

"The magnitude of the existing need for middle-income housing is shown by the amount of money needed to provide decent housing for this group. Considering only the 140,000 units which are dilapidated or lack proper plumbing, and which are occupied by middle-income families, an expenditure of about $1.8 billion would be required. Yet it is obvious that the actual need for housing families in the middle-income group is far greater than merely the replacement of the 140,000 physically substandard units."

The need as described in the State of New York is repeated to varying degrees in every State and urban center of our country.

Since 1926 we have attacked this problem affirmatively in New York. Only last year the 1955 Limited Profit Housing Companies Act became law. From it we are building a body of knowledge as to construction costs, operating expenses, financing, and operation which will be of material assistance in helping to frame national legislation. It is already obvious that Federal legislation in this vast area of housing needs is essential to supplement all that we can possibly do locally and statewide. There must be a reservoir of Government-guaranteed mortgages, or direct loans to nonprofit corporations or cooperatives carrying longer periods of amortization and lower interest rates than presently charged, if we are to progress toward achieving proper housing for families of moderate income. We envision a program of homes that will be privately built, privately owned and operated, and privately financed, attracting great reservoirs of savings that do not enter the mortgage market at this time.

This is a national problem. No metropolitan area in this country has escaped the flight to the suburbs by families who mortgage their souls, and assume transportation costs to places of employment that cut deeply into their budgets for food, clothing, health, and entertainment, to escape slum surroundings. When families of upper middle income and all who can possibly join them desert the city, it becomes a place for the very rich and the very poor. The best of community leadership is lost. It is a growing disease that must be arrested or our national security and way of life is endangered.

To meet these critical housing needs many of us suggest the following measure for the creation of a housing program to assist families of modest income. When this need is met, then, and only then can we begin to demolish slums effectively and rebuild our communities.

I urge that my colleagues study this proposal. I am delighted that the Subcommittee on Housing of the Committee on Banking and Currency plans to make housing for middle-income families its first order of business. I have great hope that when legislation is presented next year, after staff studies and extensive hearings and investigations have been held that even better recommendations than those that I submit for your consideration today, will be forthcoming.

SUMMARY OF AMENDMENT TO S. 3855, HOUSING FOR MIDDLE-INCOME FAMILIES AND FOR ELDERLY PERSONS

The National Mortgage Corporation is created with authority to make and service loans and issue obligations in aid of a program of housing for families of moderate income and for elderly persons. Eligible borrowers under this program include (i) certain private nonprofit cooperative ownership housing corporations, and (ii) private corporations authorized to provide dwellings for which charges are agreed upon or for sale to private nonprofit cooperative ownership housing corporations. The National Mortgage Corporation is authorized to issue capital stock to be subscribed for by the Secretary of the Treasury up to an amount not to exceed $100 million at any time. The Corporation may issue capital stock for subscriptions by corporate eligible borrowers and each such borrower must subscribe for capital stock in an amount equal to 5 percent of the mortgage loan which it seeks from the Corporation. The amendment prescribes the methods of payment, the terms and conditions of payment for the stock and for mortgage loans. The method of retirement of the capital stock held by the Secretary of the Treasury is described as well as the distribution of the assets upon liquidation of the Corporation. The amendment authorizes the Corporation to make mortgage loans to eligible borrowers or commitments to purchase or participate in loans made by any FHA approved mortgages or to finance the development of a housing project upon certain certifications by the Administrator. Borrowers agree, among other things, to establish a schedule of rents or charges which will permit dwellings constructed to be made available to families of moderate income and to elderly persons. The Corporation is authorized to issue notes or other obligations in an aggregate annual amount not to exceed $500 million except that with the approval of the President this amount may be increased after July 1, 1957, by additional amounts aggregating annually not more than $1 billion. The aggregate amount outstanding at any one time however is limited. Terms and conditions and procedure upon default of these obligations are prescribed. The Corporation is required to carry a reserve account for losses equal to one-fourth of 1 percent of the outstanding balance of mortgage loans. Not more than 10 percent of the funds shall be expended in any one State. Veterans preferences are provided for within other classes of preferences. Provision is made for taxes, protection of labor standards and penalties. The amendment in general is based on title III of S. 2246 introduced in 1950.

[S. 3855, 84th Cong., 2d sess.]

Amendment intended to be proposed by Mr. LEHMAN 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, viz: On page 60, following line 22, insert the following:

"TITLE VII. HOUSING FOR MIDDLE INCOME FAMILIES AND FOR ELDERLY PERSONS

"SEC. 701. The purpose of this title is to provide a means whereby housing of sound standards of design, construction, livability, and size for adequate family life, and for elderly persons in well-planned, integrated residential neighborhoods can be produced and made available for families of moderate income and for elderly persons by making financial assistance available to cooperative housing and other nonprofit corporations, for housing which is of such design and construction as will promote economies, both in construction and in operation and maintenance, which will be fully reflected in reduced rents or charges.

"CREATION AND POWERS OF NATIONAL MORTGAGE CORPORATION

"SEC. 702. (a) To effectuate the purpose of this title, there is hereby created a body corporate to be known as the 'National Mortgage Corporation' (hereinafter referred to as the 'Corporation') with authority, as herein provided, to make and service loans, issue obligations in such amounts, at such times, and on such terms as the Corporation may determine, and to exercise the other powers, and duties prescribed in this title. In the performance of, and with respect to, the functions, powers, and duties vested in it by this title, the Corporation, notwithstanding the provisions of any other law, may—

"(1) adopt and use a corporate seal;

"(2) sue or be sued in any Federal, State, or local court of competent jurisdiction;

"(3) enter into contracts with regard to section 3709 of the Revised Statutes and make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes, and include in any contract or instrument made pursuant to this title such other provisions as the Corporation deems necessary to assure that the purposes of this title will be achieved;

"(4) foreclose on any property or take any action to protect or enforce any right conferred upon it by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which it has made a loan pursuant to this title;

"(5) pay all expenses or charges in connection with, and deal with, complete, reconstruct, improve, rent, manage, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit, or lease in its discretion, in whole or in part, any project acquired pursuant to this title and to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, it in connection with the acquisition or disposal of any housing project pursuant to this title, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real or personal property: *Provided,* That any such acquisition of real property shall not deprive the State or any political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under State or local laws of the inhabitants on such property;

"(6) acquire, hold, sell or exchange at public or private sale, or lease, or otherwise dispose of, real or personal property, and sell or exchange any securities or obligations;

"(7) obtain insurance against loss in connection with property and other assets held;

"(8) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other term, of any contract or agreement to which it is a party or which has been transferred to it pursuant to this title;

"(9) utilize and act through, with regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, or nonprofit agency or organization, with the consent of the agency or organization concerned, and contract with any such agency, instrumentality, or organization for the furnishing of any services or facilities; and may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

"(10) enter into contracts with any FHA-approved mortgagee to service loans made by such institution; and

"(11) do all things which are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(b) The Corporation shall have power, with the approval of the Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator') to select, employ, and fix the compensation of such officers and employes as shall be necessary for the performance of its duties under this title, without regard to the provisions of laws applicable to the employment, compensation, leave, or expenses of officers and employees of the United States: *Provided,* That the rates of basic compensation of its officers and employees shall be comparable to those established for officers and employees under the Classification Act of 1949, as amended. Except as provided in provisions of law relating specifically to mixed-ownership Government corporations, the Corporation may determine the necessity for and the character of its obligations and expenditures and the manner in which they shall be incurred, allowed, and accounted for. The business of the Corporation shall not be considered official business of the United States within the meaning of any statute permitting the free use of the United States mails.

"Powers of Administrator

"SEC. 703. The Administrator shall supervise the Corporation, shall perform the other duties prescribed herein, and shall have the power to adopt, amend, and require the observance of such rules, regulations, and orders as shall be necessary from time to

time for carrying out the purposes of this title and for coordinating the activities of the Corporation with the housing functions and actvities administered within the Housing and Home Finance Agency, or any of its constituent agencies, and with the general economic and fiscal policies of the Government, and in carrying out these responsibilities the Administrator shall consult with the Board of Directors of the Corporation who shall, in addition to their responsibilities under section 702 hereof, act as an advisory board to the Administrator in the administration of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may exercise any of the powers enumerated in the second sentence of section 702 (a) of this title and shall—

"(a) estimate the need for housing for middle-income families and elderly persons in each housing market area of the country and allocate to each area its appropriate share of the loan funds authorized by this title;

"(b) appoint a director to exercise, under the direction and supervision of the Administrator, the functions, powers, and duties vested in the Administrator by this title, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for positions of similar responsibility in the Housing and Home Finance Agency: *Provided*, That the Administrator may, in his discretion, delegate any of the functions, powers, and duties vested in him by this title to any officers or employees under his direction and supervision;

"(c) take such steps as he deems necessary and desirable to assure that the benefits of this program are not dissipated through speculative devices, to assure that the organization of the borrower and its proposed methods of operation are such as will avoid its use for speculative purposes or the payment of excessive fees, salaries, or charges in connection with the housing project, and to encourage borrowers to adopt methods by which occupants of dwellings may be permitted to reduce their rentals or other occupancy charges by occupant maintenance and repair or other means of self-help and methods whereby they may acquire (subject to the right of a cooperative to repurchase) ownership of their individual dwellings where such dwellings are free standing;

"(d) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

"(e) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of advances of funds and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government; and

"(f) make an annual report to the President, for transmission to the Congress, to be submitted as soon as practicable following the close of the year for which such report is made.

"Capital stock

"SEC. 704. (a) The Corporation may issue capital stock from time to time which shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Corporation: *Provided*, That the total amount of such stock subscribed for and held by the Secretary of the Treasury at any time shall not exceed $100 million. Stock held by the Secretary of the Treasury shall be preferred as to dividends and assets of the Corporation and shall be entitled to cumulative dividends for each year equal to a return on the average amount, at par, of such stock outstanding during such fiscal year at a rate determined by the Secretary of the Treasury, taking into consideration the probable term of the stock investment and the current average rate on outstanding marketable obligations of the United States as of the last day of the sixth month of such fiscal year. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to enable the Secretary of the Treasury to make payments on such stock when called. Such stock or any part thereof may be retired at any time by the Corporation.

"(b) The Corporation may issue capital stock from time to time for subscriptions by corporate eligible borrowers. In order to assure direct financial participation by borrowers, each such eligible borrower shall, as a condition precedent to obtaining any mortgage loan from the Corporation as hereinafter provided, subscribe for capital stock of the Corporation in an amount equal to 5 percent of the original principal amount of such loan. In the case of a borrower of the character described in section 710 (b) (1) hereof, such stock subscriptions shall be paid for in cash at the time of application for the loan, or, at the election of the borrower, one-fourth of the total amount payable shall be paid at the time of application, one-fourth shall be paid when the housing project, for which such loan is made, is completed and ready for occupancy as determined by the Corporation, and the balance shall be paid in installments within 20 years thereafter. In the case of a borrower of the character described in section 710 (b) (2) hereof, such stock subscription shall be paid in installments within 20 years after the receipt of the first proceeds of the loan. Each borrower shall hold such stock in the Corporation until the value thereof shall equal, or be greater than, the unpaid balance of the mortgage loan, and any such unpaid balance shall be paid out of the proceeds of any sale of such stock. Dividends payable on stock paid in by a borrower shall be credited to any payments subsequently due on the stock subscription of such borrower.

"(c) After the amount of capital of the Corporation paid by such subscribers, other than the United States, equals $50 million, the Corporation shall thereafter apply annually to the payment and retirement of the shares of the capital stock held by the Secretary of the Treasury, all sums paid in as capital until all such capital stock held by the Secretary is retired at par plus any dividends which shall have accrued on such stock: *Provided*, That no such capital stock held by the Secretary shall be retired if such retirement would reduce the net capital, reserves, and surplus of the Corporation to an amount less than $150 million.

"(d) Upon any liquidation of the Corporation, all stockholders (including the United States if any of its stock has not been retired) shall share, in proportion to the stock held, in any assets of the Corporation, in excess of the amount necessary to retire all outstanding stock at par, to pay accrued dividends on preferred stock, and to retire, pay, or settle all outstanding obligations and claims.

"Board of directors

"SEC. 705. The management of the Corporation shall be vested in a board of five directors appointed by the Administrator. The directors who are first appointed shall be designated to serve for terms of 1, 2, 3, 4, and 5 years, respectively, from the date of their appointment, but thereafter directors shall be appointed for a term of office of 5 years except that all vacancies shall be filled for the unexpired term. A director shall hold office until his successor has been appointed and has qualified, unless sooner removed according to this section.

"The first, third, and fifth vacancies resulting from the expiration of the initial terms of office shall be filled by the appointment of directors from among the members of stockholding corporations or other persons representative of housing cooperatives, and the successors to each of such directors shall also be appointed from among members of stockholding corporations or other persons representative of housing cooperatives: *Provided*, That after all of the capital stock of the Corporation held by the Secretary of the Treasury has been retired as herein provided, all directors shall be appointed from among members of stockholding corporations or other persons representative of housing cooperatives. The Administrator shall designate a chairman from among the directors. The Administrator may remove a director from office at any time for inefficiency or failure to comply with any applicable provisions of this title or regulations issued thereunder. The Corporation may pay its directors reasonable compensation for their services and necessary expenses, subject to the approval of the Secretary.

"Mortgage loans

"SEC. 706. (a) To assist the production of housing of sound standards of design, construction, livability, and size for adequate family life available for families of moderate income, and for elderly persons, the Corporation, upon application of an eligible borrower (as herein defined) and subject to the terms and conditions of this title, may make a mortgage loan (including advances during the development of the housing project) to such borrower, or to enter into commitments to purchase or repurchase loans or to finance the development of a housing project to be undertaken by such borrower: *Provided*, That no such loan shall be made unless—

"(1) the Administrator shall have certified that—

"(A) the borrower is an eligible borrower of the character described in section 710 (b) hereof and that, in the case of a nonprofit cooperative ownership housing corporation, the membership thereof is comprised predominantly of families of moderate income, or elderly persons (or both) or that, in the case of a nonprofit corporation to operate such housing project, the dwellings in such housing project are to be made available to families of moderate income or elderly persons;

"(B) the proposed housing project will meet a need for housing of families of moderate income or elderly persons;

"(C) the location and physical planning of the housing project will afford reasonable assurance as to the stability of the neighborhood, and the dwellings in the housing project will meet sound standards of design, construction, livability, and size for adequate family life or for elderly persons; and

"(D) the housing project will not be of elaborate or extravagant design or construction, and such design and construction and the proposed methods of construction and of operation and maintenance are such as will promote such economies as are contemplated to be achieved through the nonprofit character of the borrower, increased efficiency in production through the use of new or improved materials and techniques and methods of construction or otherwise, increased efficiency in operation and management, minimum necessary operating services, occupant maintenance, or otherwise; and

"(2) the borrower shall have agreed with the Corporation—

"(A) that it will not incur or pay any excessive fees, salaries, or charges in connection with the housing project;

"(B) to establish an initial schedule of rents or charges for the dwellings in the housing project which will permit such dwellings to be made available for families of moderate income, or for elderly persons, and that such initial schedule of rents or charges and all revisions thereof shall be subject to the prior approval of the Corporation: *Provided*, That the Corporation shall not approve any initial schedule of rents or charges unless the Secretary has certified that such rents or charges will permit the dwellings to be made available for families of moderate income or for elderly persons;

"(C) to give preference in the selection of tenants for the housing project (as among eligible applicants) first, to families displaced by public clearance or enforcement action; second, to families living in substandard homes; and, third, to families living in overcrowded homes, veterans to have preference in each category: *Provided*, That in respect to dwelling units specifically designed and designated for elderly persons, such persons shall have a preference for the tenancy of such housing, without regard to the foregoing preferences.

"(D) to maintain the housing project, including all equipment therein, and all appurtenances thereto, in good condition throughout the life of the mortgage loan, and to establish and maintain adequate reserves for repairs, maintenance, and replacements necessary to so maintain such housing project; and

"(E) to comply with such other terms and conditions as the Corporation finds, prior to the mortgage loan, are necessary or desirable to carry out the purposes of this title; and

"(3) in the case of a borrower of the character described in sectiotn 710 (b) (2), the members thereof at the time of making application for the mortgage loan shall be equal to at least 30 percent of the number of members proposed to be served by such housing project: *Provided*, That, prior to the receipt of any proceeds of such mortgage loan, the members of such borrower shall be equal to at least 80 percent of the number of members proposed to be served by such housing project; and

"(b) The mortgage loan shall involve a principal obligation in an amount (1) not exceeding the development cost (as herein defined) of the housing project as determined by the Secretary, and (2) not exceeding such amount as the Secretary shall have determined to be the maximum within which the project must be constructed in order that it may be made available for families of moderate income at rentals or charges within their means. No loan shall be made under section 710 (b) (1) and (2) unless the mortgagor has agreed to certify the cost in the manner as provided by section 227 of the National Housing Act for Federal Housing Administration mortgage insurance.

"(c) The mortgage loan shall provide for complete amortization within a period of 40 years by periodic payments upon such terms as the Corporation shall prescribe, and shall bear interest, on the amount of the principal obligation outstanding at any time, at a fixed rate, based on the cost to the Corporation of capital investments and borrowings from the private market, plus one-half percent to compensate the Corporation for its estimated overhead and administrative expenses in connection with such loan and for proportionate payments to required reserves. In the event of the refinancing of the loan (within such period as the Corporation shall prescribe), if the cost to the Corporation of capital investment and borrowings from the private market makes necessary an increase in the rate of interest which, pursuant to this subsection, the Corporation is required to charge on the mortgage loan, the amortization period may be extended to a date not later than 50 years after the date of the original mortgage: *Provided*, That no such extension shall be made unless the Corporation determines that the increase otherwise resulting in the rents or charges for the dwellings in the housing project would adversely affect the stability of such housing project. The mortgage loan may, in the discretion of the Corporation, include provisions for the deferment of payments of principal and interest thereunder: *Provided*, That such deferments shall not in the aggregate result in an extension of the maturity of the mortgage for a period of more than 3 years nor shall any such deferments result in an extension of the maturity of the mortgage for more than 3 years beyond the mortgage maturity otherwise authorized herein.

"(d) Subject to the provisions of this section, the mortgage loan shall be in such form, contain such provision as to security, repayment, and redemption, and be subject to such other terms and conditions as the Corporation may determine: *Provided*, That in the case of a borrower of the character described in section 710 (b) (2), the mortgage loan shall contain provisions requiring that such borrower have, to the extent permitted by State and local law, a priority for the purchase of the interest of each of its members in the dwelling of such member in the event of the sale of such interest.

"(e) The borrower may, with the consent of the Corporation, pledge the contract or commitment of the Corporation to make a mortgage loan hereunder as security for a loan of construction funds from other sources.

"(f) The Corporation may charge to the borrower (in addition to any interest charges) an amount not exceeding 2½ percent of the principal amount of the mortgage loan for inspection and other services during the construction of the housing project. Such service charges may be included as a part of the development cost of the project and may be payable from the proceeds of any mortgage loan or advances thereon.

"Obligations of Corporation

"SEC. 707. (a) The Corporation is authorized to issue and have outstanding on and after July 1, notes or other obligations in an aggregate annual amount not to exceed $500 million except that with the approval of the President such aggregate annual amount may be increased at any time or times on or after July 1, 1957, by additional amounts aggregating annually not more than $1 billion upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest: *Provided*, That the aggregate amount outstanding at any one time shall not exceed (1) 15 times the aggregate par value of the Corporation's outstanding capital stock and surplus, or (2) the unpaid principal of mortgage loans contracted for or held by it under this title (without regard to amounts of prior advances on such loans), plus the value (as determined by the Corporation) of any acquired properties, the amount of its cash on hand and on deposit, and the amount of its investments authorized herein.

"(b) The failure of the Corporation to make any payment due under or provided to be paid by the terms of any note or other obligation issued by the Corporation pursuant to subsection (a) of this section shall be considered a default under such note or other obligation, and, if such default continues for a period of 30 days, the holder of such note or obligation shall be entitled to receive debentures (in principal amount equal to the unpaid principal of the defaulted note or other obligation of the Corporation plus any interest due and unpaid on such note or other obligation), as hereinafter provided, upon assignment, transfer, and delivery to the Corporation, within a period and in accordance with rules and regulations to be prescribed by the Corporation, of the note or other obligation in default. Debentures issued under this subsection shall be executed in the name of the Corporation as obligor, shall be signed by the Chairman of the Board of Directors of the Corporation by either his written or engraved signature, and shall be negotiable. Such debentures shall bear interest at a rate determined by the Corporation, with the approval of the Secretary of the Treasury, at the time the defaulted note or other obligation of the Corporation was issued, but not to exceed 3 percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature 3 years after the 1st day of July following the maturity date of the defaulted note or other obligation of the Corporation in exchange for which such debentures were issued. Such debentures shall be paid out of the insurance fund or out of any funds of the Corporation which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debenture. In the event the Corporation fails to pay upon demand when due, the principal of, or interest on, any debenture so guaranteed, the Secretary of the Treasury shall pay to the holder or holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holder or holders of such debentures. Debentures issued under this subsection (b) shall be in such form and denominations in multiples of $50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury, and may be in coupon or registered form, and shall not be subject to the limitations prescribed by subsection (a) of this section. Any difference between the amount of debentures to which the holder of the defaulted note or other obligation of the Corporation is entitled under this subsection (b) and the aggregate principal amount of the debentures issued, not to exceed $50, shall be adjusted by the payment of cash by the Corporation. The Corporation may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this subsection (b). Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this title. Debentures so purchased shall be canceled and not reissued.

"Reserves, dividends, and investment of funds

"SEC. 708. The Corporation shall carry to a specific reserve account for losses, to be known as the Insurance Fund, semiannually from interest receipts on mortgage loans amounts equal to one-fourth of 1 percent per annum of the then outstanding balance of such mortgage loans. The Corporation shall make such chargeoffs on account of depreciation or impairment of its assets as the Secretary shall require from time to time. In addition to the Insurance Fund reserve account for losses, the Administrator shall require the establishment and maintenance of, and the Corporation shall establish and maintain, such reserve or reserves as he deems necessary. No dividends shall be paid except out of net earnings remaining after all reserves and chargeoffs required under this title have been provided for, and then only with the approval

of the Administrator. Such reserves, including the Insurance Fund, and all other funds of the Corporation not invested in mortgage loans or operating facilities, shall be kept in cash or on deposit or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States.

"Maximum funds for any one State

"SEC. 709. Not more than 10 percent of the funds provided for in this title either in the form of advances or loans, shall be expended in any one State.

"Definitions

"SEC. 710. As used in this title, the following terms shall have the meanings, respectively, ascribed to them below, and unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) For the purposes of this title 'families of moderate income' means families whose incomes preclude them from purchasing or renting conventionally financed new housing with total monthly housing expenditures of 20 percent of their normal stable income as defined by the Federal Housing Administration.

"(b) 'Eligible borrower' or 'borrower' shall mean (1) any private nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to the members of such corporation, or (2) any private corporation, borrowing directly on a commitment from the National Mortgage Corporation, and authorized to provide dwellings (i) the occupancy of which is to be permitted in consideration of agreed charges, or (ii) for sale to a corporation of the character described in clause (1) of this paragraph.

"(c) The term 'corporation' (except when used to designate the corporation created by section 702 hereof) shall mean either 'corporation' or 'trust' and references to members of such corporations shall with respect to trusts mean the beneficiaries thereof.

"(d) 'Housing project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by a borrower in connection therewith) of a borrower designed and used primarily for the purpose of providing dwellings: *Provided,* That nothing in this title shall be construed as prohibiting the inclusion in a housing project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as are necessary appurtenances to such housing project.

"(e) 'Development cost' shall mean (1) the amount of the reasonable costs incurred by the borrower in, and necessary for, carrying out all works and undertakings for the development of a housing project and shall include the cost of all necessary surveys, plans, and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment, interest incurred during the development of the housing project up to the time of completion, initial working capital for the administration of the housing project, necessary expenses (including any initial operating deficit) in connection with the initial occupancy of the housing project; and the cost of such other items as the Administrator or Corporation shall determine to be necessary for the development of the housing project, or (2) the cost, as approved by the Administrator or the Corporation, incurred by the borrower in, and necessary for the acquisition of, a housing project developed with a loan made under this title.

"(f) 'Mortgage' or 'mortgage loan' shall mean a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years which is renewable or (2) under a lease having a period of not less than 75 years to run from the date the mortgage was executed; and the term 'first mortgage' shall mean such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(g) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 25, 1950, and prior to February 1, 1955, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 25, 1950, and prior to February 1, 1955.

"(h) The term 'going Federal rate' shall mean the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more.

"(i) 'State' shall mean the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

"(j) The term 'Elderly persons' includes a person 60 years of age or over or a family the head of which or his spouse is 60 years of age or over.

"Amendments of other acts

"SEC. 711. (a) The sixth sentence of paragraph seventh of section 5136 of the Revised Statutes, as amended (12 U. S. C. 24), is amended by inserting before the comma after the words 'or obligations of the Federal National Mortgage Association' the following: ', or notes, debentures, or other obligations of the National Mortgage Corporation.'

"Section 5200 of the Revised Statutes, as amended (12 U. S. C. 84), is amended by adding at the end thereof, the following:

"'(12) Notes, obligations, and debentures of the National Mortgage Corporation shall not be subject to any limitation based upon such capital and surplus.'

"(b) Section 201 of the Government Corporation Control Act (31 U. S. C. 856) is hereby amended by striking out the words 'and (4) Federal Deposit Insurance Corporation' and inserting in lieu thereof '(4) Federal Deposit Insurance Corporation, and (5) National Mortgage Corporation.'

"Taxes

"SEC. 712. All real property and tangible personal property of the Corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other similar property is taxed, and any real property shall be subject to special assessments for local improvements. Except as to such taxation of real property and tangible personal property, the Corporation, including but not limited to its franchise, capital, reserves, surplus, income, assets, and other property, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. All notes, debentures, and other obligations of the Corporation shall be exempt, both as to principal and interest, from all taxes (except surtaxes, estate, inheritance, and gift taxes) by any State, county, municipality, or local taxing authority.

"Protection of labor standards

"SEC. 713. In order to protect labor standards—

"(a) any contract for a loan pursuant to this title shall contain a provision requiring: (1) That not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians, employed in the development, and to all maintenance laborers and mechanics employed in the administration, of the housing project involved; (2) that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the housing project involved; and (3) that certification as to compliance with the provisions of this subsection be made prior to the making of any payment under such contract;

"(b) the provisions of title 18, United States Code, section 874, and of section 2 of the act of June 13, 1934, as amended (40 U. S. C. 276c), shall apply to any housing project financed in whole or in part with funds made available pursuant to this title;

"(c) any contractor engaged on any housing project financed in whole or in part with funds made available pursuant to this title shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within 5 days after the close of each month and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective payrolls on the particular housing project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

"Penalties

"SEC. 714. (a) Any person who induces or influences a borrower hereunder to purchase or acquire property or to enter into any contract, in connection with any housing project to be financed, in whole or in part, with a loan made under this title, and willfully fails to disclose any interest, legal or equitable, which he has in such property or such contract, or any special benefit which he expects to receive as a result of such contract, shall be fined not more than $5,000, or imprisoned for not more than 1 year, or both.

"(b) No individual, association, partnership, or corporation (except the Corporation established under this title) shall hereafter use the words 'national mortgage corporation,' or any combination of words which might reasonably lead to confuse with the National Mortgage Corporation as the name or a part thereof under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not exceeding $1,000.

"(c) Whoever, for the purpose of obtaining any loan under this title, or any extension or renewal thereof or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation under this title, makes any statement, knowing it to be false, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 1 year, or both.

"(d) Whoever (1) falsely makes, forges, or counterfeits any obligation, in imitation of or purporting to be an obligation issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligation purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely

alters any obligation issued or purporting to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(e) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged, or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body, politic or corporate; or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes a false entry in any book, report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(f) All general criminal and penal statutes of the United States relating to public moneys, property, or employees of the United States shall apply to public moneys, property, and employees of the Corporation. No officer or employee of the Corporation shall participate in any matter affecting his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested."

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

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. LEHMAN. I shall be glad to yield for that purpose, with the understanding that I do not lose my right to the floor.

The PRESIDING OFFICER. That will be the understanding.

The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MURRAY. 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. LEHMAN. Mr. President, the pending housing bill, as reported by the Banking and Currency Committee, is a sound and supportable measure, representing a program which will truly help to meet the housing needs of the United States, although it does not pretend to be and is not a measure which meets all needs.

I, myself, feel that the bill lacks some essential provisions, such as those needed to stimulate middle income housing, and I would favor an even greater authorization for public housing than is contained in the pending bill.

But the bill presents a program which does move forward, which does measure up, in some degree, to the need, and which does commit the Government to activities which will help not only the housing industry, but also the people who need housing.

Therefore, I am glad to support the measure, whose approval will constitute a very bright mark indeed upon the record of this Congress. I hope and trust that the recommendations of the Committee on Banking and Currency, as contained in the bill, will be affirmed by the Senate, and will not be exposed to stultifying or crippling amendments.

As a member of the Subcommittee on Housing, I listened to long and comprehensive testimony by experts and advocates representing every point of view in regard to the housing program.

There were those who favored a much more radical program. There were those who favored a program confined only to such activities as would help the bankers, the mortgagors, and the builders. The bill steers a middle way. It is a mild and, I may say, a moderate program. It is almost the least that we can support.

For myself and Senators HUMPHREY, DOUGLAS, MORSE, NEUBERGER, MAGNUSON, HENNINGS, KEFAUVER, MURRAY, and MCNAMARA, I introduced a comprehensive omnibus housing bill, S. 3158. My bill went much further than the pending measure. My bill was strongly supported by organized labor and by the National House Conference, for instance. I fought hard to get the provisions of that bill incorporated into the committee measure. Some of these provisions were so incorporated. Some were accepted in part. Some were rejected or put aside for the time being.

The administration also submitted a bill to us. It was a weak bill, a fix-it-yourself bill.

As I shall develop in a moment, it was a bill which paid lipservice to the proved need for public housing, for instance, but would accomplish little, if anything, to meet that need.

It was not a bill, as Administrator Cole frankly testified, adjusted or geared to any estimate of actual need. It was geared to what Administrator Cole said he believed Congress would approve. Instead of recommending what was necessary and letting us in Congress determine what we would do with those recommendations, the administration apparently decided in advance what we would decide after deliberation, and thus gave us a predigested program, based on a crystal ball prediction of what Congress would accept.

This, in my judgment, was a most cynical basis for a recommendation. I hope the Senate will now proceed to demonstrate, as the Committee on Banking and Currency already has, how cynical that recommendation was by approving a program attuned to the need instead of to a political estimate of congressional acceptability.

The committee's bill authorizes 135,000 public-housing units a year for the next 3 years, with the proviso that the President may decrease this amount to 50,000 units or raise it to 200,000 units per year if conditions of the national economy so require.

This is a minimum public-housing program. It is a program which is to be compared with the administration's recommendation of a flat 35,000 units a year for 2 years.

Housing and Home Finance Administrator Cole and Public Housing Commissioner Slusser placed themselves on record before the Housing Subcommittee in terms which clearly demonstrated the lack of justification or logic in the administration's recommended figure of 35,000 units a year.

No attempt was made by the administration's spokesmen to rationalize the 35,000-unit figure. They admitted that this figure had no relationship to the actual needs for public housing for low-income families. The 35,000 figure was arrived at in two very simple ways, first, what the administration thought it would get through the Congress, and second, what was called the demand of our cities.

It was clear from the testimony that the so-called demand from our cities was far above the figure of 35,000 units a year for 2 years. It was clearly shown that 3 or 4 of our major cities alone could utilize this amount of public housing in a very short period of time, if the program were placed on a realistic working basis between the Federal Government and our cities.

But even more arresting was the testimony by the administration's witnesses that some 262,000 families were due to be displaced from urban renewal projects now under way in 53 cities throughout the Nation. It was stated that at least half of those families scheduled to be displaced by urban renewal projects now under way are low-income families who will certainly need low-cost public housing if they are to obtain adequate shelter. This is a total of some 123,000 families. Here, on the record itself, is the undisputed fact that the administration's proposed public housing program would not even begin to meet the needs of even these families I have just mentioned. Moreover, we know that the urban renewal program has not even begun to operate on a scale commensurate with the requirements of scores, and even hundreds, of cities.

In spite of the discouragement, in spite of the very inadequate number of units that were authorized by the Congress in previous years, which discouraged cities from making applications, there were, nevertheless, filed with the Housing Administration requests for more than 550,000 units over a period of years.

Mr. Cole stated frankly before our subcommittee that the 35,000 public housing units was the amount which he believed would be approved by Congress. I say again that it is incumbent upon the administration to give committees of Congress the facts based on the actual need, and not practice crystal-ball gazing in making recommendations based on a so-called realistic estimate of what Congress might or might not approve. That is not the business of the executive branch of the Government, or any of the agencies of the executive branch of the Government.

Despite the nature of the administration's approach, the Banking and Currency Committee has recognized the minimum need for an adequate public housing program and has submitted such a program in this bill.

There are many other constructive features in the pending bill. The committee, under the leadership of the Senator from Alabama [Mr. SPARKMAN], worked out a pilot plan to help the elder-

ly citizens of our Nation by authorizing 15,000 units of public housing especially designed for elderly persons. There are also provisions for special Government stimulation for the sale and rental of privately constructed housing especially designed to meet the needs of elderly people.

This is the very first time that the Congress has made a real effort to develop a Federal program to provide housing for the elderly. There is no doubt in my mind that the problems of housing the aged citizens of our Nation are just beginning to be understood. The pending bill provides an initial program from which we can learn. I anticipate a much more expanded program of this kind in the near future.

The committee has included, in the pending bill, several important modifications in the urban renewal and slum clearance program. I, myself, have been very disappointed in the lack of progress under the present urban renewal programs.

I am convinced that the provisions included in this bill will go a long way toward establishing the urban renewal programs on a firm basis, in order that more and more of our cities and metropolitan areas will be able to receive assistance for long-range attacks on their blighted and deteriorating housing areas.

Essential to a successful urban renewal or slum clearance program is, of course, an adequate public housing program. There is no doubt in my mind that these two programs go hand in hand, and that it would be utter folly to follow the administration's approach of ignoring public housing needs, while at the same time proclaiming that the urban renewal program can cure our housing problems.

Mr. President, I want to emphasize the fact that there is absolutely no sense in urging slum clearance or urban renewal programs unless we find homes for families who are evicted by slum clearance; and it is essential that the rental of such houses must be within the means of those who have been displaced or evicted.

The one area of an overall housing program which I believe is not adequately covered in the pending bill is the problem of supplying our middle-income families with adequate housing at a price designed to meet their family budget. This is the great neglected group in our federally assisted housing programs.

In respect to this situation, as with the others, the administration witnesses testified that they were unable to supply our committee with any adequate statements or estimate of the housing needs of middle-income families.

I, myself, know that there are millions of so-called middle-income families in the United States which simply cannot afford to meet the burdens imposed upon the family budget as a result of the present high market prices on new homes. These families are not eligible for public housing, but neither can they afford the rents and the payments being asked today for available housing.

There was expert testimony in the record of the hearings that we are actually building in the United States about one-half of the housing units actually needed by our population. There are more than 7 million homes in urban areas that are unfit for human habitation, and yet are being occupied. These homes should be demolished. These houses are being occupied today by low- and middle-income families.

In my bill, S. 3158, there is proposed a middle-income housing program which would operate through a national mortgage corporation, which would stimulate, through credit and other devices, the private construction of middle-income housing. This provision for a middle-income housing program was submitted as an amendment to the pending bill during its consideration by the committee.

This amendment, as the Senator from Alabama has already stated, failed to be approved as the result of a tie 6 to 6 vote. This vital program is thus not included in the pending bill, but the very strong support this proposal had in committee, as it has in the country at large, encourages me to believe that such a program will be approved in the near future. I shall press for it. I am convinced that the direct stimulation of the construction of middle-income housing by means of a national mortgage corporation, as set forth in S. 3158, is the answer to the growing crisis in middle-income housing.

Mr. President, I was very much encouraged to hear the statement of the junior Senator from Alabama [Mr. SPARKMAN] that he will direct the staff of the committee to make a study during the remainder of this year on the question of middle-income housing, so that it may be offered before the committee and the Senate at the next session. Whether I shall be in the Senate next year or not, it is my very deep hope that legislation for middle-income housing will be enacted, because I know of nothing in the whole problem of housing that is more important than to provide adequate housing for our middle-income groups.

Mr. President, one of the clearest examples of the need for this type of Government program—a program which should provide the vehicle for bringing the resources of great trust funds, private pension, and retirement funds into the housing finance field—is the situation today in my own State of New York.

In New York State, Mr. President, it has been estimated that the middle one-third of the families earn between $3,750 and $5,900 a year. This, I must point out, is considerably above the national average. On the basis of spending one-fifth of their income for rent or housing payments, these families could afford to pay from $63 to $98 a month. Yet, in my State, very little housing is being built at this rental or sales level, outside of some special no-cash-subsidy housing in New York City.

The Report on Middle Income Housing in New York State, which recently was submitted to Governor Averell Harriman by the New York Housing Commissioner, Joseph P. McMurray, the former staff director of our own Banking and Currency Committee, sets forth one aspect of the magnitude of the problem. I quote from that report:

> The magnitude of the existing need for middle-income housing is shown by the amount of money needed to provide decent housing for this group. Considering only the 140,000 units which are dilapidated or lack proper plumbing, and which are occupied by middle-income families, an expenditure of about $1.8 billion would be required. Yet it is obvious that the actual need for housing families in the middle-income group is far greater than merely the replacement of the 140,000 physically substandard units.

Mr. President, this is only the problem in New York State. Unfortunately, we do not know, and Mr. Cole has frankly stated that he does not know, the situation throughout the Nation. But I believe I am safe in stating that the magnitude of the problem—if we knew all the facts—would be as great, or greater, in other States.

I believe, as I have said, that next year the Congress must adopt a middle-income housing program. It is unfortunate that this could not be done this year. The blame—and I believe the record will bear me out—lies basically with the unwillingness of the present administration to face the realities of the present housing situation, and its failure to supply the Congress with the basic facts and data in this situation.

In conclusion, let me point out that there is one additional area of the housing problem which deserves the most urgent attention of Congress and the President. I refer to the basic supply of adequate housing for minority groups in our population. There is no question that the problem of adequate housing for minority groups is intimately tied in with the adequacy of our overall housing supply. However, the minority groups suffer to a much greater extent.

Some of the provisions in the pending bill will help provide some housing for the minorities.

The committee report points out that one of the major problems confronting members of minority groups who seek to obtain adequate housing is their inability to secure mortgage financing at reasonable rates. For this reason, the committee report strongly urges President Eisenhower to use the authority which he has, and which he has already had for some time, to use for this purpose the special assistance funds of FNMA. I was greatly disappointed to find that the President has not used his authority to make these special assistance funds of FNMA available for the purchase of mortgages on behalf of minority-group members. This is a most unfortunate omission on the part of the President.

I hope the President will now follow the committee's recommendations, and will move swiftly to make this assistance available for minority-group housing.

These special assistance funds are not the entire answer to adequate housing for minority groups. In this instance, as in other instances, we were unable to obtain from Housing Administrator Cole, during the hearings, any legislative recommendations for remedying the situation, although Mr. Cole readily admitted that the problem of minority housing is one of the most pressing problems in the entire housing field.

As I have already said, Senate bill 3855 is a good housing bill. It is a bill which we can be proud to enact into law.

I hope it will be passed, as reported by the committee, without crippling amendments.

Mr. President, at this time I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 80) providing for the return to the Senate of House bill 4656, relating to the Lumbee Indians of North Carolina.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 7678) to permit articles imported from foreign countries for the purpose of exhibition at the 11th Annual Instrument Automation (International) Conference and Exhibit, New York, N. Y., to be admitted without payment of tariff, and for other purposes.

The message further 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. 9429) to provide medical care for dependents of members of the uniformed services, and for other purposes.

SLAUGHTER ON OUR HIGHWAYS

Mr. DOUGLAS. Mr. President, the slaughter on our highways continues. Last year more than 38,000 Americans were killed in automobile accidents. More than 100,000 persons were totally disabled, and about 2 million people were injured to a lesser degree. On Christmas weekend alone, over 600 persons were killed. The Memorial Day weekend looms immediately ahead. Estimates of the number who will be killed this year run up to 42,000.

The automobile has outstripped war as a killer of Americans. Since 1900 the automobile has killed about 100,000 more persons than have been killed in all the wars in our history. During a representative period during the Korean war, the armed services discovered that military personnel were sustaining more injuries from motor vehicle accidents than from the war itself.

Much of this slaughter and maiming is unnecessary and can be reduced. It is a problem that can be attacked on two fronts. First, we must endeavor to reduce the number of auto accidents. Much has been done in this direction, and the accident rate per hundred million miles of vehicular travel has steadily declined. But more can be done, and we must do it.

Second, greater safety measures can be incorporated into auto design and in safety equipment. The medical profession is much interested in the second approach, for they have to treat the casualties, many of which could be prevented by constructing safer cars. For example, one-quarter to one-third of all auto fatalities occur because the occupant is thrown out of the car through a sprung door. Many of such deaths would be prevented if door locks were installed to prevent this type of injury. Injuries and deaths caused by knobs and other projections on dashboards, by improperly designed steering wheels and steering columns, and by seats which tear loose can also be reduced by improving the design of automobiles and equipment to make them safer.

Accordingly, Mr. President, I am submitting a resolution authorizing and directing the Senate Labor and Public Welfare Committee, or a subcommittee thereof, to make a full investigation of both methods of attack upon the vital problem of reducing automobile deaths and injuries, including: First, the extent of the danger to life and health occasioned by the incidence of automobile accidents in the United States; second, the degree to which automotive engineering and design is, or can be, a factor in increasing or decreasing the incidence of injury and loss of life resulting from such automobile accidents; third, whether, in order to prevent competitive disadvantages among automobile manufacturers in the adoption of measures and devices designed to promote the safety of occupants of automobiles which are involved in accidents, it is necessary or desirable for the Congress to enact legislation establishing uniform minimum safety standards to be observed by manufacturers in the production of automobiles; fourth, whether it is desirable and possible to formulate and secure the adoption of uniform State standards for driving licenses and the revocation thereof, and of reciprocal arrangements for the enforcement of State laws designed for accident prevention; and, fifth, such other matters relating to automobile accidents and accident prevention as the committee may deem appropriate.

Mr. President, such an investigation should be of great value in helping to further the vital cause of greater automobile safety. I hope the Senate will speedily pass this resolution so that we may proceed.

I ask unanimous consent that the text of the resolution and an article on prevention of injuries, from the Journal of the American Medical Association for November 5, 1955, be printed in the RECORD at this point. I also ask consent to have printed an address delivered on this subject at the National Convention of the National Association of Claimants' Compensation Attorneys on August 19, 1955, by a constituent of mine, Harold A. Katz.

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

PREVENTION, THE ONLY CURE FOR HEAD INJURIES RESULTING FROM AUTOMOBILE ACCIDENTS

(By C. Hunter Shelden)

The physicians of this country are up in arms against the ever-increasing number of fatalities occurring daily on our streets and highways as the result of automobile accidents. The neurosurgeons are seriously involved in this crusade because they are called upon to care for the patients in critical condition with severe head injuries. Head and neck injuries account for nearly 70 percent of all auto crash fatalities. In spite of the frequency of these tragedies, I have never known a neurosurgeon who has become calloused to the distasteful task of caring for a patient with a fatal head injury. Despite the endless repetition, the reaction is always the same—frustration and anger. The feeling of utter frustration stems from the realization of our own therapeutic limitations and the knowledge that the brain, once contused beyond a specific degree, presents an irreversible reaction. General supportive measures and occasionally operative relief of gross hemorrhage will save a few patients whose injury is borderline, but the severe head injury is fatal in spite of our most concerted efforts.

The loss of each patient awakens a deep feeling of anger because we allow this to continue without any concentrated effort being made to prevent its recurrence. Automobile injuries are medical problems, and we should treat them as such. The public is not aroused only because automobile fatalities are accepted as accidental deaths. In reality, there is nothing accidental about them, except that they occur during automobile accidents. Automobile accidents and automobile injuries are not synonymous terms, even though the two are chronologically related. The accidents may occur as the result of speed, inadequate highways, poor judgment, or mechanical failure, but none of these actually causes the passenger injury. The injury occurs primarily as a result of faulty interior design of the automobile. Faulty is actually a gross understatement, as there is almost no feature of the interior design of a car that provides for safety. The doors, seats, cushions, knobs, steering wheel, and even the overhead structure are so poorly constructed from the safety standpoint that it is surprising anyone escapes from an automobile accident without serious injury. The elimination of the mechanically hazardous features of interior construction would prevent approximately 75 percent of the fatalities, or 28,500 deaths each year.

Anyone who doubts this possibility has but to watch the jalopy races throughout the country. People are attracted to these races because of the frequent crashes that occur, and they are seldom disappointed. The accidents are numerous, bizarre, and frequently involve 3, 4, or more cars. Serious injuries are rare, because the potential injury-producing factors present in the average private automobile have been eliminated. Doors are welded shut, seats welded or very rigidly fixed to the frame, all projecting knobs or handles removed, and roll bars, as well as rigid interior supports, installed. The use of seat belts, crash helmets, and shoulder harnesses also protects the driver.

STATISTICAL EVIDENCE

Every driver seems to have the idea that the automobile accident is something that may happen to the other person but never to himself. The possibility of injury or death is even more remote, and he seems to have the faculty of suppressing this unpleasant thought. However, approximately 10 percent of all automobiles on the road last year were involved in an accident—54 million cars and 5,200,000 reported accidents. As the result, approximately 1,500,000 persons were injured; thus, your chances of injury, if involved in any type of accident, are in the neighborhood of 1 in 3. If injured, you have 1 chance in 15 of receiving an injury severe enough to result in permanent total disability. Last year 100,000 persons were totally disabled. Furthermore, if injured,

you run 1 chance in 37 of being killed; last year over 38,000 persons lost at these odds. These are rather lethal statistics to refer to a so-called pleasure car.

At this point one may say that with all the elderly people driving, plus those with poor coordination, plus those with poor vision, it is no wonder that the figures are so high and look so serious. Would you be more apt to believe the statistics if they related only to a select driver group? Last year the United States Air Force lost 700 men killed in aircraft accidents, and during the same period lost 678 killed in automobile crashes. If more statistical evidence were necessary, it might be pointed out that in the past 20 years, since 1934, more than 700,000 persons have been killed in automobile crashes. In the past 50 years many thousands more have been killed in automobile accidents than have been killed in all our wars put together. Campbell[1] states that a life is lost due to the motorcar every 15 minutes around the clock, day and night, and every one-half minute someone is injured here in the United States. These figures may be more significant if the mortality is compared to such publicized diseases as poliomyelitis and tuberculosis. In 1953 the deaths from poliomyelitis numbered less than 2,000, whereas the automobile fatalities numbered some 38,000. In fact, there were more deaths that year from auto crashes than from all forms of poliomyelitis and all forms of tuberculosis put together.

STRUCTURAL DESIGN AND PREVENTION

There is no doubt that the research engineering department of any one of the major automobile companies could offer design changes that would afford greater safety. In fact, the engineers have supplied valuable ideas, but these have been incorporated in present cars only to a limited degree. The reason is that the industry apparently is governed entirely by the cost accounting division. No new idea can be adopted unless it either reduces present costs or affords a sales aspect to offset additional expenditures. The industry does not believe that safety is a sales incentive. However, safety is something we all understand and desire. It is the one feature of the future automobile that the public will accept, if given the opportunity, without the need of propaganda and expensive advertising.

Neurosurgeons are not bent on criticism of the automobile industry. Our purpose is to stimulate greater appreciation of the problem and to recommend and insist upon such design changes as are necessary based upon our clinical experience. We hope our suggestions will serve to point out the structures most in need of change and stimulate automotive engineers to concentrate greater effort on the elimination of the faulty and hazardous features in design.

Doors: From 25 to 35 percent of all automobile crash fatalities occur as the result of persons being thrown out through doors that have sprung open. The average door lock becomes disengaged if there occurs a 9/16 inch separation between the door and door frame. Imagine how trivial the accident need be to spring the body a little more than one-half inch. Inspect your own car door and see what a flimsy mechanism is employed to keep you from being thrown out onto the road. This is particularly true in the two-door hard-top coupe which lacks a center post on each side between the front and back seats. This style is very vulnerable to distortion of the body during a crash. The new four-door hard-top without a center post may prove to be the most lethal of all body styles because of the noticeable lack of structural stability through the midsection of the body.

The development of a method that would rigidly attach both doors to the outside edges of the front seat backs would hold the doors tightly shut and prevent the front seat backs from flying forward. If this door-seat arrangement were expanded to include a tight locking-together of the two front seat backs, a firm, side-to-side, bulkhead-like fixation would be afforded to the midsection of the car. In other words, it would be similar to a solid bar being placed across the midsection and fastened to the door on each side. Such an arrangement of door-seat lock has been developed. There are many ways to accomplish these same safety advantages. Our purpose in designing this method was primarily to illustrate the fact that even a medical research institute can design means of improving passenger safety. If research automotive engineers were to take up this project in earnest, one could hardly imagine the number of ingenious methods they could design for safety. Even the method shown could be installed for less money than the heater or radio, both of which have become accepted extras on most new cars.

Seats: The seats, which serve as the only real contact between passenger and automobile, have been designed purely for comfort. There has been no thought given to safety. The front seats, particularly in the two-door cars, are a disgrace to the combined engineering staffs of the automobile industry. The fixed portion of the seat is fastened to the frame only by four small bolts, which accounts for the frequent occurrence of seat failures. Inspect a few cars that have been in accidents and note the high percentage of front seats that have been torn loose from their mountings.

In addition, the trend has been toward more and more mobility of the seat to allow for adjustment in all four directions. The result is the present "four-way seat." The track on which the seat slides is not constructed to withstand the forces developed during a crash. Front and back adjustment is necessary safetywise, since it allows for better control of the steering wheel and foot pedals. However, methods could be developed that would afford adequate fixation and stability. The Ford "Thunderbird" has an adjustable steering wheel. Possibly this idea could be further developed so that the seat would remain fixed and the adjustment accomplished at the floor. The entire problem of seat fixation and seat adjustment requires restudy and redesign. Seat cushions are not securely fastened, and, during sudden deceleration, they are torn loose and thrown about the interior of the car. A flying seat cushion can cause a fatal injury. It is absurd not to have the cushions bolted in place. They are still designed as in the days when the tools and jack were stored under the seat.

Poor seat design accounts for the thousands of so-called whiplash injuries. This type of cervical spine injury usually occurs when one's car is struck from behind while waiting for a traffic signal to change. As the rear-end crash occurs, one's head is thrown backwards. Since the seat back is low (for better styling), the top of the seat serves as a fulcrum over which the neck is snapped. Terrific tearing of ligaments, muscles, and muscle attachments results. Neck fractures are not infrequent. Whiplash injuries are the most disabling of all nonfatal automobile injuries. Periods of total disability lasting from 1 to 3 years are common. The frequency of whiplash injuries is difficult to estimate, but they probably occur several hundred thousand times each year. The solution is simple. The addition of a small elevated portion directly behind one's head is all that is necessary. It need not be high enough to support the head while driving but merely high enough to give the head support if the neck is suddenly extended. Thus the back of the front seat could not act as a fulcrum, since the occiput would encounter the padded rest as the neck is extended.

Seats could be structurally improved if the backs were divided into 3 sections rather than 2. Thus either outside section could be tilted forward to allow passengers access to the rear seat, and at the same time there would be a rigid middle third section into which the tilting sections could be firmly locked to prevent forward or lateral motion during a crash. In addition to the safety factor, the two outside sections could be tilted forward at the same time to allow passengers to enter from both sides at the same time. Furthermore, this arrangement would afford a middle passenger in the front seat a comfortable seat back instead of having to lean back on the crack between the seats.

Interior projections: There has been evidence of improvement, but every dashboard still has dangerous knobs and buttons that can easily produce serious depressed skull fractures. Few people seem to realize the terrific force with which one is thrown against the dashboard. Even at 30 miles per hour, the force can equal 176 g, which is far beyond the limit of human tolerance. The average rearview mirror is rigid with sharp edges. The armrests on the front doors present a serious hazard. They may appear to be safe, but if one is thrown laterally against the door these projections may produce serious soft tissue injury. The Cadillac has a prominent knifelike projection just above the instrument panel. It was designed to prevent reflection of the instrument lights onto the windshield. To accomplish this minor task, they have produced as lethal a device as is seen on any American passenger car. Chrysler has added a new gearshift lever that projects straight out from the dashboard. This defies all concepts of passenger safety.

Steering wheels: The industry has given this much thought recently, and new designs are presently being tested that should go far toward protecting the driver. The steering-post type of chest injury should become a rare occurrence, provided the styling people do not put beauty before public safety. If these designs are adopted without too much delay, the manufacturers are to be congratulated.

Overhead construction: No stock car, to my knowledge, is equipped with any type of roll bar to prevent crushing of the passenger compartment. Fatalities from this source are not numerous, but this should not prevent the addition of such structures to every car. It would represent a small increase in the cost of the car. Certainly it is an extra that anyone would gladly accept, even at the expense of less exterior glitter. Roll bars could be incorporated in hard-top convertibles, as well as in conventional 2-door and 4-door cars. This would simply amount to the use of a tubular steel portion as the anterior frame of the rear windows. Thus, when the windows were up, this piece would become incorporated into the other portions of the roll bar located in the body and top. This would possibly not be as rigid as a solid bar from frame to frame but far safer than none. If roll bars were of little value, you could be sure that they would not be such a conspicuous feature in every accident-prone jalopy. These cars can be rolled over and over without serious damage to the top structure.

Seat belts: The use of seat belts has long been recognized as a means of passenger safety. The airlines have done much to popularize the use of belts by making them standard equipment on all planes. Recently Chrysler has announced the adoption of seat belts in their new automobiles. Seat belts at present consist of two separate straps securely fastened to the car frame or cross member. The two free ends of the belts are

[1] Campbell, H. E.: Prevention of Injuries in Airplane and Automobile Accidents. Correspondence, J. A. M. A., 157: 945 (March 12) 1955.

fastened across the passenger's lap by means of a strong buckle. When in use, the belts will withstand tremendous forces and prevent the passenger from being thrown forward against the dashboard and windshield or laterally into the tonneau or against the door during a crash. There is no doubt that seat belts in passenger cars will prevent many injuries and fatalities, if only the public will fasten them. Most people will utilize the belts during a long trip, but it is questionable whether they will routinely fasten them when driving in and around town.

Although we are staunch advocates of safety belts for passenger protection, it is likely that the present design will have to be modified before they gain universal acceptance. The use of two separate straps is a disadvantage. The free ends when not in use lie across the seat, and frequently the outside strap falls out the door as one leaves the car or falls onto the floor of the front seat. If the free ends lie on the seat and one enters the car in a hurry, he is likely to sit on the straps and drive off before remembering to fasten them. While driving he must find the two ends and place them across his lap. Then in order to fasten the seat belt he must take both hands off the wheel, and, unless he is very dexterous, he must also take his eyes off the road for a split second. More likely than not, he will decide to forego the use of the safety belt for that particular short trip.

These disadvantages can be corrected with improvement in design. A belt that rolls up when not in use would be an improvement. Possibly a single strap that could be engaged with one hand would improve the situation. At least one can be sure that until improved designs are available the public is not going to take full advantage of this means of safety. Eventually a method must be developed whereby the passenger is automatically and instantaneously restrained during a crash. Such a mechanism can be designed that will become activated by a sudden deceleration.

PUBLIC AND INDUSTRIAL RESPONSIBILITIES

Pressure is developing that will bring about adequate improvements. Unfortunately, to date there has been much smoke but no fire. Many articles have been written, much scientific investigation has been carried on, and any number of new ideas have been developed. However, almost no progress has been made, and few new ideas have been adopted. The reason is very simple. The automobile industry states that it cannot make the necessary changes, because of production cost, until such time as the public demands them and makes known that it will accept such changes costwise. The public would gladly insist upon changes, but it is completely unaware of what changes to demand. Basically it is difficult to understand this concept. The automotive people have built their empires on public acceptance of their products. The public has welcomed with enthusiasm every constructive change offered—especially those that lessen the hazard of driving, such as windshield wipers, power windows, safety glass, blowout-proof tires, wrap-around windshield, sealed-in beam headlights, and improved dashboards. These are not purely mechanical features and do not add to the performance of the car, yet the public thinks enough of them to pay the added cost of production.

The medical profession readily agrees that the industry has continually added to the safety of the automobile through development and adoption of improved mechanical devices. Frame construction, power brakes, power steering, improved engine design, and automatic transmission are proved advances that afford greater driving efficiency and safety. Noteworthy as these changes may be, they do not improve the driver's or passenger's chances of survival during a crash. It is the aim of the medical profession to have as much concentrated effort spent on improving the safety design as is spent on the rest of the car. In fact, the need is so urgent that changes must be made immediately and to such a degree that the frightening toll of death and disability will be reduced to a minimum. It cannot be done piecemeal, a little device here and there, just enough to appease the medical profession without adding to the cost of the car.

However, it is recognized that no one company can afford to undertake an immediate and complete safety program for all its cars. Such a step might be disastrous financially if, for some reason, the company's safety methods proved to be less efficient, less pleasing to the buying public, or even more expensive than those developed a few months later by competitors. The automobile industry has an important public health and welfare problem on its hands. If it could be solved effectively by some joint action within the industry, it would prove to be a satisfactory solution of the problem. If the industry cannot rise to its responsibilities, the entire matter should be removed from its jurisdiction and be solved by methods employed in any other urgent public health problem.

The industry could decide the entire matter without outside intervention, but, considering their past performance with regard to safety devices, I doubt seriously if there is any likelihood of such an occurrence. If left to them, a new but minor change would be made each year as fitted their overall plan, as has been done in exterior styling and design. Such a delaying action may be a satisfactory policy in business but not in a matter of health and public safety. Translated into medicine, it would be comparable to withholding known methods of lifesaving value. In medicine the need is recognized and probable solutions to the problem investigated, developed, and tested. If these prove to be effective and nontoxic, they are employed immediately, even though at the moment there may be limitations to their therapeutic value.

In the case of automobile safety devices, the need is recognized and the design changes are known, but there the whole program grinds to a discouraging halt. The known hazards in interior design should be eliminated immediately. Over the years, new and better methods can be developed, tested, and installed to replace the earlier methods. Statistical studies, such as those being carried on at Cornell University by Moore and his group [2] will serve to point out additional hazards that require investigation. Every facet of automotive safety does not have to be statistically proved before improvements in design are made. Every possible source of injury should be considered and some attempts made to eliminate each particular hazard. The change this year may have to be modified in a year or two, but at least during this time the public will have had added protection. There are enough potential sources of injury in every present-day automobile to keep the designers busy indefinitely.

PREVENTION BY NATIONAL CONTROL

It is proposed that a national group be set up by the President of the United States to regulate and approve automobile safety. This group should be granted power to prevent public sale of vehicles that do not meet requirements of safety design. This group should consist of persons in all related fields, appointed on the basis of ability and experience. This arrangement would allow the industry to pool safety ideas and submit to the national committee those ideas that the manufacturers believe would afford the greatest degree of safety with the smallest cost to the public. There would be no competitive aspect to this feature of automobile construction, since adopted measures would be of standard design. There would be no financial risk, for the same production costs would be transmitted by all manufacturers directly to the public.

The protection of the public through legislative control of safety measures is an accepted part of our daily life. One cannot buy food that has not passed inspection. Drugs must be approved before being put on the market. Dangerous drugs cannot be dispensed without prescription by a licensed physician. Airlines and railroads cannot operate without fulfilling safety requirements. A new home cannot be built and occupied without passing numerous safety inspections. Automobiles cannot be driven without adequate lights and brakes, nor can they be operated by drivers who have not passed a State examination. There are countless examples of controls being exerted in behalf of public safety, yet we allow the automobile industry to continue manufacture of a product known to be faulty in safety design.

We can expect, and we will encounter, resistance to the suggestions and recommendations. However, we who see this grim pattern reenacted daily realize that it is our duty to demand that the public be protected as in any national health problem. If this Nation were confronted with an epidemic disease that took the lives of 38,000 persons in 1 year, and the medical profession did not take steps to control the situation, there would be a congressional investigation. Possibly that is the only solution to the problem of automobile deaths. However, let us hope that with concentrated effort we ourselves can effect the cure for the head injury epidemic. The only cure is prevention.

THE LIABILITY IN TORT OR WARRANTY OF AUTOMOBILE MANUFACTURERS FOR THE INHERENTLY DANGEROUS DESIGN OF PASSENGER AUTOMOBILES

(Address delivered by Harold A. Katz, of Katz & Friedman, Chicago, member of the Illinois Bar, at the national convention of the National Association of Claimants' Compensation Attorneys, at Hotel Cleveland, Cleveland, Ohio, August 19, 1955)

We of the negligence bar have been so busy seeing the trees that we have been unable to see the forest. Presented with cases of injuries due to unsafe elevator construction or from the sale of unguarded power machinery, it would immediately occur to us to sue the manufacturer for negligent design. But faced day after day with the No. 1 killer of them all—the automobile—it seems never to have occurred to us wherein lies the major cause of the steady toll of human death and destruction. It is the purpose of this paper to suggest:

(1) The principal cause of the high casualty rate in automobile accidents is to be found in the design of the automobile itself.

(2) Automobile manufacturers have negligently failed in designing automobiles to consider the safety of occupants in the event of crash or sudden stopping.

(3) Because of this negligence, these manufacturers are legally responsible for resulting injuries to occupants under both tort theory and established principles of tort law.

As lawyers, our inquiry in automobile accident cases has been directed toward determining the cause of the accident to the exclusion of the equally pertinent question as to whether the injuries may have resulted from the design of the vehicle in which our client was riding in addition to the fact

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[2] Moore, J. O., and Tourin, B.: A Study of Automobile Doors Opening Under Crash Conditions: The Relationship Between the Opening of Front Doors and the Area of the Passenger Automobile Sustaining the Principal Impact, New York, Automotive Crash Injury Research, Department of Public Health and Preventive Medicine, Cornell University Medical College, 1954.

of the collision. Recent studies by competent medical and technical investigators confirm the fact that it is perfectly possible to have accidents—even serious accidents—without injury if the automobile is designed to protect the occupants not only during customary travel but in a crash as well. The passenger car, however, is designed with little or no regard for the safety of its occupants in the event of a collision. The most recent annual report of the Automotive Crash Injury Research Project of Cornell University Medical Colleges contains the following conclusion:

"It has been found that 15 years of automobile design have produced no improvement as far as their injury potential is concerned, and the data pointedly suggest that the newer model automobiles are increasing the rate of fatalities in injury-producing accidents." [1]

Let us first consider the facts behind the conclusion before proceeding to the question of the liability of the automobile manufacturers.

Each year almost 40,000 Americans lose their lives as a result of automobile accidents, 100,000 persons sustain permanent injuries and an additional million undergo temporary disabilities.[2] One out of every six persons in this country will be the victim of a serious automobile accident.[3] In the half century since the motorcar became a part of our lives, it has caused 64,000 more deaths than all of our Nation's wars combined, including Korea.[4] In 1951, 88 percent of the deaths in the Army Air Force were caused by crash injuries—and about one-half of these deaths were due to automobile accidents.[5] Contrary to popular belief, the danger is not limited merely to speeding automobiles—87 percent of all motorists killed and injured are driving at less than 40 miles per hour.[6] About four times as many injuries occur in automobiles as a result of a crash contact of the occupant against some part of the interior of the car as are the result of an actual crushing of the person.[7] While pedestrian injuries have been steadily declining, occupant injuries have been steadily rising over the years.[8]

The failure of the automobile manufacturers to design an auto with intelligent consideration for the safety of its occupants in the event of a crash is the principal cause of the terrible toll of mortality and injury. In a crash the modern car becomes a vicious instrumentality for the destruction of its occupants, the dashboard projections and glass ready to tear your body, the windshield and rear view mirror waiting to dash out your brains * * *.[9] The way automobiles are designed, the passengers are "as vulnerable to injury as a teacup shipped loose in a barrel." [10] Engineers studying fatal accidents in Indiana in 1951 decided that at least two-thirds of the victims could have survived if the design of the car had been better.[11] Investigators at Cornell have shown that a safety belt, properly anchored to the frame, will prevent about one-half of the fatalities in auto accidents.[12] Ten percent of fatalities and 20 to 30 percent of injuries are caused because the doors pop open in the accident and the victim is thrown out of the car.[13]

The exasperating thing about this death toll is that it is not through ignorance but indifference that it continues. Airplanes have, for years, been produced with safety belts and doors that will not pop open, and the same techniques are readily adaptable to automobile construction. One-half of the deaths are due to skull injuries, yet most cars continue to be made without safety belts and without crash pads. Engineers at Cornell have produced a material, called Ensolite, so energy-absorbing that eggs dropped 150 feet onto it did not break,[14] but most auto manufacturers continue to supply the public with metal dashboards interspaced with sharp projections perfectly designed to fracture skulls. One-fourth of the deaths are due to chest injuries,[15] not surprising when one considers that the driver sits with a spear, called a steering rod, aimed at his heart, yet no real attempt is made in the design of the automobile to anchor the driver in his seat, or protect the driver by placing a crash pad over the steering wheel or by making the steering column retractable in the event of a crash, all relatively simple enginering problems if the industry were genuinely concerned over passenger safety.

Automobile manufacturers utilize their tremendous resources and their brilliant array of engineering talent to enhance the appearance of their product, to boost the horsepower and improve the compression ratio of the engines, and to make driving effortless by power equipment. They do everything except apply the intelligence of the average schoolboy to protecting the lives of the people who ride in their automobiles. This should not be interpreted as any lack of recognition of the tremendous accomplishments of the motor industry. Rather, their brilliant achievements in the field of styling, power, and production methods point up their lack of interest in the area of occupant safety. Each year they improve the acceleration and ignore what happens to the occupants in the event of sudden deceleration. It has fallen by default to interested outside groups to study what does happen in the case of sudden deceleration of an automobile. This is the essence of the safety problem, for the forces to which we are exposed and which do the damage are almost always decelerative forces—the forces that stop the forward motion of our bodies as the car comes to a sudden halt.[16] In abrupt deceleration the occupant continues to move forward at approximately the speed of the automobile in the instant preceding the accident, until being stopped by impact against the steering wheel, windshield, or dashboard.[17]

Exhaustive studies at Cornell University and elsewhere prove conclusively that in most fatal accidents, the forces involved were within the physiologic limits of the body's ability to withstand them without injury.[18]

You will recall that on Monday, John O. Moore, director of automotive crash research at Cornell University Medical College, in his speech to this convention, pointed out that the risk of injury from a blow to the body increased as the area of the blow decreased. He illustrated this by comparing a blow to the head from a relatively large object, such as a wastebasket, to a blow of equal force from an ordinary hammer. He said that the latter might kill the person while the same blow from the larger object, not concentrated into a small body area, might cause no permanent disability. The same principle applies with great pertinency to the automobile steering rod and wheel, which, as has been pointed out, is often struck by the driver with great lethal force in a collision. Ideally the full steering wheel should absorb and spread the impact both because of the medical principle just referred to, and the obvious fact that the steering rod is directly aimed at the vital human organs in the chest which should be protected at all cost. So what do the manufacturers do to protect the driver? The next time you are in an automobile look about you, and you will see the extent to which this elementary medical principle is disregarded in automobile design in an industry which spent $1 million on 1955 models. On one of the "big three" cars in the low-priced field the steering rod is extended approximately 3 inches above the wheel so that the wheel cannot serve to spread and cushion the impact and to act as a guard against the steering rod in the event of a sudden deceleration. In another manufacturer's quality model in the low-priced field, the top of the steering rod is rounded into a pointed end. You visualize what will happen to the driver whose chest, traveling at 30 miles an hour or more, strikes either of those steering rods in a sudden crash.

We come now to the crux of our problem. Suppose that a widow walks into our office, her husband having been the victim of an accident, killed by a steering rod through his chest or by his head having struck a dashboard projection or by having been hurled through a door which opened on impact in the crash. We have not thought in terms of liability of a manufacturer in such situations. The proposition advanced by this paper is that nothing in law or fact insulates the automobile manufacturer from liability not only for defects in construction, which we have long recognized, but as well for the creation of unnecessary risk by the marketing of an automobile not reasonably designed to protect the safety of its occupants.

The danger that we face as specialists in injury litigation is that our very familiarity with rules of law and categories of liability will make us forget the essential principles on which all tort liability rests. It is the interplay of these principles, applied by courts to new facts in an everchanging social scene that has always resulted in expanding areas of liability. The categories of negligence are never closed. We must avoid the temptation of the tyranny of labels, to think of manufacturer's liability only in terms of defective brakes or faulty material or the failure to inspect. These are only evidence of the negligence. The

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[1] Annual Report, April 1, 1954, to March 31, 1955, prepared for the Commission on Accidental Trauma of the Armed Forces Epidemiological Board, by the Automotive crash injury research project of the Cornell University Medical School (1955). The Cornell group has done the basic research work in this field over a period of 3 years on an aggregate budget of approximately $880,000.

[2] Journal of the American Medical Association, June 11, 1955, 482.

[3] Wenger, Don S., Must You Die in an Automobile Accident? p. 1. (Speech delivered November 16, 1954, to clinical congress of the American College of Surgeons at Atlantic City, N. J.)

[4] Campbell, Horace E., The Prevention of Injuries in Automobile Accidents, p. 1. (Speech delivered November 16, 1954, to clinical congress of the American College of Surgeons at Atlantic City, N. J.)

[5] Wenger, op. cit. supra, p. 1.

[6] From the findings of the Cornell University Aeronautical Laboratory, as quoted in an advertising folder for the Hickok car crash safety belt, captioned "Death To Take Holiday for Motorists This Year."

[7] Ibid.

[8] Letter from National Safety Council, Chicago, dated June 14, 1955.

[9] Wenger, op. cit. supra, p. 2.

[10] Wenger, ibid., p. 3.

[11] Dye, Edward R., Cornell University tests, etc., Woman's Day (November 1954), p. 85.

[12] See footnote 5.

[13] Dye, op. cit. supra, pp. 86, 89.

[14] Paul, Elmer C., The Prevention of Injuries in Automobile Accidents, p. 1. (Speech delivered November 16, 1954, to Clinical Congress of the American College of Surgeons, Atlantic City, N. J.)

[15] Wenger, op cit. supra, p. 1.

[16] Wenger, ibid., at p. 3.

[17] Livingstone, R. G., Automobile Collision Injuries, Surgery, vol. 36, p. 1059 (December 1954).

[18] Bulletin of the American College of Surgeons, vol. 40, No. 3 (May–June 1955), pp. 157–58.

test is whether the defendant has created an unreasonable risk.[19] The factors which enter into this determination are, first, the likelihood of harm to the plaintiff from the defendant's act or failure to act, including both the chance of harm and the gravity of the harm; and, second, the social utility of the particular act or omission which is challenged as negligent, including the alternatives which were available to the defendant to avoid such liability and the question of whether notice was given to the defendant of such dangerous conditions.[20] It is submitted that applying these criteria to the subject here under discussion, liability should be found to exist. It is obvious that the placing of millions of automobiles on the road by automobile manufacturers without utilizing in the slightest their tremendous engineering resources to design the safest practicable car constitutes the most stupendous creation of risk and neglect of duty in modern times. Put in human terms, based on the estimates of disinterested investigators, this neglect results annually in the unnecessary deaths of 18,000 Americans.

When one considers the value which we place on even a single human life, the enormity of the wrong becomes apparent. Through the peculiar genius of Anglo-Saxon law, however, working through its greatest instrument for the imposition of social responsibility—the damage suit—the automobile manufacturers can be made to do what one leading doctor recently implored them to do—"to get out of the rut worn deep by 50 years of unimaginative thinking."[21] Our brethren in the medical field have recently awakened to this appalling situation, and the American College of Surgeons and the American Medical Association have called upon the automobile manufacturers to devote their attention to making the automobile safer.[22] I commend such action by these medical groups, which, like our own resolution of yesterday which we adopted urging an increased emphasis on accident prevention, represents a real tribute to the unselfishness of our two great professions. While we concede that our medical brethren may understand better than we the cause and effect of injury, we as lawyers are perhaps more cognizant of what motivates the corporation to act. Suffice it to say that, to the modern corporation, a resolution is a far less potent instrument for social persuasion than a lawsuit. We in this organization, embracing as it does the leading personal-injury lawyers in the United States, have it within our power to be the catalytic agent for savings in human life of such magnitude that it staggers the contemplation. History teaches us that there is no greater incentive for eliminating danger to human life and for improving the quality of products than the threat of legal liability. When to this is added plaintiff's attorneys of the caliber of NACCA's membership—several thousand experienced trial lawyers situated throughout the 48 States—the persuasion should be adequate to accomplish the task of securing improvements in automobile design to safeguard human life. It was, after all, the imposition of liability on employers for industrial injuries that gave impetus to the movement for plant safety. In view of the obvious fact that years would be required under any circumstances to replace existing autos, some who have been maimed may be able to place the cost of their injury where it properly belongs.

We have reviewed the factual evidence which must constitute the background of our proof. We have examined the underlying considerations on which tort liability is based. We know, however, that in the lawsuit and in the brief we must depend for our support on actual decisions and rules of law. It is to these that we now turn.

Our title suggests a consideration as to whether liability should be grounded in tort or in warranty. The problem of privity is so limiting in warranty[23] and the problems of proof so technical[24] that, in spite of warranty's limited usefulness in certain situations,[25] we must look principally to the law of torts. In the words of Mr. Justice Cordozo:

"We have put the source of liability where it ought to be. We have put its source in law."[26]

The general rule of a manufacturer's liability has been thus set forth by the Restatement of Torts:

"A manufacturer who fails to exercise reasonable care in the manufacture of a chattel which, unless carefully made, he should recognize as involving an unreasonable risk of causing substantial bodily harm to those who lawfully use it for a purpose for which it is manufactured and to those whom the supplier should expect to be in the vicinity of its probable use, is subject to liability for bodily harm caused to them by its lawful use in a manner and for a purpose for which it is manufactured."[27]

It is clear that the manufacturer's negligence may lie in unsafe design as well as unsafe construction.[28] Moreover, the failure to provide a safety device on a machine or the failure to make it more safely may constitute negligence. Thus, in *O'Connell* v. *Westinghouse X-Ray Corp.* (41 N. E. 2d 177 (1942)), the court held that the question of whether the defendant was negligent in failing to provide a method on the machine whereby amperage could be gradually reduced presented questions of fact for the jury. Even though deciding in favor of the defendant in an action brought against a farm implement manufacturer for injuries suffered when a tractor seat broke, the Sixth Circuit Court of Appeals set forth the manufacturer's duty as follows:

"Its duty was to use reasonable care in employing designs, selecting materials, and making assemblies * * * which could fairly meet any emergency of use, which could reasonably be anticipated."[29]

Certainly, it cannot be doubted that the threat of sudden deceleration, either to prevent an accident or because of an accident, is "an emergency of use which could reasonably be anticipated." Nor can it be doubted that automobile manufacturers have not failed "to use reasonable care in employing designs" and "selecting materials" which could fairly meet any such emergency.

The fact that other manufacturers may market products comparable in design has been held not controlling on the question of negligence based on unsafe construction and design.[30]

If the manufacturer concedes that he was aware of safer designs he places himself in a difficult position. If, on the other hand, the manufacturer contends that he was free from negligence because he was not aware of a safer method of design he would appear to be placing himself in an unenviable position. One is reminded of the story told by Lincoln of the young man who murdered his mother and father and then asked clemency from the court on the ground that he was an orphan. The manufacturer cannot rely on a plea of ignorance as a basis for nonliability. Rather, the plea of ignorance is an admission of liability. In the words of the restatement, the manufacturer must make "such inspections and tests during the course of manufacture and after the article is completed as the manufacturer should recognize as reasonably necessary to secure the production of a safe article."[31] Certainly the manufacturer is in a better position than the consumer to make such tests and to use such talent as would be required to market the safest practicable automobile.[32] Moreover, the impracticability of placing the duty of designing safe automobiles on anyone other than the industry is pointed up by the obvious fact that only the manufacturers can change the design of automobiles.

We have sought to suggest a line of approach for holding automobile manufacturers responsible for injuries caused by negligence in the design of passenger cars. We recognize that we have raised more questions than we have answered, but that has been the purpose of the paper. We are aware that some problem of proof may exist in seeking to show the extent to which the injury is a result of the collision and the extent to which it results from negligent design. This, however, would appear to be a problem for the jury in apportionment of damages, not unlike the situations where the jury must decide the extent of injury resulting from each of two accidents occurring moments apart. It is submitted that the negligence of the automobile manufacturers has been so patent, their attitude toward the destructive potential of their product so cavalier,[33]

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[19] "Every person is negligent when, without intending to do any wrong, he does such an act or omits to take such a precaution that under the circumstances present he, as an ordinarily prudent person, ought reasonably to foresee that he will thereby expose the interests of another to an unreasonable risk of harm." Rosenberry, C. J., in *Obsorne* v. *Montgomery* (203 is. 233, 242, 234, N. W. 372, 379 (1931)).

[20] Fleming, James, Jr., Nature of Negligence, 3 Utah L. Rev. 275 et seq. (1953); Warren Seavey, Principles of Torts, 56 Harv. L. Rev. 72 et seq. (1942).

[21] Campbell, op. cit. supra, p. 1.

[22] The tenor of the response of the General Motors Corp. to the resolution of the American College of Surgeons was that the doctors should stick to medicine and leave auto designing to the auto manufacturers.

[23] *Chanin* v. *Chevrolet Motor Co.*, 89 F. 2d 889 (CCA 7, 1937); *Grant* v. *Australian Knitting Mills* (1936) A. C. 85 (P. C.).

[24] *Murphy* v. *Plymouth Motor Corp.*, 100 P. 2d 30 (Wash., 1940); *Ford Motor Co.* v. *Wolber*, 32 F. 2d 18 (CCA 7, 1929).

[25] *Baxter* v. *Ford Motor Co.*, 168 Wash. 456, 12 P. 2d 409; *G. M. C. Truck Co.* v. *Kelley*, 231 p. 882 (1924); see also Gussin, Manufacturers' Liability—Warranty—Contributory Negligence, in Bell, *Trial and Tort Trends Through 1954*, p. 227.

[26] *MacPherson* v. *Buick Motor Co.*, 217 N. Y. 382, 390 (1916).

[27] *Restatement of the Law of Torts*, sec. 395, p. 1073.

[28] *United States Radiator Corp.* v. *Henderson*, 68 F. 2d 87 (CCA 10, 1933); Cf. *Ford Motor Co.* v. *Wolber*, 32 F. 2d 18 (CCA 7, 1929).

[29] *Davlin* v. *Henry Ford & Son*, 20 F. 2d 317 (CCA 6, 1927).

[30] *United States Radiator Corp.* v. *Henderson*, 68 F. 2d 87 (CCA 10, 1933).

[31] *Restatement of the Law of Torts*, p. 1075.

[32] *Cf. Caudry Motors* v. *Brannon*, 268 S. W. 2d 627.

[33] An anguished father, who wrote General Motors after his young son had lost his front teeth on striking the dashboard in a sudden deceleration, pleading that something should be done to prevent this kind of accident, was solemnly advised by a General Motors' safety official that he had solved the problem in his own family by teaching his children to extend their arms as a brace on command. To expect to achieve safety by relying on youthful arms suddenly to restrain the forward motion of a body accelerating at speeds in excess of 30 miles per hour indicates, to say the least, an unusual approach to safety, which to this author seems in approach to be not unlike designing an automobile without brakes but with openings in the floorboard so that the occupants, on command of the driver, will drag their feet on the ground in order to restrain the forward motion of the car in the event of a sudden need to stop the vehicle.

that if the plaintiff presents enough facts to get to the jury a favorable verdict is to be anticipated.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

The resolution (S. Res. 270), submitted by Mr. DOUGLAS, was received and referred to the Committee on Labor and Public Welfare, as follows:

Resolved, That the Senate Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation and study of (1) the extent of the danger to life and health occasioned by the incidence of automobile accidents in the United States, (2) the degree to which automative engineering and design is, or can be, a factor in increasing or decreasing the incidence of injury and loss of life resulting from such automobile accidents, (3) whether, in order to prevent competitive disadvantages among automobile manufacturers in the adoption of measures and devices designed to promote the safety of occupants of automobiles which are involved in accidents, it is necessary or desirable for the Congress to enact legislation establishing uniform minimum safety standards to be observed by manufacturers in the production of automobiles, (4) whether it is desirable and possible to formulate and secure the adoption of uniform State standards for driving licenses and the revocation thereof, and of reciprocal arrangements for the enforcement of State laws designed for accident prevention, and (5) such other matters relating to automobile accidents and accident prevention as the committee may deem appropriate. The committee shall report its findings, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date.

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 amendments of the House to the joint resolution (S. J. Res. 135) for payment to Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam unit, Missouri River Basin project, Montana-Wyoming.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4656) relating to the Lumbee Indians of North Carolina.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker pro tempore had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H. R. 5862. An act to confer jurisdiction upon United States district courts to adjudicate certain claims of Federal employees for the recovery of fees, salaries, or compensation; and

H. J. Res. 261. Joint resolution authorizing the Secretary of the Army to donate surplus supplies and equipment for memorial purposes to The Citadel, Charleston, S. C.

HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of 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.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PAYNE. 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. PAYNE. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The secretary will state the amendment.

The LEGISLATIVE CLERK. On page 49, it is proposed to insert the following after line 25:

(c) Section 401 (c) of such act, as amended, is hereby amended to read as follows:

"(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by him; and with respect to loan contracts entered into after the date of enactment of the housing amendments of 1956 shall bear interest at a rate equal to the total of one-quarter of 1 percent per annum added to the rate of interest then chargeable by the Secretary of the Treasury as provided in subsection (e) of this section."

(d) Section 401 (e) of such act, as amended, is hereby amended by striking the second sentence and substituting the following: "Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the housing amendments of 1956 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the annual rate for each calendar quarter as determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of February or May or August or November, as the case may be, next preceding each such calendar quarter, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the first day of such month of February or May or August or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent."

Mr. PAYNE. Mr. President, I modify my amendment on page 1, line 8, and page 2, line 1, by striking out the words "contracts entered into after the date of enactment of the Housing Amendments of," and inserting in lieu thereof the words "applications filed on or after May 1."

The PRESIDING OFFICER (Mr. LAIRD in the chair). The Senator so modifies his amendment.

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

Mr. PAYNE. I yield.

Mr. FULBRIGHT. Is it the intention of the Senator from Maine, with the amendment, to provide that all applications which are existent are not to be affected?

Mr. PAYNE. That is correct. All applications which were filed prior to May 1 with the Housing Commission under the college housing program, and which are in the process of screening at the present time, would be processed under the existing law.

I shall try to be reasonably brief with my remarks, because I believe the issue is fairly clear.

The college housing loan program has been in operation for 5 years. The merit of this program is unquestionable. Without a program of this type, quonset huts and similar facilities might well be the rule rather than the exception for campus living. The college housing loan program has given tremendous impetus to the construction of proper dormitory housing for the young men and women in our colleges and universities.

Last year in the Housing Act amendments of 1955, the interest rate on Government loans in the college housing loan program was lowered from 3¼ to 2¾ percent. Since that time participation of private funds in the loan program has been negligible. Experience has demonstrated that private financing is not available for bonds bearing 2¾ percent interest regardless of their maturity. Only one issue has been privately financed under this formula.

It is believed that it is appropriate that the Congress at this time determine precisely what role the Federal Government is to play in the college housing loan program. Is the Federal Government to act as the sole supporter of college housing construction, or is the role of the Federal Government to encourage private financing to the greatest extent possible and to fill the gap where private financing is not available or is beyond the financial means of the college or university? In my opinion, the original intent of the college housing loan program was to provide assistance in college housing construction, but not to assume full responsibility for this construction. If it were clearly demonstrated that private capital would not be available at rates the colleges and universities could afford then I would certainly feel that it would be necessary to maintain a direct loan program through the Federal Government.

It is important at this time to point out that private capital would be available for colleges and universities at rates they can afford if the college housing loan program did not provide interest rates so low that private capital has been virtually eliminated from the program. By increasing the interest rate on the loans which the college housing loan program makes available to colleges and universities, it will be possible both to stimulate the flow of private capital into the program and to insure that the construction of college housing continues at a rate commensurate with the demands of our growing college population.

A failure to stimulate the flow of private capital into the college housing loan program will mean a Federal program of a size not contemplated by the Congress when it initiated this program. It has been estimated that by 1965 increased enrollments will require additional housing construction for students,

their dependents, and additional faculty amounting to $4 billion. If private capital is no longer available for financing this construction the Federal Government will have to assume the responsibility for this program in its entirety.

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

Mr. PAYNE. I yield.

Mr. FULBRIGHT. I am unable to understand why, if there is a need for $4 billion, and if the bill is passed providing for $750 million by the Federal program, the balance is not there for private capital to take up.

Mr. PAYNE. The need for the construction, as the Senator from Arkansas well knows, is urgent among many of the colleges and universities. These colleges and universities are often unable to go into the private market at the present time on their own because of the 50-year period in which the loans have to be amortized. Private funds normally are not available for a 50-year term. That is why this program is so valuable; that is why it makes it possible for these educational institutions to be able to get a loan, because the Federal Government takes up the remainder of the 20-year or 30-year maturities the private institutions are unable to float at reasonable rates, and makes up the difference by taking the balance of the long-term maturities.

Mr. FULBRIGHT. If the program is limited, and is intended to be useful for those who cannot get housing in the open market, I cannot understand why it interferes with those who are limited to $750 million. Why will this interfere with private capital taking up the balance between $750 million and $4 billion?

Mr. PAYNE. Because, under the situation with which we are faced, I am sure the Senator knows very well indeed that if the part of the program on the Federal level is not put on a realistic basis, we are simply going to face the problem in the coming years, when there will be an increased demand upon the Congress of the United States, to expand the entire program in order to facilitate the payments of the educational institutions, and to do it at the Federal level. If that is what Congress wants, then, certainly, that is what we should do, but it has never been the intent of Congress that the Federal Government should completely underwrite this program.

Mr. FULBRIGHT. I will say to the Senator that it certainly is not intended for the Federal Government to do it all, although I see no objection to doing a big part of it, if it does not cost the Government additional money.

Mr. PAYNE. When we freeze the rate at 2¾ percent, and the going market rate for Government money at the present time is higher than that, then, in effect, we are subsidizing in another way.

Mr. FULBRIGHT. I shall have more to say about that in my own speech. At present I think the Senator is in error. We are not subsidizing the program. The cost of money to the Government is included in the program. But I shall discuss that in my own time. I still am unable to understand why the program of $750 million would interfere with the balance. If we should wash the program out completely, what would be the effect?

Mr. PAYNE. Would not the Senator say that if the Government establishes its rate substantially lower than that at which private enterprise is willing to offer money, the pressures are going to be continually laid upon the Congress, and the statement will be made, "You have done it for this, that, or some other university, and we are as much entitled to it as are others."

Mr. FULBRIGHT. I think that observation can be made regarding every program in which the Government participates. In all fields of public works people say, "If you built a dam over there, why not build one here?" I can think of no Government program about which that observation could not be made.

Mr. PAYNE. Under the veterans' housing program and the other housing programs are we going to penalize the veterans of the country and give to educational institutions a far better break in the interest rate——

Mr. FULBRIGHT. That is private money under Government insurance.

Mr. PAYNE. But it is insured by the Government; otherwise it would not be privately available in some instances.

Mr. FULBRIGHT. I do not think the programs are comparable. They were set up on a completely different basis. I think the need and the justification are also on a different basis. The point I wanted to make was with reference to the reason which leads one to say that this must necessarily be a completely federally financed program if we leave the interest rate where it is. That appears to me to be a nonsequitur. There is to be a revolving fund. As the money is paid back it will be reloaned. I do not know whether $750 million is enough. That is for Congress to determine. The only reason why we ask for that amount at this time is that the present funds will be exhausted by the end of 1957. As to the need, no one denies it.

Mr. PAYNE. No one would deny it. No thinking person in the entire Nation would for one moment say that there is not a very immediate need, in the interest of education at universities and colleges, to see that adequate and proper dormitory and housing facilities are constructed.

Mr. FULBRIGHT. The bill is an effort to accomplish that. If the Senator feels that some institutions which have good credit and can get money in the private market should not be permitted to participate in the program, I would be interested in a program that could apply rationally to these loans on a basis of need. But I do not think we should penalize them all by raising interest rates.

Mr. PAYNE. Mr. President, so long as we have reached this point in the discussion—and I shall try not to take much longer—I hope my distinguished friend from Illinois [Mr. DOUGLAS], who is on his feet, will permit me to get this particular question taken care of.

Mr. President, I wish to introduce a table, and I ask unanimous consent that it may be printed at this point in my remarks.

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

Bond issues processed by HHFA but sold to other investors

Institution [1]	Date of bond sale	Amount [2]	Term (years)	Interest rate
January-June 1954:		*Thous.*		
Western State College (Colorado)	February 1954	$181	[3] 20	3.60
Wisconsin State College	March 1954	1,650		3.00
Montana State University	do	169	[3] 20	3.20
Western Illinois State College	do	550	35	3.39
Southern State College (Arkansas)	April 1954	515	31	3.50
Bowling Green State University (Ohio)	do	2,350	39	3.37
Central Washington College of Education	do	310	20	3.15
Ball State Teachers College (Indiana)	May 1954	2,856	35	3.48
Arkansas State College	do	460	30	3.19
Arkansas Polytechnic College	June 1954	849	32	3.40
University of Arkansas	do	450	31	3.125
University of Texas	do	3,402	40	2.99
Montana State College	do	4,600	36	2.75–3.75
July-December 1954:				
Eastern Kentucky State College	July 1954	450	25	3.05
New Mexico College of Agricultural and Mechanical Arts	do	1,050	30	3.57
Pueblo Junior College (Colorado)	do	200	20	4.00
University of Michigan	August 1954	2,200	30	2.25–3.25
University of Kentucky	September 1954	447	[3] 30	2.94
University of Idaho	do	395	[3] 20	3.11
Utah State Agricultural College	December 1954	600		3.45
Texas College of Arts and Industries	do	750	40	3.50
January-June 1955:				
Western Washington College of Education	March 1955	461		3.25
University of Maryland	do	1,282	[3] 20	3.14
West Virginia University	do	600	30	2.84
University of New Mexico	April 1955	1,000	30	3.15
Arizona State College	May 1955	1,000		[4] 3.25
University of Arizona	do	1,000		[4] 3.25
July-December 1955:				
Southwestern Louisiana Institute	July 1955	1,875	30	3.50
University of Texas	do	2,512	39	3.29
University of Idaho	October 1955	2,000	20	[4] 2.97
January-June 1956:				
University of Nebraska	February 1956	3,750	30	3.39
Winona State Teachers College (Minnesota)	do	635	30	[4] 3.00
St. Cloud State Teachers College (Minnesota)	do	840	30	[4] 3.00
Mankato State Teachers College (Minnesota)	do	840	30	[4] 3.00

[1] Public institutions of higher learning.
[2] Amount of bonds sold, may include projects not processed by HHFA.
[3] HHFA purchased remaining maturities.
[4] Purchased by State trust funds.

Mr. PAYNE. Mr. President, the table which I have introduced for the RECORD is placed there purposely to show conclusively the fall-off in private participation under the college housing program since the adoption of the unrealistic interest rate of 2¾ percent.

During the calendar year 1954, when the HHFA rate on these loans was on a comparable basis of 3½ percent, 21 bond issues processed by HHFA, totaling $24.4 million, were sold to private investment under the procedures of the program. In the next 7 months, also on the same comparable basis of 3½, another 8 issues totaling $9.7 million, were sold to private investment.

Since the establishment of the unrealistic interest rate of 2¾ percent, an 8-month period, a total of 5 issues were sold, 4 of them to State funds, which means that only 1 issue, that of the University of Nebraska, amounting to $3.75 million, was sold to private investment. Several applications from Oregon State colleges have also been withdrawn, but these are general obligation bonds and when sold are expected to carry a rate of less than 2¾ percent. Oregon is one of the few States which pledge the credit of the State to finance dormitory construction; most State colleges and universities can issue only revenue bonds. The picture is clear that the program of private participation developed by HHFA had made great progress in substantially broadening the market for college housing bonds prior to the establishment of the 2¾ percent rate. The 2¾ percent rate has stifled private participation which means that the much-needed college-housing program will have to be financed almost exclusively by the Federal Treasury.

Now, I shall be very glad to yield to my very good friend from Illinois.

Mr. DOUGLAS. I wish to ask the Senator from Maine if I am correct in my understanding that the bill now before the Senate provides that the interest rate shall be the average rate on all Government securities, short term as well as long term, plus one-fourth of 1 percent for risk and administration, whereas the Senator from Maine is proposing that it should be the yield on obligations running more than 15 years, plus one-fourth of 1 percent; and that in practice, under the existing rates, this would mean the difference between 2¾ percent under the Fulbright formula and approximately 3⅛ percent under the Payne formula.

Mr. PAYNE. The Senator from Illinois has stated the situation correctly.

Mr. DOUGLAS. May I ask my good friend from Maine whether the result of his amendment would not be to make it very difficult for the colleges which are weak financially, whose students are not very affluent and cannot pay very much rent, to take advantage of Federal loans? Is it not true that the colleges of the Ivy League and colleges whose students are well to do can, if they wish, go into the open market and borrow money to finance the building of dormitories, and that the funds so borrowed will be repaid out of rents? Therefore, in effect, would not the amendment offered by the Senator from Maine make it extremely difficult for the financially weak colleges and the colleges which have poor students—when I say "poor," I do not mean poor in academic ability, but poor in purse—to participate in such a program?

Mr. PAYNE. I can truthfully say I do not believe that would be the case at all. I realize, of course, that one can stand up and make a very impassioned plea based on the fact that 90 cents or a dollar a month, which might be the increased amount which would have to be levied against the individuals or students of whom the Senator from Illinois speaks, who would pay the rent, would be a penalty. But I would not say that 90 cents to a dollar a month would seriously prevent any of those young men or women from being able to continue their studies.

Mr. DOUGLAS. The Senator from Maine was very assiduous in his attendance at the hearings and was most faithful in the performance of his duty. I am certain he remembers the testimony of the vice president of Dartmouth, which is a center of rugged individualism, who testified that the higher interest rate would cost his students from $25 to $30 a year more for room rent. Even at Dartmouth, which, in the main, has wealthy students, 25 percent of the student body are in attendance on scholarships, so such an increase would be a hardship.

Is not that testimony from the rock-bound hills of New Hampshire in favor of a lower interest rate an argument for the Fulbright amendment rather than an argument for the amendment of the Senator from Maine?

Mr. BUSH. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. I yield.

Mr. BUSH. Is not the philosophy of the Senator's amendment simply to make an adjustment which would provide that the United States in lending the money would not lend it at a rate which would constitute a grant-in-aid to anyone who was able to borrow money below the cost to the United States Government? Is not the purpose of the Senator's amendment to give the Treasury an opportunity to fix the interest rate on a basis at which the Government can come out even? It is not a question of subsidizing education or discriminating among institutions; it is purely a question of protecting the Treasury, is it not?

Mr. PAYNE. The Senator has expressed the purpose very clearly. That is definitely the point.

May I ask my good friend from Illinois, who was speaking of the rugged situation, just what his expression was?

Mr. DOUGLAS. I said the testimony from the rugged, rockbound Republican hills of New Hampshire against the proposal of the Senator from Maine was an eloquent tribute to the proposal coming from the Ozarks in the State of the Senator from Arkansas.

Mr. PAYNE. The Senator from Illinois, having come originally from one of those rugged, rock bound States of the East; namely, my home State of Maine, knows that we usually look at these things fairly realistically.

While it is true that I recall a statement made by the vice president of Dartmouth, nevertheless, the facts which have been given to me—and I do not claim that they are completely correct; I would not stand here and say to the Senator from Illinois that they are, because I have not had a chance to analyze them countrywide—indicated that the average increased cost which might possibly be incurred—and these figures have been given to me as being probably the top—would be 90 cents to a dollar a month because of the change that might take place in the rate.

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

Mr. PAYNE. I yield.

Mr. FULBRIGHT. If the Senator is basing his statement on the ground that what is proposed is a subsidy and a grant-in-aid from the Federal Government, I would be very much interested in hearing how he arrives at that conclusion. The cost of money to the Federal Government, as I understand, under the formula in existing law, is to be the average interest rate on Government securities plus one-fourth of 1 percent.

How did the Senator from Maine arrive at the conclusion, in his colloquy with the Senator from Connecticut, that this is a subsidy? Wherein is it a subsidy out of the taxpayers' pocket?

Mr. PAYNE. In the first place, I had no colloquy with the Senator from Connecticut, other than to say that I thought the Senator from Connecticut had stated the facts relatively clearly.

If my good friend, the Senator from Arkansas, has a question in mind relative to the statement made by the Senator from Connecticut, I should be happy to yield to the Senator from Connecticut, in order that he might answer the question of the Senator from Arkansas.

Mr. FULBRIGHT. I appreciate the fact that the Senator from Maine did not take the responsibility for that erroneous statement.

Mr. PAYNE. I am not positive that it was an erroneous statement. I suggest that the Senator withhold his question until the Senator from Connecticut might have the privilege of answering his question. I am willing to yield for that purpose.

Mr. FULBRIGHT. I should be very much pleased to have the Senator from Connecticut point out wherein the rate as carried in the bill is a grant-in-aid to the borrower.

Mr. BUSH. I simply say to the Senator from Arkansas, that any time the Government borrows money at one rate and lends it at a lower rate than the cost of the money to the Government, that constitutes a subsidy to some borrower.

Mr. FULBRIGHT. I do not think the Senator is talking about this bill. The formula which the bill continues is that the rate to be charged will go up or down according to the average rate which the Government pays on all its borrowing, plus one-fourth of 1 percent.

Mr. BUSH. The Senator from Arkansas knows perfectly well, I feel certain, he being the chairman of the committee, that the purpose of the amendment under discussion is to identify the

loans contemplated with long-term loans, which they are. The amendment provides that they may run for 50 years.

What we are saying is that Treasury should use loans of 15 years and longer in calculating the average on which they will base the interest rate; that they should use the long-range interest rate as a basis for lending money. The Senator from Arkansas does not consider that unbusinesslike, does he?

Mr. FULBRIGHT. The Senator from Arkansas cannot agree with the Senator from Connecticut as to what the cost of the money is. All the dollars which the Federal Government borrows are indistinguishable. At all times it has money borrowed for long and short periods; and the average cost is to be paid in this instance.

Let me give the Senator another example——

Mr. BUSH. Mr. President, I cannot accept the premise at all that all loans are of equal interest value. The Senator knows that short-term loans command a larger rate of interest.

Mr. FULBRIGHT. I did not say they were all the same. I said there was no subsidy, from the point of view of the Federal Government. Interest is being said which is equivalent to the average interest on all the money the Government borrows. In addition, to substantiate that very fact——

Mr. PAYNE. Mr. President, if the Senator will yield for a moment, I want to have this cleared up. The rate is based upon the average yield on all the money the Government borrows as the Senator from Arkansas has indicated.

Mr. FULBRIGHT. What the pending bill would continue is a formula based upon the average rate on all the money that is borrowed by the Treasury.

Let me give the Senator one further example. The Federal Government borrows, in effect in perpetuity, money from the old-age and survivors insurance fund at the same rate we are going to lend money to the schools; only they will pay an extra one-quarter of 1 percent. There is an amount of $18 billion on which the Federal Government pays about 2½ percent. The formula that is used in arriving at the interest rate we pay to that fund we use in arriving at the interest rate for college housing loans. They also pay an additional one-quarter of 1 percent for administration costs.

I am unable to see where it is any subsidy of the Government in the sense that this is a grant-in-aid of the taxpayers of the country. It is no such thing. Why the Senator from Maine or the Senator from Connecticut would like the Federal Government to make a profit out of loans to educational institutions is beyond me. I do not think the Government should make a profit. We ought to be satisfied if the Government is reimbursed.

Mr. BUSH. Mr. President, does the Senator from Maine have the floor?

Mr. PAYNE. Mr. President, I have the floor. I yielded to the Senator from Connecticut so that he might answer the question of the Senator from Arkansas.

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

Mr. PAYNE. In order that someone else may get into the discussion, and provided I do not lose my right to the floor, I shall be glad to yield to the Senator from Rhode Island, with that understanding.

Mr. PASTORE. With that understanding, I should like to ask a question. Did we not on yesterday do precisely what has been stated, when the Senate adopted the Carlson amendment? The interest the Government pays for money borrowed out of the funds is based on the average rate of interest. We made such provision with respect to the money the Government borrows from the funds being raised by contributions of employees of the Federal Government. We did that yesterday.

Mr. PAYNE. I think that, in some sense at least, further amplifies the fact that the amendment I have offered very closely ties in with what the Senate adopted yesterday.

Mr. BUSH. The question is very simple. It is whether we are going to reimburse the Government at interest rates which are paid for long-term money or not. The amendment of the Senator from Maine provides that for long-term loans, interest rates should be paid which are commensurate with long-term interest rates. The Senator from Arkansas says "No"; that they should be averaged with loans for 2 months, 90 days, 15 or 30 years. That is not the philosophy of the amendment. The philosophy of the amendment is that if long-term money is borrowed, long-term interest rates should be paid. That is in the interest of the taxpayers.

Mr. FULBRIGHT. For how long a period are the loans from the old-age and survivors' insurance fund?

Mr. BUSH. I shall not try to answer that question.

Mr. FULBRIGHT. It is for perpetuity, and the interest rate is 2½ percent.

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

Mr. PAYNE. Mr. President, I yield, provided I do not lose my right to the floor.

Mr. DOUGLAS. The Senator from Connecticut was, and perhaps still is, one of the most eminent bankers in the country. May I ask him if it is not true that by far the major portion of Government indebtedness is in the form of short-time issues, such as 30 days, 60 days, 90 days, and 1 year?

Mr. BUSH. I have not checked those figures lately. There has been an effort made to lengthen the maturity date, in order to get away from inflationary trends of the financing, to which the Senator objected so strenuously for many years, and very correctly so.

Mr. DOUGLAS. I may say to my good friend, the Senator from Connecticut, that the major portion of Government indebtedness is in short-time issues. The administration came into power with a promise that it was going to stretch out the maturity dates. The administration has largely failed to do that. It is still refunding short-time issues. Since the administration has failed in its effort to eliminate short-time debts, and since those kinds of debts constitute the major portion of Government borrowing, is it not reasonable to assume that will continue in the future, and that therefore the cost of one Government dollar which will be borrowed will be approximately the same as another Government dollar which will be borrowed?

Mr. BUSH. If the Senator is addressing that question to me, I say it is not reasonable to assume that. I think the only thing it is reasonable to assume is that if we are going to borrow long-term money, we should pay long-term interest rates. If there are institutions which wish to borrow long-term money from the Federal Government, they should pay what long-term money is worth to the Federal Government, not less. If that difference is to be made up, then it should be made up on the basis of a subsidy of institutions which may be borrowing. That is another issue. This is simply a business issue.

Mr. DOUGLAS. If outright Government grants were proposed to private institutions, they would not be upheld. A great many of the institutions are under church auspices, and such grants would be ruled out under the constitutional principle of the separation of church and State.

Mr. BUSH. I did not say it would be a good idea. I said if the difference were to be made up, that would be the way to do it.

Mr. DOUGLAS. The Senator is saying he does not believe in grants for housing.

Mr. BUSH. Wait a minute. The Senator does not need to explain what I am saying. I did not say that.

Mr. DOUGLAS. That is the effect of it.

Mr. PAYNE. Mr. President, I am perfectly willing to yield, and I have yielded considerable time, but it is a long distance between where I left off and where I want to carry on. We are all interested in trying to help solve the problem of educational institutions, and one of their most pressing problems is the lack of adequate domiciliary facilities. It does my heart good to see so much interest engendered on the part of so many in the interest of education, and the desire to want to do something about it.

Mr. DOUGLAS. Mr. President, will the Senator yield for a moment?

Mr. PAYNE. I yield.

Mr. DOUGLAS. May I say to my good friend from Maine that no one questions his good faith. I know he wants to improve educational facilities, but he is taking the wrong approach for doing it by raising interest rates by one-half of 1 percent.

Mr. FULBRIGHT. Mr. President, will the Senator from Maine yield for a question?

Mr. PAYNE. I yield.

Mr. FULBRIGHT. Can the Senator think of any representative of an educational institution who came before the committee with a request for an increase in interest rates? It is very strange that not a single one of them agrees with the Senator about what is good for education.

Mr. PAYNE. During my years of public service, and I am sure the Senator from Arkansas will agree with me on this, I have never heard anyone yet come to me and ask that his retirement benefits might be lowered, or that he wanted

his old-age assistance lowered, or his social-security benefits lowered, or that we should lower the amounts of grants that the Federal Government gives in the way of extension, vocational education, housing construction, or a single other thing.

That is my answer to the question of the Senator from Arkansas.

Now, Mr. President, I shall continue with my statement.

Believing that it is neither the intent nor the desire of Congress to assume complete responsibility for the construction of college housing, I am offering an amendment to Senate bill 3855, the housing bill now under debate, which would, in effect, raise the interest rate of Federal loans to colleges and universities from 2¾ percent to approximately 3⅛ percent, or an increase of about three-eighths of 1 percent.

Mr. Robert Hazeltine, Commissioner of the Community Facilities Administration, Housing and Home Finance Agency, testifying before the Senate Subcommittee on Housing, pointed out at that time that such an increase in the interest rate would not have an adverse effect on the college-housing-loan program. Commissioner Hazeltine said, in part:

> We have given long and careful study to this proposal, consulting both the borrowers and those who might be expected to participate in lending operations under the program. * * * During the 5 years of the program's operation we have made loans at 2¾, 3.01, 3¼, and 3½ percent. * * * It is this experience which indicates that the proposed rate will not have an adverse effect on the soundness or feasibility of these loans. * * * The increase of three-eighths of 1 percent in the interest rate on the Federal loans * * * would be a small price to pay for again encouraging a flow of private investment funds toward college housing and related facilities.

Mr. President, I urge adoption of the amendment, which has been modified by me to the extent that it now provides that every application for college housing submitted to the Housing Agency prior to May 1 and under consideration by it will be processed under existing law at the rate of 2¾ percent.

Mr. FULBRIGHT. Mr. President, before I make my principal statement, I should like to make a few preliminary observations in regard to the amendment submitted by the Senator from Maine, and in particular in regard to his observation that there is no difference in our objectives, in that both he and I wish to assist the educational institutions.

I said that I knew of no educational institution which agreed with the Senator from Maine that the increase he proposes in the interest rate would be of benefit to the educational institutions. That is quite different from saying that those who benefit are customarily requesting adoption of the amendment. Of course, they do not. The question of whether the amendment of the Senator from Maine will be good for them is, it seems to me, one on which their testimony constitutes a very important factor.

The truth of the matter is that all the representatives of educational institutions who testified on this subject before our committee were unanimous in agreeing that the increase proposed by the Senator from Maine in connection with the program would be a severe burden to them in carrying out a building program.

Mr. President, I urge the Senate to reject this amendment. The adminstration is proposing a higher interest rate on Federal loans for college housing. This is the same interest rate that the Congress rejected last year.

Mr. KERR. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. KERR. I wish to be sure that I have the situation correctly in mind. Under the law, as sponsored last year by the Senator from Arkansas and his committee, and as passed by the Congress, what is the interest rate which now is in effect?

Mr. FULBRIGHT. Two and three-quarters percent. It is based upon a formula which is the same as that used in arriving at the interest rate the Federal Government pays to the old age and survivors' insurance trust fund. That is the average.

Mr. KERR. What is the interest rate proposed in the amendment submitted by the Senator from Maine?

Mr. FULBRIGHT. It would be the average yield on bonds 15 years and over.

Mr. KERR. What effect on the interest rate would the amendment of the Senator from Maine have?

Mr. FULBRIGHT. It would increase the interest rate to 3⅛ percent at the present time.

Mr. KERR. In other words, it would result in an increase of three-eighths of 1 percent?

Mr. FULBRIGHT. Yes, as of the moment. Of course, that would vary as changes occur in the future.

Mr. KERR. I thank the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, as I said a moment ago, the administration is proposing a higher interest rate on Federal loans for college housing—namely, the same interest rate that the Congress rejected last year. It is the interest rate that was added to the program by the 83d Congress, and which all but killed the program. An increase in this interest rate would be a great disservice to our institutions of higher learning at a time when their need for housing is unprecedented.

In the fall of 1955, enrollment in our higher educational institutions reached approximately 2.7 million—an all-time high. According to the Department of Health, Education, and Welfare, this enrollment will rise steadily. By 1960, enrollment will reach 3 million—an increase of about 20 percent over 1954. By 1965, it will reach almost 4 million—an increase of about 60 percent over 1954. This increase of prospective students is inevitable, and is attributable to our normal population growth, accentuated by the high birthrate of the 1940's.

Not only is present housing inadequate to meet the need for future enrollment, but it is inadequate for the enrollment in 1956. Old barracks and other temporary structures pressed into use in the late 1940's are deteriorating beyond use. Many of these must now be removed because they are fire hazards, uneconomical to maintain, and because the special permits under which they were erected have expired.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSTON of South Carolina. To show the need for enactment of the bill as it is now written, in order to give help to the colleges, does not the Senator from Arkansas find that all State institutions of higher learning have, in most instances, doubled their housing capacity in the last few years?

Mr. FULBRIGHT. We do not have any testimony on that point, one way or the other. I simply do not know.

Mr. JOHNSTON of South Carolina. When one examines those institutions, he can observe that they have been doing that.

However, in the case of the private institutions, in particular, we find they are lagging behind, because they do not have the necessary funds. Is not that true?

Mr. FULBRIGHT. Yes, I am confident that there is great need for housing.

Mr. JOHNSTON of South Carolina. That is what I am saying.

Mr. FULBRIGHT. We had much testimony on that point. We did not have testimony as to a great increase or a doubling of the housing in the case of the State institutions. I do not recall any testimony on that point.

Mr. JOHNSTON of South Carolina. In the cases in which the States have been able to give help in that situation—help that is greatly needed, I may say—the colleges have gone forward with the program. But in the case of the private institutions, we find that such assistance is badly needed at this time.

Mr. FULBRIGHT. I think the Senator's point is well taken, although in the case of the University of Arkansas, which is located in my home town, I can say that it is very much interested in this program, and has not been able to obtain from the State legislature as much money as it needs for housing.

Mr. JOHNSTON of South Carolina. I do not think any State institution is overbuilt, as regards housing. Of course, in my own particular State, we have just put on a $100-million program of building for schools. We rushed forward with that program, and it will be found that we have doubled the capacity. I think the same will be found to be true in the case of Maryland. But in my State help is needed in that connection.

Mr. FULBRIGHT. Help is needed in the case of both the private and the public institutions. But, in particular, I think the pinch on the smaller private colleges is much greater, because their situation in that respect is much worse.

Mr. JOHNSTON of South Carolina. Yes; much, much worse.

Mr. FULBRIGHT. They need such assistance even more than do the State-supported institutions.

Mr. JOHNSTON of South Carolina. I know that in my own State, at the present time the small colleges are very much in need of additional housing, and

they have been taking advantage of the law which now is on the statute books.

Mr. FULBRIGHT. I thank the Senator from South Carolina for the contribution he has made.

Mr. President, in 1955, the 10th national conference on higher education, sponsored by a department of the National Education Association, declared that present housing facilities are entirely inadequate for present and anticipated enrollments. The conference further declared an equally critical need for buildings to house other self-liquidating services, such as cafeterias and dining halls. This position was reaffirmed by the 11th national conference, held in 1956.

Mr. Herbert O. Farber, comptroller of the University of Illinois, made the following statement in testifying before our committee in March 1956:

> Last spring when this committee considered the whole problem, there was general agreement on the urgency of the situation. Today there are very clear signs that the need is even more urgent than anticipated.
>
> Just last week, for example, at a meeting of the constituent members of the American Council on Education, Ronald B. Thompson, registrar of Ohio State University, and a recognized authority in this field stated:
>
> "The proportion of high-school graduates continuing on into college has increased dramatically in the last 4 years. Even those most closely related to the problem have not realized the full impact and significance of this revolutionary change in higher education. An examination of the date reveals that the number of first-time students in our colleges and universities has risen—from 40 percent of the number of high-school graduates in 1951 to almost 50 percent of the number in 1955. Stating this trend in another way, the number of first-time enrollments in our colleges and universities has risen 46 percent in 4 years."
>
> Colleges are confronted with unprecedented demands at a time when their finances are strained almost to the breaking point. It seems clear to us that in the national interest the Federal Government has an unusual opportunity through the college housing loan program, to assist the colleges without expense to the Federal Government and that this is the time for large-scale vision in realizing the potentialities that are available due to the fortunate fact that these large numbers of boys and girls are with us and are seeking further education and training.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Arkansas yield at this point?

Mr. FULBRIGHT. I yield to the majority leader.

Mr. JOHNSON of Texas. I ask that the yeas and nays be ordered on the question of agreeing to the modified amendment submitted by the Senator from Maine [Mr. PAYNE].

Mr. FULBRIGHT. Mr. President, I join in the request for the yeas and nays on that question.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment submitted by the Senator from Maine. On this question the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I thank the Senator from Arkansas for yielding.

Mr. FULBRIGHT. Certainly.

Mr. President, enrollment is rising, present buildings are inadequate, and new buildings must be provided. New buildings cost money; and there are only two sources for this money—gifts or loans. Gifts and grants can be made, and are being made, by individuals and by both private and public corporate bodies. But these gifts and grants have not been sufficient in the past, are not sufficient now, and will not be sufficient in the future. This means that a significant portion of the necessary money must be obtained by loans. Borrowed money cannot serve its full purpose in this program unless it can be repaid from the income of the buildings so provided. The record clearly shows that present interest rates are necessary for the liquidation of the loans on these buildings.

It is argued that the 2¾ percent interest presently charged the colleges for these loans is too low, and does not equal the price the Federal Government must pay for long-term money. It is said that these college housing loans run for 40 years and that they should bear the same interest as long-term Government bonds. This statement is not true. As a matter of fact, the college housing loans are repaid gradually over a period of 40 years. If the outstanding principal is averaged for comparison with Government bonds, the term is about the same as 23-year bonds. If the interest rate is determined as proposed in the administration's amendment, the Government would make an unwarranted profit out of our distressed colleges and universities.

It is immaterial to argue that one Federal dollar costs more than another. All Federal dollars are alike. The true measure of the cost of Federal money is the average cost of the Federal debt. If this average goes up, then the charge to colleges will go up. A new average will be computed in June. If the average rate of Federal borrowings is up, the interest charge on new loans will also go up.

There will always be short-term Federal borrowings and long-term Federal borrowings. The college housing loans have no effect on the amount of either kind of borrowing. If colleges pay the average Federal rate plus one-fourth of 1 percent, the program is entirely self-supporting and costs the taxpayers nothing.

If this is a subsidy to colleges, then the Federal Government is shortchanging the old age and survivors insurance fund. The Treasury pays interest on borrowings from this fund at the same rate that colleges must pay for housing loans—except that colleges pay one-fourth of 1 percent extra for Federal administrative expenses. Furthermore, the borrowings from the old-age and survivors insurance fund are not for 30 years or 40 years. They are forever. I understand that a proposal to change the interest rate formula on Treasury borrowings from the OASI fund has been adopted by the Finance Committee. Although this formula is designed to raise the interest payable to the trust fund, the rate would still be lower than the proposed rate now being offered for the college housing program. As a matter of fact, under current market conditions, the OASI interest rate would probably remain unchanged.

It is also argued that the present interest rate has stopped all private loans for college housing and that the only way to stimulate private loans in this field is to raise the interest rate. This cannot be supported. The Housing and Home Finance Agency estimates that $4 billion in college housing construction will be required in the next 9 years. The total Federal fund is only $500 million—proposed to be raised to $750 million by S. 3855. Obviously, private capital must supply the great bulk of funds required.

Why should it be necessary to raise interest rates to all colleges merely to force some colleges out of the Federal program? Is the proposed higher interest rate merely a rationing device to screen out the large publicly supported institutions? If so, why can they not be screened out without raising the interest rate for other schools? If rationing of the Federal funds is necessary, surely the administration can think of a better way than raising the interest rate. It would not help any college to raise the interest rate, solely to make certain schools with better credit standing borrow their funds elsewhere at higher rates.

State institutions in Oregon recently withdrew over $5 million in applications because they can obtain private funds at less than 2¾ percent. The University of Nebraska has financed $3⅓ million with private bonds. The University of Idaho withdrew its Federal application and sold $2 million in bonds to the State pension fund. Three Minnesota teachers colleges withdrew and sold $2.3 million in bonds to the State pension fund. These are random samples recalled by one witness before the committee—but demonstrating that the Federal loan program is not the only source of funds for college housing.

I should like to interject another thought. The figures cited by the Senator from Maine [Mr. PAYNE] a moment ago with regard to the participation of private funds relate only—if I understood him correctly—to the instances in which applications for Federal funds were later taken up by private loans, and did not purport to deal with the vast amount of building which is going on without the builders ever having applied, or having anything to do with the Government program. So I submit that it is not conclusive or very persuasive evidence as to what has happened with respect to overall building in the college field.

Furthermore, I think the Senate should recognize the soundness of testimony before the Banking and Currency Committee by Dr. John F. Meck, treasurer and vice president of Dartmouth College. Dr. Meck stated:

> As I have indicated, we wish to point out first that any action which this committee or the Congress may approve on these amendments this spring will be taken in the absence of adequate information. There has been no comprehensive study of college housing in recent years. We simply do not know how many dormitories have been constructed since 1950, how they have been financed, how the total volume of construc-

tion has varied from year to year, or how the proportions of financing from different sources have varied from year to year.

It is easy to produce random examples to show that institutions have undertaken construction with support from other sources such as gifts, borrowings from endowment, State appropriations, and private loans. Hence, the college housing loan program has never been and will never be the sole source of funds for college housing. What we do not know is how large a part this Federal program has played to date or how large a part it may be called upon to play in the future.

I can report to you that the American Council on Education has undertaken a comprehensive study of college housing, including the roles played, in recent years, by Federal loans, private loans, State loans, private gifts, State and municipal appropriations, and other sources of funds. The study, under the direction of Dean Arthur Weimer, of the Business School of Indiana University, will be thorough, factual, and objective. The results will be available before the end of this year.

The Housing and Home Finance Agency alleges that Federal funds are becoming the sole source for financing college housing. This has not been demonstrated. The American Council on Education is now gathering data on the subject, and I think the administration should withdraw this argument until the facts have been assembled and analyzed.

The 83d Congress increased the interest rate and almost killed the Federal loan program, but this did not increase private loans to any important degree.

The following table shows the number and amount of applications approved since the inception of the program, together with estimates of the housing agency for fiscal years 1956 and 1957:

Fiscal year	Number of approvals	Total amount in millions
1952	25	$19.3
1953	71	69.6
1954	41	27.9
1955	63	45.9
1956 (estimated)	110	110.0
1957 (estimated)	220	220.0
Total		492.7

As can be seen, this total would take up practically all of the presently authorized amount.

These figures tell the history of the college housing-loan program. Fiscal year 1952 shows retarded operations because of the necessity to channel productive resources of the Nation toward the Korean emergency. Fiscal year 1953 reflects an increased activity after the Korean emergency and under the reasonable interest rate policy established by the initial law. Fiscal years 1954 and 1955 show a drop in the program caused exclusively by the higher interest rates enacted in the 83d Congress. In the first session of the 84th Congress, when this interest rate was reduced, our committee heard witness after witness state that the interest rate was the cause of reduced activity in the college housing-loan program. The significant increase in activity estimated for fiscal years 1956 and 1957 show that with a lower interest rate, colleges and universities can afford to go ahead with plans for badly needed housing construction.

It is also argued that the higher interest rate would have very little effect upon room rent to students. A judgment on this subject is a very relative matter because $10 means as much to some students as $100 means to others. Dr. Meck testified that this higher interest would cost his students $25 to $35 more rent per year. This can be a very significant factor in the educational budget for the parents of many college students.

Furthermore, this is not a true measure of the effect of a higher interest rate. From the standpoint of the college administrator, this $25 or $30 must be multiplied by the number of students to be so affected, and the aggregate increase in interest charges becomes a very important consideration for those who must decide whether to go ahead with a new dormitory or whether to abandon it. Large numbers of students obtain dormitory rooms at prices below the economic rent, and the deficit is made up from other funds available to the institution. Every dollar added to a student's housing cost is a dollar taken away from some other educational endeavor. Increased interest rates mean an increased drain on scholarship funds and on funds which might otherwise be allocated for teachers' salaries and educational buildings.

Mr. President, I cannot overstate my conviction that this loan program should be continued under the present formula for computing interest charges. This program would not cost the Federal Government anything. Even if it could be demonstrated that a subsidy was involved, I would still argue in favor of current interest rates. I can certainly see no justification for the Federal Government making a profit at the expense of college students at a time when our national survival may very well depend upon the education of these young men and women.

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

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment, as modified, offered by the Senator from Maine [Mr. PAYNE]. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FULBRIGHT. Mr. President, has my vote been recorded?

The VICE PRESIDENT. The Senator has been recorded as voting in the negative.

Mr. MANSFIELD. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. JOHNSTON of South Carolina. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HOLLAND. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator from Florida is recorded as having voted in the negative.

Mr. DOUGLAS. Mr. President, may I inquire of the Chair whether I am recorded as having voted?

The VICE PRESIDENT. The Senator is recorded as having voted.

Mr. DOUGLAS. May I inquire how I am recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. KERR. Mr. President, may I inquire if I am recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. KERR. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HUMPHREY. Mr. President, how am I recorded on this yea-and-nay vote?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HUMPHREY. How?

The VICE PRESIDENT. In the negative.

Mr. LEHMAN. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. MAGNUSON. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. LONG. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. WOFFORD. Mr. President, may I inquire whether I am recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. KENNEDY. Mr. President, how am I recorded?

The VICE PRESIDENT. In the negative.

Mr. SMATHERS. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HILL. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. SPARKMAN. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator is recorded as having voted in the negative.

Mr. HILL. Mr. President, how am I recorded as having voted?

The VICE PRESIDENT. In the negative.

Mr. JOHNSTON of South Carolina. Mr. President, if a Senator votes one way, may he change his vote?

Mr. KNOWLAND. Mr. President, may we have the regular order?

The VICE PRESIDENT. The regular order is requested.

Mr. JOHNSON of Texas. Mr. President, I hope the Senator from California will not insist on the regular order. We have a distinguished colleague, who is now in the radio gallery, who desires to vote. He is on his way to the Chamber.

Mr. KNOWLAND. I am always glad to be cooperative. However, we have now gone through the whole list. We on this side of the aisle also have one or two Members who are absent and who are on their way to the Chamber.

Mr. JOHNSON of Texas. The Senator from Texas will be glad to cooperate with the Senator from California if a Member of the Senate on the other side of the aisle who wishes to be recorded on this vote is on his way to the Chamber.

Mr. KNOWLAND. Of course, if any Senator on the other side of the aisle does not know how he has been recorded on the vote, I shall be glad to have him make inquiry in that regard.

Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator from California is recorded as having voted in the affirmative.

Mr. IVES. Mr. President, am I recorded? If so, how am I recorded?

The VICE PRESIDENT. The Senator from New York is recorded as having voted in the affirmative.

Mr. WILLIAMS. Mr. President, am I recorded?

The VICE PRESIDENT. The Senator from Delaware is recorded as having voted in the affirmative.

Mr. DWORSHAK. Mr. President, how am I recorded?

The VICE PRESIDENT. In the affirmative.

Mr. JENNER. Mr. President, how am I recorded?

The VICE PRESIDENT. In the affirmative.

Mr. BRIDGES. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator voted in the affirmative.

Mr. POTTER. Mr. President, how am I recorded?

The VICE PRESIDENT. In the affirmative.

Mr. KERR. Mr. President, I ask for the regular order.

The VICE PRESIDENT. The regular order is requested.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Delaware will state it.

Mr. WILLIAMS. What is the regular order?

The VICE PRESIDENT. The next step in the regular order will be the announcement of the vote.

Mr. CURTIS. Mr. President, how am I recorded?

The VICE PRESIDENT. The Senator from Nebraska is recorded as having voted in the affirmative.

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Colorado will state it.

Mr. ALLOTT. What was the reply of the Chair to the inquiry by the Senator from Delaware [Mr. WILLIAMS]? The reply was inaudible in the back of the Chamber because of the traffic. I wonder if we might have the reply of the Chair restated.

Mr. BRICKER. Mr. President, I ask for a recapitulation of the vote.

The VICE PRESIDENT. A recapitulation will not be in order until the vote has been announced.

Mr. JOHNSON of Texas. Mr. President, may we have the result of the vote announced now?

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Colorado will state it.

Mr. ALLOTT. I am afraid the Vice President did not hear my inquiry. Due to the traffic and the noise in the back of the Senate Chamber, it was impossible for Senators to hear the ruling of the Chair on the inquiry of the Senator from Delaware. I wonder if we might have the ruling restated, so that we will know what it is.

The VICE PRESIDENT. The Senator from Delaware requested the regular order. The regular order is the announcement of the vote.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], and the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from Indiana would vote "yea."

I further announce that if present and voting, the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

The Senator from Iowa [Mr. MARTIN] is detained on official business. If present and voting, the Senator from Ohio [Mr. BENDER] and the Senator from Iowa [Mr. MARTIN] would each vote "yea."

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Kentucky would vote "nay."

The yeas and nays resulted:

YEAS—40

Allott	Bricker	Byrd
Barrett	Bridges	Carlson
Beall	Bush	Case, N. J.
Bennett	Butler	Case, S. Dak.
Cotton	Kuchel	Schoeppel
Curtis	Malone	Smith, Maine
Dirksen	Martin, Pa.	Smith, N. J.
Duff	Millikin	Thye
Flanders	Mundt	Watkins
Goldwater	Payne	Welker
Hruska	Potter	Williams
Ives	Purtell	Young
Jenner	Robertson	
Knowland	Saltonstall	

NAYS—41

Anderson	Holland	McNamara
Bible	Humphrey	Monroney
Chavez	Jackson	Morse
Daniel	Johnson, Tex.	Murray
Douglas	Johnston, S. C.	Neuberger
Ellender	Kennedy	O'Mahoney
Frear	Kerr	Pastore
Fulbright	Laird	Russell
George	Langer	Smathers
Gore	Lehman	Sparkman
Green	Long	Stennis
Hayden	Magnuson	Symington
Hennings	Mansfield	Wofford
Hill	McClellan	

NOT VOTING—14

Aiken	Eastland	McCarthy
Bender	Ervin	Neely
Capehart	Hickenlooper	Scott
Clements	Kefauver	Wiley
Dworshak	Martin, Iowa	

The VICE PRESIDENT. The result on this vote is yeas 40; nays 41. So the amendment offered by the Senator from Maine [Mr. PAYNE] is rejected.

Mr. BRICKER. Mr. President, now I ask for a recapitulation.

The VICE PRESIDENT. The Senator from Ohio has requested a recapitulation.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Under a request for a recapitulation, no Senator may change his vote, and no Senator who did not vote previously may vote now.

Mr. JOHNSON of Texas. The Chair anticipated my inquiry.

The VICE PRESIDENT. The clerk will recapitulate the vote.

The vote was recapitulated.

The VICE PRESIDENT. The bill is open to amendment.

Mr. LEHMAN obtained the floor.

Mr. JOHNSON of Texas. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Texas?

Mr. LEHMAN. I shall be glad to yield.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment just voted on was rejected.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on that motion.

The yeas and nays were ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. DOUGLAS. May I inquire what the motion is which is now before the Senate?

The VICE PRESIDENT. The motion on which the Senator from California asked for the yeas and nays was the motion to reconsider the vote by which

the amendment offered by the Senator from Maine [Mr. PAYNE] was rejected.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FULBRIGHT. Was not the motion to lay on the table the one on which the yeas and nays were ordered?

The VICE PRESIDENT. The Senator from Arkansas is correct. The second motion is the one on which the yeas and nays have been ordered.

Mr. DOUGLAS. Do I understand correctly that the yeas and nays have been ordered on the motion to lay on the table the motion to reconsider the vote?

The VICE PRESIDENT. The Senator is correct.

The clerk will call the roll.

Mr. LEHMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEHMAN. Do I understand the Senator from New York will have the floor following the yeas and nays?

The VICE PRESIDENT. The Senator from New York will be recognized.

The absence of a quorum has been suggested, and the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allott	Green	Millikin
Anderson	Hayden	Monroney
Barrett	Hennings	Morse
Bennett	Hill	Mundt
Bible	Holland	Murray
Bricker	Hruska	Neuberger
Bridges	Humphrey	O'Mahoney
Bush	Ives	Pastore
Butler	Jackson	Payne
Byrd	Jenner	Potter
Carlson	Johnson, Tex.	Purtell
Case, N. J.	Johnston, S. C.	Robertson
Case, S. Dak.	Kennedy	Russell
Chavez	Kerr	Saltonstall
Cotton	Knowland	Schoeppel
Curtis	Kuchel	Smathers
Daniel	Laird	Smith, Maine
Dirksen	Langer	Smith, N. J.
Douglas	Lehman	Sparkman
Duff	Long	Stennis
Ellender	Magnuson	Symington
Flanders	Malone	Thye
Frear	Mansfield	Watkins
Fulbright	Martin, Iowa	Welker
George	Martin, Pa.	Williams
Goldwater	McClellan	Wofford
Gore	McNamara	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the motion of the Senator from Arkansas [Mr. FULBRIGHT] to lay on the table the motion of the Senator from Texas [Mr. JOHNSON] to reconsider the vote by which the Payne amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, the vote is on the motion to table the motion to reconsider.

The VICE PRESIDENT. The Senator is correct.

Mr. JOHNSON of Texas. So if a Senator desires to table the motion to reconsider, he should vote "yea," and if he opposes such action he should vote "nay." Is that correct?

The VICE PRESIDENT. The Senator is correct.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERTSON (when his name was called). On this vote I have a pair with the senior Senator from North Carolina [Mr. ERVIN]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I, therefore, withhold my vote.

The rollcall was concluded.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On this vote the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Indiana would vote "nay."

I further announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SCOTT] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

If present and voting, the Senator from Maryland [Mr. BEALL] and the Senator from Ohio [Mr. BENDER] would each vote "nay."

On this vote the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Indiana would vote "nay" and the Senator from Kentucky would vote "yea."

The result was announced—yeas 41, nays 39, as follows:

YEAS—41

Anderson	Holland	McNamara
Bible	Humphrey	Monroney
Chavez	Jackson	Morse
Daniel	Johnson, Tex.	Murray
Douglas	Johnston, S. C.	Neuberger
Ellender	Kennedy	O'Mahoney
Frear	Kerr	Pastore
Fulbright	Laird	Russell
George	Langer	Smathers
Gore	Lehman	Sparkman
Green	Long	Stennis
Hayden	Magnuson	Symington
Hennings	Mansfield	Wofford
Hill	McClellan	

NAYS—39

Allott	Case, N. J.	Ives
Barrett	Case, S. Dak.	Jenner
Bennett	Cotton	Knowland
Bricker	Curtis	Kuchel
Bridges	Dirksen	Malone
Bush	Duff	Martin, Iowa
Butler	Flanders	Martin, Pa.
Byrd	Goldwater	Millikin
Carlson	Hruska	Mundt
Payne	Schoeppel	Watkins
Potter	Smith, Maine	Welker
Purtell	Smith, N. J.	Williams
Saltonstall	Thye	Young

NOT VOTING—15

Aiken	Dworshak	McCarthy
Beall	Eastland	Neely
Bender	Ervin	Robertson
Capehart	Hickenlooper	Scott
Clements	Kefauver	Wiley

So Mr. FULBRIGHT's motion to lay on the table the motion of Mr. JOHNSON of Texas to reconsider was agreed to.

Mr. LEHMAN. Mr. President, I offer an amendment and ask that it be stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The Chief Clerk read the amendment, as follows:

SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. —. (a) The fourth sentence of subsection (a) of section 500 of the Servicemen's Readjustment Act of 1944, as amended, is amended by striking out "ten" the first time it appears therein and inserting in lieu thereof "thirteen."

(b) Paragraph (C) of subsection (b) of section 512 of such act is amended by striking out "1957" and inserting in lieu thereof "1960."

Mr. JOHNSON of Texas. Mr. President, if the Senator from New York will yield to me briefly, I should like to make an announcement to the Senate. There are two amendments, the Lehman amendment and the Bricker amendment, on which we hope we will be able to vote shortly. I am sure a yea-and-nay vote will be requested on the Bricker amendment.

The White House Correspondents Association is holding its dinner this evening, and a number of Senators expect to attend. Therefore, we should like to conclude the session of the Senate today as early as possible. However, if we are to have delaying tactics and quorum calls, and things of that nature, it is possible that we will be here very late this evening. We can proceed expeditiously if we can get Senators to come to the Chamber on time to answer quorum calls and to vote on yea-and-nay votes. I hope Senators will make every effort to answer to their names when a quorum call is had and when a yea-and-nay vote is had.

PAYMENT TO CROW INDIAN TRIBE FOR RIGHT-OF-WAY FOR YELLOWTAIL DAM UNIT — CONFERENCE REPORT

Mr. MURRAY. I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 135) for payment to Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam unit, Missouri River Basin project, Montana-Wyoming. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of May 24, 1956, pp. 8953–8954, CONGRESSIONAL RECORD.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MURRAY. Mr. President, in order to save time, I ask unanimous consent to have printed in the RECORD at this point a statement dealing with the subject of the conference report.

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

STATEMENT BY SENATOR MURRAY

The adoption of the conference report on Senate Joint Resolution 135 completes congressional action to end a long-standing controversy between Federal agencies and the Crow Indians over the amount of compensation to be paid for right-of-way for Yellowtail Dam, powerplant, and reservoir on the Big Horn River in Montana and Wyoming. When the resolution is signed by the President and the funds transferred to the credit of the Crow Indians, the long-delayed construction of Yellowtail Dam can begin.

The dam was authorized by the Flood Control Act of 1944, which was piloted through the Senate by the distinguished Senator from Wyoming [Mr. O'MAHONEY]. Funds for the construction of the dam were recommended by three Secretaries of the Interior, without an estimate being transmitted to the Congress.

Congress, on its own motion last year, appropriated $4 million to begin construction of the dam. The President, in the fiscal year 1957 budget, recommended $10,850,000 in additional funds for construction, which has been held up by lack of agreement with the Crow Indians on payment for right-of-way for the dam, powerplant, and reservoir.

My able colleague [Mr. MANSFIELD] and I introduced Senate Joint Resolution 135 to accept an offer by the Crow Indians of $5 million for the Yellowtail Dam right-of-way. Payment of this amount is fully justified on firm and unassailable grounds. Testimony at a hearing before the Senate Committee on Interior and Insular Affairs supported this figure.

In fact, precedent set by Federal agencies in the case of the Kerr Dam of the Montana Power Co. in Montana might have justified higher payment. In the Kerr Dam case, the Federal Power Commission 25 years ago required the Montana Power Co. to pay the Flathead Indians for lease of right-of-way at a rate 1½ times that to be paid the Crow Indians for sale of the Yellowtail Dam right-of-way.

The fairness of the Crow offer is attested by two other factors. One, a part of the Kerr Dam and powerplant is located on Flathead Indian land while all of Yellowtail Dam and powerplant will be on Crow Indian land. Further, the Indian acreage in the Kerr Dam-Flathead instance is only one-third of that required at Yellowtail.

In the House version of Senate Joint Resolution 135, payment of $1,500,000 to the Crow Indians was provided. A majority of the House conferees agreed that the $5 million passed by the Senate was the proper figure. In other essential respects, the few differences between the Senate and House were ironed out and the conference report offers a fair and just settlement of the right-of-way problem. Mineral rights and fishing privileges are reserved to the Crow Indians.

Construction of Yellowtail Dam will provide needed employment for able-bodied Crow Indians. The power to be produced at the dam will be fed into the Missouri River Basin system, which serves eastern Montana, Wyoming, and the Dakotas. The dam will also serve an important flood-control function, and also aid irrigation through the Hardin irrigation unit.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement which I prepared on the subject of the conference report now pending before the Senate.

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

STATEMENT BY SENATOR MANSFIELD

The Senate is now asked to approve the conference report on Senate Joint Resolution 135, directing the Secretary of the Interior to pay $5 million to the Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam and Reservoir, Hardin unit, Missouri River Basin project, in Montana and Wyoming.

The House has approved the conference report and I sincerely hope that the Senate will approve the report this afternoon so that the resolution can be sent to the White House for the President's signature. The approval of this $5 million payment will be the final step precluding the actual construction of Yellowtail Dam and Reservoir.

Yellowtail Dam and Reservoir was authorized in the Flood Control Act of 1944. Briefly, this project, when completed, will be multipurpose in its benefits. First, this project will help meet the hydroelectric power shortage in the area. The completed dam and reservoir would be invaluable in flood control and irrigation work. A completed Hardin irrigation unit would comprise about 45,800 acres of benchland just downstream from Yellowtail Dam in southeastern Montana. Incidental, but important benefits of the project are silt retention, improvement of fish and wildlife resources and recreation. I cannot stress too strongly the importance of this project to the economical development of the Northwest.

In 1954, the House Committee on Interior and Insular Affairs recommended that this project be "immediately programed for construction." All preliminary work, investigations and advanced planning are now complete. The fiscal year 1956 public-works appropriation bill included an initial appropriation of $4 million for this project. When President Eisenhower sent fiscal year 1957 budget to Congress this year, it included a request for an additional $10,850,000 to carry on construction of Yellowtail Dam. There is general agreement between the executive department, the Congress and the local people that the construction of this project should proceed.

However, prior to construction a transfer of right-of-way for some 7,000 acres of Crow Indian tribal lands must be negotiated with the Crow Indian Tribal Council. The dam site is located on tribal lands. Some of their lands will be inundated by the reservoir. Of the 30,857 acres required, 6,997 acres are tribal lands.

The Interior Department has offered $1,500,000 in settlement, but this figure was rejected by the tribe. In a resolution on January 11, 1956, the Crow Tribal Council requested a settlement of $5 million. After due consideration, the distinguished senior Senator from Montana [Mr. MURRAY], Montana's Congressman from the First District [Mr. METCALF], and I concluded that the Indian request was equitable and fair to all concerned. The only other course of action was condemnation proceedings, to which I am unalterably opposed.

I might say at this point that we now have an opportunity to treat a segment of our American Indian population as an equal and in a justifiable manner, something that the Federal Government has neglected to do all too frequently in years gone by.

The $5 million figure is not something that was just pulled out of a hat; there is sound justification for it, and it is not without precedent nor is it a giveaway in any sense of the word.

The settlement agreed upon by the Crow Tribe was arrived at as a result of an exhaustive study made by a consulting engineer. The $5 million was an alternative to a proposal of annual payments to the tribe and tribal ownership after 50 years. The $5 million figure is supported by local interests and Montana's Governor Aronson has endorsed the $5-million settlement.

The precedent to this action was set in the 1930's when the Federal Power Commission issued a license to the Montana Power Co., authorizing the construction of Kerr Dam on the Flathead River in Montana. At the time it was necessary to compensate the Flathead Indian Tribe for rights-of-way in connection with Kerr Dam. Montana Power agreed to compensate the Flathead Tribe for power-site values in connection with the right-of-way required for Kerr Dam and Reservoir. Over a period of approximately 20 years payments in the amount of $2,929,000 would be made to the Flathead Indian Tribe as compensation for the use of the land for the power development. Montana Power Co. is required to renew the agreement at the end of 20 years.

In comparison to what the Flathead Indian Tribe is getting for only 2,100 acres of land at Kerr Dam, it is not too much to direct the Secretary of the Interior to pay $5 million for a project which will furnish cheap power, irrigation, flood control, business, employment, and security in eastern Montana and northern Wyoming.

This payment is not based on the estimated actual value of the 7,000 acres of land involved, the site is worth a great deal more than the actual price of the land. The Bureau of Reclamation is paying for the value of the land as a dam site, a sound business venture in view of a multi-purpose project which will be fully repayable with interest.

The Crow Tribe has made an offer that is eminently fair. As I have indicated, there is unanimous feeling that Yellowtail Dam should go forward promptly. If this conference is rejected the negotiations will be thrown into the courts and considerable delay, in addition to unjust treatment of the Crow Indian Tribe, will be the end result. Delay will jeopardize the additional request for funds submitted by the President for fiscal year 1957.

It is my considered judgment that the Senate should reaffirm its support of Senate Joint Resolution 135 and accept without delay the conference report on this legislation directing the Secretary of the Interior to pay the Crow Indian Tribe $5 million for consent to transfer of right-of-way for Yellowtail Dam and Reservoir, reserving mineral and recreation rights for the Indians as desired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a copy of a letter which I wrote to the Senator from Arizona [Mr. HAYDEN] under date of May 23, 1956.

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

UNITED STATES SENATE,
Washington, D. C., May 23, 1956.

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

DEAR MR. CHAIRMAN: The public-works appropriation bill, fiscal year 1957, as passed by the House Committee on Appropriations, disallows new funds in the amount of $10,850,000 for Yellowtail unit, Montana-Wyoming. I ask that these funds be restored when the bill H. R. 11319 comes before the Senate Committee on Appropirations for final action.

I make this plea in light of more recent developments. I assume that the budget request for funds to begin construction on Yellowtail Dam and Reservoir were disallowed by the House committee because of the uncompleted negotiations with the Crow Indian Tribe for consent to transfer of right-of-way for approximately 7,000 acres of tribal lands at and near the dam site.

Companion joint resolutions were passed by both Houses of Congress directing the Secretary of the Interior to pay the Crow Indian Tribe for the transfer of these lands, allowing certain reservations. The conference committee on these joint resolutions has made its report, recommending a payment of $5 million to the Crow Indian Tribe for the transfer of these lands. This figure is agreeable to the Indians, local interests, Montana officials, and it is the figure approved in Senate Joint Resolution 135 which passed the Senate March 16, 1956. When the conference report is approved and sent to the President for his signature, it will remove the last obstacle to construction on this multipurpose project.

This approach to the settlement of the land negotiations with the Crow Indian Tribe is most satisfactory, as compared with condemnation proceedings which would result in a lengthy court action and a solution leaving a bitterness on all sides.

The settlement of the transfer of right-of-way of these lands appears very near at hand. I recommend and ask that careful consideration be given to the restoration of the budget request of $10,850,000 for Yellowtail unit. These additional funds would provide for construction in fiscal year 1957 above and beyond the limitations of present carry-over funds. Yellowtail Dam and Reservoir is essential to the development and economic welfare of eastern Montana.

With best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

Mr. MORSE. Mr. President, I wish to commend the Senators from Montana for the leadership they have given the Senate regarding this issue. The two Senators from Montana for a long time past have been working on a program of justice with respect to this issue. They have done a remarkably fine, statesmanlike job. I extend to them my sincere commendation.

Mr. MURRAY. Mr. President, I thank the Senator from Oregon.

Mr. MANSFIELD. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of 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.

Mr. LEHMAN. Mr. President, I have joined with the Senators from Alabama [Mr. SPARKMAN and Mr. HILL] and the Senator from Minnesota [Mr. HUMPHREY], in offering this amendment to the Housing Act to amend subsection (a) of section 500 and subsection (b) of section 512 of the Servicemen's Readjustment Act of 1944, so as to extend the veterans' loan program for a period of 3 years.

I should like to state for the record that it is my privilege to be chairman of the Veterans' Affairs Subcommittee of the Labor and Public Welfare Committee. The legislation for the extension of the GI loan program has been pending before my committee, and I have had an opportunity to consider and study it in some detail. The other two cosponsors of this amendment, Senators HILL and SPARKMAN, are, respectively, the chairman of the Labor and Public Welfare Committee, and the chairman of the Housing Subcommittee of the Banking and Currency Committee. Thus, this amendment represents the leadership of committees and subcommittees concerned with this subject matter.

The basic purpose of the loan program was to facilitate the readjustment of veterans by the extension of credit to them for the establishment of households, farms, or businesses. It was felt that these veterans, as a consequence of their military service, had been deprived of the opportunity to accumulate savings and establish credit and employment records.

In the years that have passed since the enactment of this measure, almost 4 million veterans have received a guaranteed or direct loan, and these loans have been unusually helpful. But there are 15¾ million veterans entitled to these benefits. Thus, at least over 11 million veterans have not used any GI loan entitlement, and most of the 4 million veterans who have received a guaranteed or direct loan have a substantial amount of entitlement remaining.

But time is running out. The loan program will expire on July 25, 1957 and, because of the time necessary to process loan applications, the program, for all intents and purposes, will expire this coming January. Hence, these 11 million veterans have a scant 7 months to decide whether they will buy a home or a farm or establish themselves in a business. Many of them are not quite ready to do so. Many need more time to make these important decisions which will have profound effects upon their future lives. There is no good reason for rushing these veterans into making such far-reaching decisions. If they need a little more time to chart the course of their lives, after the disruption of their lives by military service, there seems to be no valid reason why that time should not be granted to them.

From the standpoint of cost to the Government, there is no appreciable difference. Since 1944 the Government has stood ready to guarantee these loans. The 11½ million veterans who have not yet exercised those rights, could, at any time during the past years, have taken advantage of them. To give them additional time to do so now seems not only just, but also economical in the long run. It will save many a veteran from taking precipitous action today which he may not be prepared for, economically. Giving him an extension of time to complete his economic readjustment, to get set in his job and community, is in the end economical both for himself and for the Federal Government. The direct loans were authorized at a later date but the principle is the same.

Now originally the substance of this proposal was contained in S. 302, introduced by Senators SPARKMAN and HILL. That bill was referred to the Subcommittee on Veterans' Affairs of the Committee on Labor and Public Welfare, of which I am chairman. In the ordinary course of events, that subcommittee would have held hearings on the bill, and would have reported it to the full committee, which would then have reported it to the Senate.

The staff working on the housing bill has prepared a thorough and comprehensive analysis of how the veterans housing loan guaranty has worked in practice.

Mr. President, I ask unanimous consent to have inserted in the RECORD, at the conclusion of my remarks, this staff study on veterans housing loans.

The PRESIDING OFFICER. Is there objection? The chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. LEHMAN. Mr. President, very little controversy has developed concerning this bill. The mail received has been overwhelmingly in favor of the provisions for an extension of the expiration date.

My mail, coming not only from the veterans themselves but from the housing industry, has pleaded for a certain settlement of this question. They wanted to know whether and for how long there would be an extension. And it was important that they know—and know now.

The veteran having these rights wants to know whether he must decide to buy a house or a farm or go into business in the next 6 or 7 months, or whether he has adequate time to make these decisions.

The housing industry wants to know whether it will be faced with a disruptive rush within the next 7 months to purchase homes by GI's taking advantage of their expiring rights, or whether the demand for new housing by veterans will be spread over the course of the next few years.

The Veterans' Administration itself has advised that if "an extension of the terminal date of the program is desirable it would seem preferable to authorize it early so that the veteran public could be made aware that no rush would be necessary to avoid losing the opportunity afforded by the GI loan benefits."

As chairman of the Veterans' Affairs Subcommittee of the Committee on Labor and Public Welfare, one aspect of this matter has been of the greatest concern to me. I have been afraid that in the final rush for adjournment, this measure, so important not alone to so many millions of our veterans, but to the ailing housing industry itself, might get sidetracked and not enacted. A wild rush in the next 7 months to purchase homes to avoid losing GI loan rights could have a disastrous effect upon the housing industry, not to mention the effects upon the individual veterans who might be tempted to purchase houses before they were financially ready to

assume the obligations which such purchasing entailed.

The proposed amendment is one which, in my opinion, should have the wholehearted support of every Member in the Congress.

It would be hard to visualize any single program which has resulted in more and varied benefits to our American citizenry. Nearly 4½ million veterans and their families have acquired a home of their own with the assistance of a GI loan. No one will dispute the fact that home ownership is a bulwark in the maintaining of the type of living that we strive for in America. While much has been accomplished by way of improving the living conditions of Americans, there still is a tremendous job ahead. We can ill afford to allow the GI loan program, which in the past year accounted for 30 percent of all single family residential units, to come to an abrupt termination.

Aside from the legitimate needs of the individual veterans and the desirability of continuing the program from the standpoint of a benefit to the veterans, we must not lose sight of the fact that this program is playing an extremely important role as a support factor in our national economy. With the sharp curtailment in the manufacture of automobiles, farming equipment and various other industries, it would be foolhardy to allow one of the main props to be knocked out from under the residential construction industry. The first 4 months of this year is witnessing a substantial decline in the number of housing starts. The optimistic words of administration spokesmen on this subject early this year obviously were without foundation in fact. It is now fairly clear that housing starts for 1956 will be between 15 percent and 20 percent lower than starts in 1955. Can we afford a further substantial drop in 1957?

The only thing which a termination of the GI loan program will do will be to retard the efforts which we have made in striving to house the American people. As an unhappy byproduct, it will also place a strain on other segments of our economy due to the need of finding some means for taking up the slack caused by the curtailment in the construction industry.

I hope that the pending amendment will be approved.

EXHIBIT 1

DRAFT REPORT ON GI HOME LOAN PROGRAM—SUBCOMMITTEE ON VETERANS' AFFAIRS, COMMITTEE ON LABOR AND PUBLIC WELFARE

INTRODUCTION

The current GI loan program for World War II veterans is scheduled to terminate on July 25, 1957.

The Servicemen's Readjustment Act as originally enacted (Public Law 346, 78th Cong., approved June 22, 1944) provided that application for loan guaranty benefits be made within 2 years after separation from service or 2 years after termination of the war, whichever is later, but in no event more than 5 years after termination of the war.

Public Law 268, 79th Congress, approved December 28, 1945, extended the period of eligibility for loan benefits to 10 years after the termination of the war.

Public Law 239, 80th Congress, approved July 25, 1947, fixed the termination of World War II for the purpose of title III of the Servicemen's Readjustment Act as July 25, 1947.

The GI loan program is a plan to encourage private lenders to make loans on favorable terms to veterans, generally for the purchase, construction, repair, alteration, or improvement of homes, farms, or businesses. The encouragement extended is the guaranty of part of the veteran's debt by the Veterans' Administration, so that in the case of defaults and foreclosures, the exposure of the lender is minimized.

The benefit to the veteran comes in the form of a loan with a relatively low interest rate (currently 4½ percent), a longer maturity period (currently up to 30 years), and a small initial downpayment (currently as little as 2 percent). Private lenders would not, and most investors could not, make loans on such favorable terms without a Government guaranty. The guaranty places GI loans in a preferred investment category. In diversified investment portfolios, the GI loan takes a place alongside other Government obligations, and provides a return of at least 4½ percent less the costs of servicing.

Since the inception of the loan guaranty program as part of the original GI bill in 1944, the great bulk of its activities have been concerned with home loans. Consequently, this report is devoted to the operation, administration, and outlook for the GI home loan. The farm loan and business loan programs have served nearly 300,000 veterans with almost $900 million of advantageous financing. In comparison, however, through April 1956 over 4,700,000 veterans have obtained over $36 billion of home financing.

HOW THE PROGRAM OPERATES

The major steps in the operation of the GI home loan program may be described as follows, in the case of new or proposed construction:

1. A builder or sponsor submits his plans for the development of a tract or subdivision, together with his engineering reports, to the appropriate field office of the Veterans' Administration.

2. After his land development plans are approved, he may then submit his construction plans and specifications for the houses he proposes to build, and request the VA to make an appraisal of reasonable value.

3. Upon completion of the appraisal, the VA issues a master certificate of reasonable value covering the units proposed in the tract. This certificate is subject to the requirement that actual construction must conform to the approved plans and specifications as determined by a compliance inspection made at various stages during construction. Master certificates of reasonable value usually have a validity period of 8 months. They may be extended if market conditions warrant. As a condition to the issuance of a certificate of reasonable value, the VA will determine that the proposed plans and specifications conform to the minimum property requirement prescribed by VA for houses of the particular design and location.

The requirements employed by the VA correspond with those required and used by the FHA for similar purposes. The VA accepts the land planning and compliance inspection findings of the FHA as though they had been made by VA. The legislative provisions requiring the observance of minimum property requirements necessitate the subjection of each unit to compliance inspections during the course of construction. Otherwise the unit is ineligible for VA financing for 1 year following completion.

4. Houses in the tract may be sold to veterans during the course of construction on the basis of the blueprints or a model house, or after completion of the new dwellings. In some cases, builders arrange sources of permanent GI loan financing in advance of construction, and in other cases the buyer may be expected to find a mortgage lender himself. In either case, when a lender is found who will make a GI loan, the lender proceeds to arrange for the loan closing. These lenders who are subject to supervision by an agency or department of a State or the Federal Government may close a GI loan without obtaining prior approval of the Veterans' Administration. Lenders who are not subject to supervision must obtain VA's prior approval before closing GI loans.

5. In preparing a loan for closing, attention must be given to evidence of the veteran's eligibility by virtue of qualifying military service, eligibility of the purpose of the loan, evidence of satisfactory completion of the house, adequacy of the veteran's income and credit status, intention on the part of the veteran that he occupy the property as his home, and a verification that the purchase price does not exceed VA's finding of reasonable value. In addition, the customary title search must be made, in addition to other technical arrangements necessary to complete the settlement.

6. After closing the loan and conveying the title to the veteran, the lender reports the facts of the case to the VA, together with necessary supporting documents. If the file is in order and all requirements of eligibility have been met, the VA will issue a loan-guaranty certificate to the lender. Under the law, except in cases of fraud or material misrepresentation, this guaranty is incontestable by VA.

Where the veteran is buying an existing house that has been previously occupied, rather than a new or proposed house, VA plays a lesser role. Usually the first step is that of arranging for an appraisal, which may be requested of VA by the lender, the seller (or his broker), or the veteran. If the VA appraisal shows that the reasonable value is not less than the proposed purchase price, and the house meets the applicable minimum property requirements for existing construction, the lender to whom the veteran has applied for his loan may arrange for settlement. Non-supervised lenders, as explained above, must have the prior approval of VA before closing. The steps leading to the guaranty of the loan are the same as in the case of newly completed houses.

DIRECT-LOAN PROGRAM

In rural and remote areas where institutional mortgage lenders infrequently operate, veterans have had great difficulty in arranging GI loans. Recognizing this financial void, the Congress has authorized the VA to make direct loans for the purchase or construction (including alternations or repairs) of a home or a farm with a farmhouse where private capital was not available. In such cases, veterans may apply directly to the Veterans' Administration for financing assistance.

Since the Voluntary Home Mortgage Credit program was established, pursuant to the Housing Act of 1954 (Public Law 560, 83d Cong.), to increase the mobility of funds flowing into remote areas, the Veterans' Administration has been referring all veterans seeking direct loans to the appropriate regional committees of that program. If no lender can be found within 20 working days, the veteran may then take steps to arrange a direct loan with the Veterans' Administration. The various eligibility requirements are the same for veterans who buy or build with the aid of a VA direct loan as for those who employ guaranteed loans from private lenders; the only difference being that the Veterans' Administration becomes the lender instead of the guarantor.

PAYMENT OF CLAIMS

In order to protect the interests of both the Government and the veteran, regulations have been established to govern the manner in which settlement will be made with lenders who file claims under their guaranty contract following insoluble defaults by mortgagors. An example of how the guaranty contract operates in a typical case will best serve to explain the method of security liquidation.

Assume that a $10,000 loan was guaranteed by the VA to the extent of 60 percent or $6,000. At the time the holder determines that the default is incurable and that a claim for the guaranty should be filed the loan balance is $9,800. The VA would pay a guaranty claim of $5,880 (60 percent of the loan balance). After receiving the guaranty payment the balance of the indebetedness due the holder would be $3,920 and so long as the value of the property does not decline below this figure plus foreclosure expenses, the holder will not suffer a loss. For purposes of illustration, let us assume further that the foreclosure expenses plus interest to the date of the foreclosure sale would amount to $380 so that the holder would have a total remaining investment of $4,300.

In advance of the foreclosure sale the VA has an appraisal of the property made to determine its current value. On the basis of such appraisal VA specifies the amount which the holder must allow in its final accounting relating to the sale of the property. In the example at hand assume that the VA determines the value of the property is $9,500, and that this figure is specified as the amount for which the holder will be required to account. If the holder acquires the property by bidding no more than $9,500 it may elect to convey the property to VA, and in return it will be paid the balance of the indebtedness due it ($4,300) plus conveyancing expenses. Alternately, it may elect to retain the property and refund to VA the difference between the amount due the holder ($4,300) and the specified amount ($9,500) or $5,200. Since VA paid a guaranty claim of $5,880, its net loss would be $680 if the holder retained the property and a similar amount if it were conveyed to VA and resold for the net amount specified. This loss would represent an indebtedness due the Government by the veteran. In the illustrative case the veteran's indebtedness would be $680.

In the majority of cases, lenders elect to convey security property to the VA, which in turn places them on the market for sale at current price levels. In localities where private real-estate brokers are available, the VA lists its acquired properties with them, and pays the customary sales commission. It is generally VA policy to sell such houses in an "as is" condition, and it is often found expedient to hold them vacant for sale in order to facilitate liquidation.

Since the veteran is credited with the current fair value of the property on the books of the lender at the time of foreclosures, any subsequent profits or losses experienced by the VA in its property management activities are not reflected back on its account with the veteran, who generally remains liable to the Government for the net cost of settlement with the lender under the guaranty contract.

THE RECORD OF THE GI LOAN PROGRAM TO DATE

During the period of almost 12 years that GI home loans have been authorized, more than 4,700,000 veterans have obtained approximately $36 billion of such loans from private lenders. In addition more than 75,000 veterans have obtained over $540 million of direct loans from the Veterans' Administration.

The availability of adequate supplies of funds for GI loans in 1954 and 1955 made it possible for an average of nearly 50,000 veterans per month to make application for the purchase of homes with VA assisted financing. This was the longest sustained period of high level activity in the history of the program. During 1955, nearly 3 out of every 10 new houses started were inspected by VA compliance inspectors. GI loans financed the purchase of about 25 percent of the houses completed. This record is evidence of the vigor of the veterans housing demand and of the attractiveness to lenders of investing in GI loans in substantial amounts.

The repayment record on these loans has been excellent. More than 850,000 home loans have been reported to VA as paid in full. Delayed reporting of others may bring the current total to 900,000 or more. The initial principal amount of the 850,000 paid in full loans was about $4.9 billion. The guaranteed home loans on which VA has been asked to pay a claim as a result of insoluble defaults have been less than 26,000 in number, or about one-half of 1 percent; the net amount of those claims was less than $20 million, or about six one-hundredths of 1 percent of the amount originally loaned.

The direct loans have made as good a record, although on the average, they are less seasoned, since direct loans were not authorized until 6 years after the guaranteed loan program was approved. Thus far, about 7,000 direct loans originally amounting to more than $50 million have been sold to private investors with a VA guaranty, and about 2,100 loans originally amounting to over $17 million have been paid in full. The Veterans' Administration has been required to liquidate the security in only about 250 cases, and the loss or deficiency has amounted to $73,000, or less than two one-hundredths of 1 percent of the total amount loaned to date.

The loan guaranty affairs of the Veterans' Administration are administered by the Department of Veterans Benefits, and guaranty operations are conducted in each of 67 regional offices, with one or more located in each State, plus the Territories of Hawaii, Puerto Rico, and Alaska. Alaska loan guaranty matters consist of about 70 people in the central office and about 3,350 in the regional offices.

The administrative costs of the loan guaranty program have been small when considered in relation to the large number and amount of loans guaranteed. Since the inception of the program, VA has disbursed about $120 million for salaries and administrative expenses, which include travel costs and appraisals and credit reports ordered by the VA. However, this figure does not include a pro rata share of general overhead costs, such as office space, supplies, communications, etc., which are paid by the agency for all of its programs.

While it is impractical to prorate the total administrative expenditures among the many types of activities performed in connection with the loan guaranty program, the average cost per loan processed and serviced by VA to date would be about $25, or 33 cents for every hundred dollars loaned.

EFFECTS OF THE GI LOAN PROGRAM

Since the termination of World War II hostilities, the loan guaranty program has provided a substantial measure of support to the general economy of the Nation. Because institutional mortgage lenders have found the GI loan to be a desirable investment medium, veterans have been enabled to buy more than $20 billion of new houses. A substantial but undeterminable number of these new home purchases could not have been made without the aid of a GI loan, and a corresponding number of houses would not have been built if veterans had not had the benefit of GI loans.

In recent years particularly, the high level of general economic activity throughout the Nation has been vigorously supported by new home construction, which in turn has depended substantially on the effective demand of veterans using GI loans. For example, in 1955 more than $4½ billion was spent by veterans on new houses purchased with VA-guaranteed loans. This money has in turn been paid by builders to building craftsmen, distributors of building materials and to others, and by them into the diffused general economic stream. Related purchases by the new homeowners of furniture, equipment, and similar items have given additional support to industry, and are indirectly attributable to the GI mortgage financing which started the cycle in motion.

One of the more important and far-reaching problems has been that of controlling the impact of the program on the money markets, the local housing markets and on the overall supply of labor and materials at times of relative scarcity or when the national interest requires a change of pace to avoid inflationary consequences. During the period of hostilities in Korea it was necessary to impose credit controls on many aspects of the economy to avoid diversions of money and materials that would impair the defense effort. These controls extended to the GI loan program, and were adjusted on occasions to meet varying conditions. In mid-1955, the administration imposed credit restraints. These controls required an initial downpayment of at least 2 percent and the limitation of loan maturities to 25 years. The restriction on loan maturities was lifted on January 20, 1956.

OUTLOOK FOR VETERANS HOME LOANS

About 10 million World War II veterans have not thus far used their loan guaranty entitlement. An estimated 800,000 to 1 million veterans may yet seek to do so before their eligibility expires under the present law, on July 25, 1957.

This number measured against the remaining period of eligibility would mean that GI home loans may have to be approved at a rate in excess of any previous peak rate. Last minute efforts of many veterans who have heretofore postponed the purchase of a home may lead to serious administrative difficulties. Some builders and sellers of houses are calling attention to the termination date in their advertising, and an excessive demand from veteran purchasers could develop during the year preceding July 25, 1957.

If it develops, a high rate of demand for GI loans during the ensuing year may place a strain on both the supply of new houses available for sale to veterans and on the amount of money channeled for investment in VA-guaranteed loans. The impetus of the extra demand coming from last-minute veterans may have some inflationary influences, either in the price of housing or in the scale of discounts required on GI loans, or both.

The excellent repayment record that veterans have established on the GI loans made to date will undoubtedly continue as long as generally favorable economic conditions prevail. Eventually millions of veterans should be able to enjoy the benefits of debt-free home ownership for their homes and their families, and the general economy of the Nation would be on a higher plateau both because of their relatively higher standard of living and the extra impetus given to industrial production and capital accumulation by their home purchases.

LEGISLATIVE APPENDIX

A. Enacted legislation concerned with period of GI loan eligibility

1. Public Law 346, 78th Congress, section 500 (a), second sentence:

"Any such veteran may apply within 2 years after separation from the military or

naval forces, or 2 years after the termination of the war, whichever is the later date, but in no event more than 5 years after the termination of the war."

2. Public Law 268, 79th Congress, amended Public Law 346, 78th Congress, section 500 (a), second sentence, to read:

"Any loan made by such veteran within 10 years after the termination of the war for any of the purposes, and in compliance with the provisions specified by this title."

3. Public Law 239, 80th Congress, section 3:

"In the interpretation of the following statutory provisions the date when this joint resolution becomes effective shall be deemed to be the date of the termination of any state of war heretofore declared by the Congress and of the national emergencies proclaimed by the President on September 8, 1939, and on May 27, 1941 * * * section 500 (a) and 507 of the act of June 22, 1944 (58 Stat. 291, ch. 268), as amended."

B. Proposed legislation concerned with GI loan extension

1. To extend World War II loan guaranty entitlement for 3 additional years: S. 302, SPARKMAN; H. R. 10178, REUSS; S. 3602, MCCARTHY; S. 3639, WILEY.

2. To extend loan guaranty and direct loan programs 5 additional years: S. 740, JOHNSTON; H. R. 5477, HOLIFIELD; H. R. 11000, ROGERS.

3. To extend World War II loan guaranty program 1 additional month for each 2 months of active service (up to 3 years). Veterans discharged for disability given 3 additional years: H. R. 10469, FASCELL.

4. To extend World War II loan guaranty program 1 additional month for each month of active service (up to 4 years). Veterans discharged for disability given 4 additional years: H. R. 10530, RAINS; H. R. 10531, O'HARA of Illinois; H. R. 10532, ADDONIZIO; H. R. 10533, BARRETT; H. R. 10534, ASHLEY; H. R. 10884, MURRAY of Illinois.

5. To provide 1 additional year for guaranteeing loans in process on July 25, 1957: H. R. 9260 (as amended on floor prior to passage by House, April 23, 1956).

TABLE 1.—*Closed loans guaranteed or insured (cumulative through Mar. 25, 1956)*

Location	All loans		Home loans		Farm loans		Business loans	
	Number	Principal amount	Number	Principal amount	Number	Principal amount	Number	Principal amount
Total	4,688,321	$35,413,359,430	4,394,171	$34,527,208,507	69,242	$272,397,857	224,908	$613,753,066
Alabama: Montgomery	58,117	413,855,731	54,177	403,053,391	2,862	6,844,458	1,078	3,957,882
Alaska: Juneau	375	2,311,095	284	1,930,657			91	380,438
Arizona: Phoenix	21,713	149,759,454	20,140	145,199,961	281	977,581	1,292	3,581,912
Arkansas: Little Rock	26,294	132,237,655	22,817	123,343,770	1,657	3,905,432	1,820	4,988,453
California:								
Los Angeles	328,667	2,964,431,889	322,289	2,941,823,000	152	1,087,670	6,226	21,521,219
San Diego	27,024	242,248,744	26,410	240,437,578	8	60,925	606	1,750,241
San Francisco	236,241	1,934,126,333	227,944	1,902,481,344	1,083	7,076,948	7,214	24,568,041
Colorado: Denver	55,044	426,635,214	48,685	402,789,010	4,131	17,073,531	2,228	6,772,673
Connecticut: Hartford	67,734	580,343,101	64,197	571,432,094	41	349,204	3,496	8,561,803
Delaware: Wilmington	19,083	176,319,676	18,773	174,842,890	142	810,628	168	666,158
District of Columbia: Washington [1]	72,779	777,175,694	70,566	771,775,164	5	36,000	2,208	5,364,530
Florida:								
Miami	48,958	402,221,690	48,586	400,883,523	7	60,115	365	1,278,052
Pass-a-Grille	59,236	442,742,470	58,266	439,225,396	54	167,210	916	3,349,864
Georgia: Atlanta	86,979	658,535,747	82,383	643,985,880	2,431	7,231,266	2,165	7,318,601
Hawaii: Honolulu	5,860	56,540,928	5,683	56,039,589	1	3,900	176	497,439
Idaho: Boise	13,006	80,964,217	12,032	77,188,416	504	2,001,707	470	1,774,094
Illinois: Chicago	173,573	1,318,477,056	165,344	1,293,260,545	1,904	7,330,081	6,325	17,886,430
Indiana: Indianapolis	91,526	545,375,882	86,710	528,167,631	2,259	9,602,559	2,557	7,605,692
Iowa: Des Moines	63,145	393,707,782	54,141	362,823,580	5,410	19,245,808	3,594	11,638,394
Kansas: Wichita	47,360	298,283,174	43,388	285,590,421	1,559	5,850,129	2,413	6,842,624
Kentucky: Louisville	39,137	265,175,632	35,482	249,917,634	1,974	9,828,111	1,681	5,429,887
Louisiana:								
New Orleans	38,168	301,483,427	37,211	298,964,126	143	373,889	814	2,145,412
Shreveport	17,490	125,445,459	16,761	123,320,457	438	1,088,221	291	1,036,781
Maine: Togus	20,535	98,332,356	18,335	91,808,939	450	1,601,486	1,750	4,921,931
Maryland: Baltimore	74,536	555,749,174	72,568	549,858,100	248	1,499,861	1,720	4,391,213
Massachusetts: Boston	217,809	1,725,298,786	210,022	1,702,438,611	169	1,158,399	7,618	21,701,776
Michigan: Detroit	181,855	1,425,005,739	176,745	1,408,386,962	976	4,054,301	4,134	12,564,476
Minnesota: St. Paul	95,905	748,367,611	86,581	718,782,780	3,398	13,402,241	5,926	16,182,590
Mississippi: Jackson	28,461	179,793,673	25,461	170,798,652	2,498	7,181,452	502	1,813,569
Missouri:								
Kansas City	63,095	439,827,204	56,728	418,033,224	3,272	13,489,038	3,095	8,304,942
St. Louis	46,716	368,460,743	42,562	355,884,832	1,720	6,182,630	2,434	6,393,281
Montana: Fort Harrison	10,434	71,400,785	8,935	66,214,967	488	1,747,955	1,011	3,437,863
Nebraska: Lincoln	24,810	151,197,444	21,928	142,769,024	1,603	4,546,127	1,279	3,882,293
Nevada: Reno	3,045	20,312,850	2,793	19,343,450	74	313,189	178	656,211
New Hampshire: Manchester	25,969	144,073,164	23,844	135,747,207	285	1,487,216	1,840	6,838,741
New Jersey: Newark	235,487	1,939,225,029	213,985	1,894,858,115	108	762,075	21,394	43,604,839
New Mexico: Albuquerque	23,146	163,178,319	22,105	159,312,551	356	1,300,226	685	2,565,542
New York:								
Albany	46,407	308,385,078	42,251	294,158,384	832	4,049,348	3,324	10,177,346
Buffalo	95,166	754,276,835	92,264	741,931,670	765	3,558,566	2,137	8,786,599
New York	334,122	2,582,261,180	261,877	2,420,509,504	66	468,354	72,179	161,283,322
Syracuse	60,641	429,343,283	55,942	412,736,248	1,255	5,733,911	3,444	10,873,124
North Carolina: Winston-Salem	54,690	358,871,855	53,162	352,601,914	482	2,363,994	1,046	3,905,947
North Dakota:								
Fargo	10,850	58,040,198	7,232	47,469,952	2,192	6,164,126	1,426	4,406,120
Ohio:								
Cincinnati	85,190	653,576,045	82,364	641,244,413	1,470	7,450,696	1,356	4,880,936
Cleveland	139,576	1,091,021,790	137,326	1,081,058,791	769	4,648,685	1,481	5,314,314
Oklahoma:								
Muskogee	28,542	171,415,331	26,923	166,883,181	994	2,520,938	625	2,011,212
Oklahoma City	59,802	400,672,426	57,992	393,623,522	918	3,857,475	892	3,191,429
Oregon: Portland	30,694	209,251,972	26,517	195,951,370	742	3,058,084	3,435	10,242,518
Pennsylvania:								
Philadelphia	169,070	1,227,743,450	166,837	1,221,102,313	121	780,178	2,112	5,860,959
Pittsburgh	115,022	782,867,074	108,739	763,013,698	1,086	5,355,540	5,197	14,497,836
Wilkes-Barre	67,099	386,613,987	62,570	367,465,269	1,407	7,098,080	3,122	12,050,638
Puerto Rico: San Juan	4,245	4,168,393	3,935	3,294,880	2	4,300	308	869,213
Rhode Island: Providence	32,993	235,792,850	31,929	231,916,715	5	33,250	1,059	3,842,885
South Carolina: Columbia	34,535	230,605,837	32,877	225,317,059	495	1,495,201	1,163	3,793,577
South Dakota: Sioux Falls	11,057	57,872,887	7,736	48,746,430	1,985	5,034,249	1,336	4,092,208
Tennessee: Nashville	79,129	533,917,046	77,213	525,823,909	1,067	5,087,112	849	3,006,025
Texas:								
Dallas	73,035	484,729,818	69,252	472,319,443	1,506	5,542,460	2,277	6,867,915
Houston	83,424	662,739,641	82,418	659,089,879	333	1,164,531	673	2,485,231
Lubbock	45,765	347,007,528	44,144	340,568,746	918	4,028,146	703	2,410,636
San Antonio	51,683	414,773,297	50,473	409,783,665	393	1,543,152	817	3,446,480
Waco	22,641	160,146,519	20,652	150,827,686	1,323	6,635,515	666	2,683,318
Utah: Salt Lake City	20,713	149,516,414	19,797	146,510,309	190	773,251	726	2,232,854
Vermont: White River Junction	12,689	66,839,975	11,251	60,944,171	734	3,276,558	704	2,619,246
Virginia: Roanoke	63,143	453,809,458	60,757	444,671,553	818	3,913,736	1,568	5,224,169
Washington: Seattle	103,453	717,441,413	99,246	704,756,050	428	2,455,843	3,779	10,229,520
West Virginia: Huntington	20,450	120,283,319	19,413	116,502,723	411	1,438,162	626	2,342,434
Wisconsin: Milwaukee	75,307	579,285,497	68,844	554,201,821	2,690	12,395,914	3,773	12,687,762
Wyoming: Cheyenne	7,876	61,468,107	7,377	59,469,768	154	736,933	345	1,261,406

[1] Reported by veterans' benefits office.

TABLE 2.—*Direct loan program (as of Mar. 25, 1956)*

Location	Loans closed and fully disbursed by VA		Terminated loans				Loans outstanding	Loans in default			Applications in process funds reserved	Applications awaiting VHMCP or VA processing [1]	Loans committed under VHMCP [1]
			Sold						4 or more installments				
	Number	Average amount	Number	Percent of fully disbursed loans	Repaid in full	Foreclosed or voluntarily conveyed		Total	Number	Percent of outstanding loans			
Total	74,876	$7,173	6,993	9.3	2,584	232	65,067	3,295	653	1.0	3,968	444	4,575
Alabama: Montgomery	2,589	7,683	10	.4	59	8	2,512	119	5	.2	137	3	131
Alaska: Juneau	591	8,866	0		25	4	562	0	0		47	0	0
Arizona: Phoenix	521	7,198	3	.6	10	0	508	26	10	2.0	17	7	14
Arkansas: Little Rock	1,965	6,871	168	8.5	36	0	1,761	85	6	.3	71	14	92
California:													
Los Angeles	395	8,481	11	2.8	6	0	378	32	3	.8	15	14	10
San Diego	289	8,551	20	6.9	11	3	255	6	0		0	0	0
San Francisco	993	9,043	0		42	0	951	91	30	3.2	27	0	39
Colorado: Denver	1,021	7,353	22	2.2	40	7	952	43	3	.3	66	7	111
Connecticut: Hartford [2]													
Delaware: Wilmington [2]													
District of Columbia: Washington [2]													
Florida:													
Miami	257	9,123	24	9.3	7	1	225	5	0		8	2	9
Pass-A-Grille	1,020	7,992	59	5.8	28	2	931	18	4	.4	64	11	28
Georgia: Atlanta	2,660	7,049	105	3.9	91	5	2,459	191	21	.9	294	6	177
Hawaii: Honolulu [2]													
Idaho: Boise	782	7,492	337	43.1	15	0	430	30	5	1.2	18	13	104
Illinois: Chicago	2,738	6,909	453	16.5	76	12	2,197	122	20	.9	273	0	325
Indiana: Indianapolis	2,591	6,236	349	13.5	104	9	2,129	110	15	.7	58	16	89
Iowa: Des Moines	1,755	6,505	529	30.1	93	1	1,132	46	5	.4	55	0	143
Kansas: Wichita	821	7,027	292	35.6	13	3	513	25	5	1.0	4	2	91
Kentucky: Louisville	4,047	6,542	16	.4	217	20	3,794	119	15	.4	176	13	309
Louisiana:													
New Orleans	1,364	7,768	21	1.5	51	4	1,288	23	4	.3	79	11	39
Shreveport	976	7,319	0		47	6	923	40	7	.8	46	21	63
Maine: Togus	832	5,561	338	40.6	31	9	454	6	0		20	5	105
Maryland: Baltimore	853	7,823	40	4.7	41	3	769	66	14	1.8	17	0	61
Massachusetts: Boston [2]													
Michigan: Detroit	2,374	7,414	88	3.7	58	4	2,224	196	24	1.1	107	17	195
Minnesota: St. Paul	1,839	6,952	103	5.6	71	9	1,656	61	4	.2	129	22	62
Mississippi: Jackson	2,629	7,677	69	2.6	72	7	2,481	147	35	1.4	163	43	121
Missouri:													
Kansas City	1,268	7,084	6	.5	57	2	1,203	14	1	.1	136	9	139
St. Louis	1,515	6,894	22	1.5	62	2	1,429	39	6	.4	104	4	157
Montana: Fort Harrison	1,256	7,249	131	10.4	78	2	1,045	34	10	1.0	62	0	45
Nebraska: Lincoln	867	6,882	22	2.5	74	0	771	3	0		23	2	62
Nevada: Reno	378	8,564	0		18	0	360	29	5	1.4	14	1	2
New Hampshire: Manchester [2]													
New Jersey: Newark [2]													
New Mexico: Albuquerque	846	7,862	20	2.4	12	0	814	19	1	.1	40	18	61
New York:													
Albany	304	6,811	97	31.9	12	0	195	33	12	6.2	6	2	60
Buffalo	201	6,183	145	72.1	1	2	53	6	0		3	0	14
New York [2]													
Syracuse	138	6,345	110	79.7	2	0	26	9	4	15.4	2	0	2
North Carolina: Winston-Salem	3,900	7,678	216	5.5	70	8	3,606	153	27	.7	227	5	316
North Dakota: Fargo	978	6,014	129	13.2	43	3	803	38	6	.7	57	15	19
Ohio:													
Cincinnati	1,954	6,714	80	4.1	57	1	1,816	49	3	.2	68	1	71
Cleveland	1,608	7,463	91	5.7	72	4	1,441	81	24	1.7	47	17	130
Oklahoma:													
Muskogee	648	6,578	0		26	0	622	13	4	.6	37	5	52
Oklahoma City	597	7,186	57	9.5	11	0	529	26	16	3.0	43	0	64
Oregon: Portland	634	7,426	104	16.4	15	3	512	27	5	1.0	23	2	54
Pennsylvania:													
Philadelphia [2]													
Pittsburgh	1,617	7,239	266	16.5	56	8	1,287	61	17	1.3	103	0	97
Wilkes-Barre	1,484	6,576	170	11.5	100	7	1,207	76	22	1.8	2	0	64
Puerto Rico: San Juan	740	8,417	0		10	0	730	124	4	.5	183	2	29
Rhode Island: Providence [2]													
South Carolina: Columbia	1,684	7,631	84	5.0	31	1	1,568	126	24	1.5	110	25	103
South Dakota: Sioux Falls	1,151	6,712	88	7.6	87	0	976	35	9	.9	60	18	50
Tennessee: Nashville	2,279	6,807	44	1.9	61	22	2,152	87	15	.7	150	0	47
Texas:													
Dallas	910	7,348	42	4.6	11	0	857	10	0		22	0	42
Houston	683	7,579	110	16.1	20	6	547	22	4	.7	24	0	26
Lubbock	830	7,218	0		23	4	803	25	3	.4	37	9	29
San Antonio	323	7,590	112	34.7	5	1	205	15	5	2.4	3	2	11
Waco	860	6,893	17	2.0	25	0	818	4	0		35	3	45
Utah: Salt Lake City	626	7,836	18	2.9	14	0	594	46	11	1.9	102	34	46
Vermont: White River Junction	254	5,419	239	94.1	4	0	11	1	1	9.1	0	0	3
Virginia: Roanoke	3,169	7,345	49	1.5	128	12	2,980	86	19	.6	182	9	98
Washington: Seattle	606	7,543	23	3.8	16	5	562	87	18	3.2	27	0	104
West Virginia: Huntington	2,456	6,673	1	0	75	7	2,373	265	137	5.8	77	0	131
Wisconsin: Milwaukee	1,828	6,839	1,365	74.7	58	15	390	32	4	1.0	61	34	53
Wyoming: Cheyenne	382	8,263	78	20.4	6	0	298	13	1	.3	7	0	31

[1] Direct loan applications received between February and September 1955 were referred to regional committees of the voluntary home mortgage credit program for placement with private lenders before being processed as direct loans. A total of 14,393 such applications were referred to VHMCP and 4,575 loans placed as a result of such referrals.

[2] No portion of region eligible for direct loans.

TABLE 3.—*Number and amount of GI loans guaranteed or insured by the VA*

During fiscal year—	Number of loans				Principal amount of loans (millions of dollars)			
	All types	Home loans	Farm loans	Business loans	All types	Home loans	Farm loans	Business loans
Cumulative total, March 1956	4,688,320	4,394,170	69,240	224,910	35,413	34,527	272	614
1944–46	183,250	161,405	6,295	15,550	846	782	19	45
1947	640,300	562,985	24,690	52,625	3,612	3,346	98	168
1948	520,095	479,335	14,475	26,285	2,962	2,817	59	86
1949	279,230	260,380	6,060	12,790	1,353	1,293	22	38
1950	397,785	380,360	4,975	12,450	2,163	2,113	18	32
1951	538,670	516,940	4,405	17,325	3,693	3,634	19	40
1952	423,940	367,650	2,545	53,745	3,315	3,200	10	105
1953	316,680	300,435	1,565	14,680	2,780	2,735	7	38
1954	332,570	322,155	1,320	9,095	3,224	3,193	5	26
1955	571,150	562,890	1,790	6,470	6,053	6,023	9	21
1956 (9 months)	484,650	479,635	1,120	3,895	5,412	5,391	6	15

TABLE 4.—*Monthly trends in total applications received and loans closed under the VA loan guaranty program*

	Total number of applications	Total loans closed		
		Number	Principal amount	Amount of guaranty or insurance
1947, total	619,317	600,857	$3,489,691,267	$1,642,892,740
Jan. 25	49,654	53,424	307,624,140	144,562,873
Feb. 25	48,308	50,477	291,936,273	138,626,029
Mar. 25	47,036	45,003	257,649,734	119,183,777
Apr. 25	57,977	57,041	323,220,290	152,062,639
May 25	51,476	47,473	270,167,795	127,019,890
June 25	57,695	52,667	311,361,431	146,793,516
July 25	52,899	49,271	293,466,880	139,801,709
Aug. 25	52,539	47,546	277,948,790	130,925,806
Sept. 25	56,949	51,607	306,632,798	144,057,510
Oct. 25	52,539	49,249	292,612,635	135,667,057
Nov. 25	50,444	49,964	287,579,519	137,659,693
Dec. 25	41,801	47,135	269,490,982	126,532,241
1948, total	357,589	378,290	1,982,766,185	967,823,089
Jan. 25	35,816	45,702	267,093,852	126,320,484
Feb. 25	35,969	43,014	246,458,277	117,014,438
Mar. 25	33,439	38,645	214,678,089	102,808,771
Apr. 25	31,904	32,890	178,984,798	85,051,935
May 25	34,108	33,360	171,025,219	83,563,900
June 25	32,418	32,237	160,426,973	81,324,046
July 25	26,798	26,469	137,170,761	67,046,643
Aug. 25	29,564	28,388	143,218,694	69,996,602
Sept. 25	25,739	25,149	124,387,406	62,298,102
Oct. 25	24,864	24,022	114,909,632	57,694,876
Nov. 25	24,602	25,583	118,515,229	60,476,102
Dec. 25	22,368	22,831	105,897,255	54,227,184
1949, total	363,415	293,734	1,473,485,763	743,076,370
Jan. 25	21,088	22,536	105,780,059	54,335,635
Feb. 25	21,093	22,023	101,733,172	52,943,529
Mar. 25	20,583	18,794	86,487,212	44,790,539
Apr. 25	23,309	19,118	90,218,183	45,894,072
May 25	27,149	21,952	110,394,616	55,442,885
June 25	28,864	22,782	117,840,116	58,985,022
July 25	28,698	21,797	111,805,872	56,060,248
Aug. 25	36,394	26,294	135,095,941	67,769,084
Sept. 25	35,383	25,542	134,666,933	66,694,578
Oct. 25	40,839	32,418	166,189,981	8 3110,492
Nov. 25	40,978	32,103	166,233,717	83,344,023
Dec. 25	39,037	28,375	147,039,961	73,706,263
1950, total	642,005	514,573	3,125,040,262	1,680,254,730
Jan. 25	43,580	35,816	186,873,846	94,004,048
Feb. 25	43,046	41,539	222,141,295	111,103,712
Mar. 25	45,726	40,550	226,071,530	111,567,733
Apr. 25	50,786	38,666	222,480,916	109,080,698
May 25	52,133	38,476	224,845,875	108,672,061
June 25	52,768	36,208	218,926,900	109,329,308
July 25	61,295	38,801	237,480,061	126,144,795
Aug. 25	71,010	44,018	272,118,905	151,175,735
Sept. 25	64,979	41,212	261,924,207	148,431,176
Oct. 25	68,445	52,852	337,202,691	194,455,627
Nov. 25	48,224	54,931	360,924,747	209,571,316
Dec. 25	40,013	51,504	354,049,289	206,718,521
1951, total	429,713	493,494	3,713,228,497	2,145,144,315
Jan. 25	41,590	51,891	365,009,215	213,686,488
Feb. 25	35,049	46,712	329,499,744	193,776,554
Mar. 25	36,726	40,940	299,338,372	174,409,607
Apr. 25	41,326	41,495	306,785,017	177,917,085
May 25	37,058	38,895	298,350,298	172,905,769
June 25	35,959	35,420	270,084,228	156,137,899
1951—Continued				
July 25	37,573	42,772	$328,242,204	$189,652,279
Aug. 25	34,303	41,243	324,238,362	188,068,009
Sept. 25	32,835	35,441	279,167,315	160,824,796
Oct. 25	32,284	38,190	304,911,607	175,481,273
Nov. 25	30,408	41,931	322,929,389	182,576,067
Dec. 25	34,602	38,564	284,672,746	159,708,489
1952, total	340,599	339,409	2,793,972,409	1,603,004,573
Jan. 25	30,906	40,182	313,029,569	178,806,140
Feb. 25	28,168	32,454	252,689,525	143,905,043
Mar. 25	27,600	31,355	245,442,612	139,653,634
Apr. 25	29,410	31,361	252,095,762	142,469,216
May 25	24,814	25,918	208,984,547	119,697,691
June 25	26,303	24,863	201,535,820	115,193,774
July 25	24,785	22,892	192,632,711	111,270,745
Aug. 25	27,270	24,601	207,230,283	119,447,610
Sept. 25	29,803	25,641	220,943,703	127,802,301
Oct. 25	30,777	25,949	223,004,036	129,001,298
Nov. 25	32,214	28,132	246,252,425	142,313,966
Dec. 25	28,549	26,061	230,131,416	133,443,155
1953, total	336,139	336,100	3,103,520,302	1,791,085,159
January	25,387	28,126	247,002,946	142,642,701
February	28,466	31,651	278,380,436	161,004,187
March	26,603	25,999	232,012,348	133,437,593
April	28,320	26,944	239,515,613	137,922,547
May	25,238	24,131	219,363,038	126,577,504
June	27,824	26,631	245,436,170	141,627,085
July	26,403	25,975	242,365,200	139,814,859
August	32,445	26,456	250,850,346	144,732,309
September	34,944	33,113	312,119,694	180,463,014
October	26,840	30,709	294,187,662	169,899,611
November	28,959	29,911	287,389,193	166,015,047
December	24,710	26,454	254,897,656	146,948,702
1954, total	536,665	419,372	4,285,059,759	2,448,926,382
January	22,139	25,431	249,903,694	144,302,668
February	27,604	27,218	270,426,135	155,591,271
March	28,738	23,073	228,092,322	131,103,039
April	35,033	25,963	252,380,886	144,364,989
May	42,783	27,532	272,274,387	156,344,625
June	47,040	30,849	311,183,565	178,556,786
July	46,225	29,249	295,577,116	168,833,531
August	60,196	40,902	420,155,918	240,519,918
September	57,844	40,008	412,228,029	235,222,754
October	58,492	49,317	519,899,353	296,003,884
November	57,822	47,236	495,148,135	281,548,726
December	52,749	52,594	557,790,219	316,534,191
1955, total	677,154	657,485	7,188,293,908	4,033,151,305
January	52,600	58,909	624,824,867	354,096,275
February	56,553	53,321	568,816,866	321,578,376
March	51,923	49,978	534,919,101	303,139,173
April	54,544	48,279	518,742,450	288,635,163
May	59,597	50,620	551,371,993	309,812,261
June	59,363	50,844	555,190,461	311,832,475
July	54,913	47,895	522,851,877	293,034,749
August	67,009	56,377	619,741,508	347,370,454
September	55,588	53,378	592,027,140	331,786,681
October	63,335	65,163	720,014,673	403,501,768
November	55,748	66,899	757,221,447	421,751,664
December	45,981	55,822	622,571,705	346,612,266

TABLE 5.—*Trends in average purchase prices of home loans closed*

Date	Existing homes					New and proposed homes				
	Number of loans	Average purchase price	Percent			Number of loans	Average purchase price	Percent		
			Under $10,000	$10,000 to $11,999	$12,000 and over			Under $10,000	$10,000 to $11,999	$12,000 and over
1950—January	10,552	$8,285	76.4	13.0	10.6	11,424	$8,887	77.2	14.8	8.0
February	12,483	8,215	75.1	14.0	10.9	13,476	8,819	78.2	13.8	8.0
March	12,985	8,231	74.9	14.2	10.9	13,615	8,857	77.0	14.8	8.2
April	12,243	8,043	77.0	13.1	9.9	14,314	8,670	79.8	13.1	7.1
May	12,581	8,271	74.3	14.2	11.5	14,235	8,701	79.8	12.8	7.4
June	12,246	8,251	74.8	13.1	12.1	14,389	8,761	79.0	13.4	7.6
July	12,820	8,210	75.6	13.4	11.0	16,203	8,658	80.1	13.1	6.8
August	13,693	8,463	73.4	14.1	12.5	18,837	8,762	80.3	13.1	6.6
September	12,669	8,561	72.5	13.8	13.7	18,624	8,854	79.5	13.3	7.2
October	16,547	8,698	70.6	15.2	14.2	22,901	9,115	76.6	15.2	8.2
November	16,307	8,940	68.3	16.1	15.6	25,164	9,368	73.8	16.6	9.6
December	15,050	9,078	66.7	16.4	16.9	25,675	9,421	73.0	17.2	9.8
1951—January	14,857	9,105	65.7	17.6	16.7	27,168	9,439	73.3	16.9	9.8
February	12,237	8,382	61.6	19.0	19.4	24,875	9,589	71.5	17.8	10.7
March	10,491	9,391	62.2	18.2	19.6	22,833	9,913	65.9	21.1	13.0
April	10,911	9,374	62.2	17.5	20.3	23,101	10,017	62.8	23.5	13.7
May	10,694	9,256	62.1	18.0	19.9	22,837	10,099	61.6	25.6	12.8
June	10,433	9,395	60.9	18.3	20.8	20,067	10,263	57.4	27.4	15.2
July	9,523	9,468	60.7	17.6	21.7	26,448	10,306	59.5	26.7	13.8
August	9,077	9,116	66.4	15.8	17.8	27,155	10,242	57.0	28.3	14.7

TABLE 5.—*Trends in average purchase prices of home loans closed*—Continued

Date	Existing homes					New and proposed homes				
	Number of loans	Average purchase price	Percent			Number of loans	Average purchase price	Percent		
			Under $10,000	$10,000 to $11,999	$12,000 and over			Under $10,000	$10,000 to $11,999	$12,000 and over
September	7,479	$9,335	62.2	17.4	20.4	23,022	$10,403	50.4	33.3	16.3
October	8,796	9,634	59.1	17.5	23.4	21,204	10,680	44.2	36.7	19.1
November	10,064	10,359	51.0	11.0	38.0	23,683	10,859	40.4	37.3	22.3
December	8,292	10,107	53.3	19.9	26.8	21,082	10,911	38.8	41.2	20.0
1952—January	10,010	9,868	56.2	18.6	25.2	23,442	10,845	39.2	40.2	20.6
February	8,799	10,104	52.8	19.6	27.6	18,032	10,896	38.8	37.7	23.5
March	8,927	9,956	53.9	20.8	25.3	17,252	10,796	41.7	37.2	21.1
April	10,472	9,995	53.1	21.0	25.9	16,680	10,792	43.1	36.3	20.6
May	9,250	9,885	54.2	20.4	25.4	13,628	10,808	41.4	33.6	25.0
June	8,704	10,031	52.5	20.2	27.3	13,442	10,915	42.6	33.7	23.7
July	7,858	10,133	52.6	19.9	27.5	13,323	10,929	41.5	32.2	26.3
August	8,385	10,172	52.4	19.3	28.3	14,232	10,919	40.2	32.9	26.9
September	9,019	10,389	48.4	21.0	30.6	14,921	11,024	36.8	34.9	28.3
October	9,513	10,141	51.2	20.9	27.9	14,866	10,945	37.0	34.0	27.0
November	10,985	10,418	48.1	22.2	29.7	16,356	11,102	36.3	34.9	28.8
December	8,474	10,421	49.0	21.3	29.7	16,028	11,045	35.1	41.7	23.2
1953—January	9,628	10,477	49.0	20.7	30.3	16,757	11,017	36.7	35.5	27.8
February	10,521	10,588	47.4	20.5	32.1	19,163	10,975	36.7	36.4	26.9
March	8,588	10,781	44.5	21.7	33.8	15,615	11,113	33.8	38.0	28.2
April	8,995	10,503	47.4	21.8	30.8	16,025	10,932	35.2	38.1	26.7
May	7,574	10,805	45.1	21.4	33.5	14,961	11,122	39.9	39.9	29.2
June	8,845	10,854	44.6	21.6	33.8	16,173	11,348	26.9	40.2	32.9
July	8,830	10,970	43.9	22.0	34.1	15,747	11,378	28.1	39.3	32.6
August	9,117	10,853	42.9	24.1	33.0	16,097	11,626	25.2	38.6	36.2
September	12,637	10,654	45.1	22.9	32.0	19,279	11,504	28.2	36.7	35.1
October	11,057	10,703	43.9	23.9	32.2	18,440	11,676	24.7	36.2	39.0
November	10,262	10,847	42.3	23.8	33.9	18,480	11,622	28.2	34.8	37.0
December	9,181	10,647	44.9	22.6	32.5	16,163	11,750	24.7	36.5	38.8
1954—January	8,023	10,822	43.3	22.0	34.7	16,497	11,893	22.8	36.5	40.7
February	8,702	10,959	43.2	21.8	35.0	17,510	11,853	23.3	35.2	41.5
March	7,200	10,836	43.7	21.2	35.1	14,900	11,742	23.9	33.5	42.6
April	9,276	10,815	43.6	23.1	33.3	15,055	11,747	25.5	33.5	41.0
May	10,647	10,799	45.3	21.4	35.3	15,774	11,733	25.3	34.7	40.0
June	11,649	10,913	43.7	22.9	33.4	18,337	11,753	26.1	33.7	40.2
July	12,110	10,919	44.1	22.4	33.5	16,210	11,905	23.5	34.2	42.3
August	17,469	11,023	41.8	23.3	34.9	22,673	11,940	22.9	34.0	43.1
September	16,332	10,903	43.8	22.6	33.6	22,574	11,987	22.5	35.3	42.2
October	21,284	11,288	39.2	23.0	37.8	27,189	12,077	22.3	33.0	44.7
November	19,322	10,982	42.8	22.9	34.3	26,962	11,995	22.6	35.0	42.4
December	22,170	11,110	40.9	23.2	35.9	29,545	12,119	20.6	34.3	45.1
1955—January	23,288	11,138	40.8	22.7	36.5	33,989	12,165	20.2	33.1	46.7
February	21,180	11,058	41.8	22.1	36.1	30,919	12,195	20.1	31.7	48.2
March	18,732	11,109	41.2	22.2	36.6	30,062	12,036	21.4	33.2	45.4
April	19,440	11,254	39.8	22.8	37.4	27,612	12,106	21.1	33.2	45.7
May	20,643	11,323	38.6	22.5	38.9	28,928	12,357	18.3	30.5	51.2
June	20,430	11,270	39.8	22.4	37.8	29,440	12,475	16.7	30.2	53.1
July	18,714	11,348	39.4	21.8	38.8	28,174	12,494	17.8	29.1	53.1
August	22,752	11,505	37.2	21.9	40.9	32,505	12,559	16.7	28.4	54.9
September	20,748	11,571	36.4	22.3	41.3	31,775	12,561	16.3	28.7	55.0
October	25,450	11,435	37.9	21.8	40.3	38,449	12,663	14.8	28.2	57.0
November	23,803	11,536	35.8	22.0	42.2	41,797	12,894	12.1	26.5	61.4
December	20,399	11,505	36.5	22.2	41.3	33,997	12,935	12.9	26.6	60.5
1956—January	16,388	11,668	34.8	22.4	42.8	32,908	13,026	11.8	27.5	60.7
February	15,840	11,844	33.9	21.4	44.7	30,341	13,103	11.7	25.9	62.4
March	13,441	11,636	35.6	21.8	42.6	27,014	13,041	12.4	25.3	62.3

TABLE 6.—*Characteristics of home loans closed under the VA loan guaranty program, November 1944 to December 1955*

	November 1944 to December 1946	Total, 1947	Total, 1948	Total, 1949	Total, 1950	Total, 1951	Total, 1952	Total, 1953	Total, 1954	Total, 1955	Cumulative total, December 1955
Total number of home loans closed	455,293	541,922	349,934	276,793	497,596	447,373	306,783	322,160	410,778	649,591	4,256,513
TYPE OF LENDER DISTRIBUTION, ALL HOME LOANS (ORIGINATIONS)											
Total, all lenders	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commercial banks	38.7	39.6	37.3	26.9	21.4	23.2	21.8	17.0	12.6	14.4	25.2
Savings and loan	39.4	31.5	26.9	20.5	21.9	20.0	26.5	28.7	22.4	23.8	26.3
Mortgage and real estate	10.7	15.5	16.6	33.9	39.1	32.6	30.6	32.9	45.5	46.2	30.9
Mutual banks	7.9	6.7	9.9	10.9	9.1	11.5	15.1	17.3	13.3	9.5	10.6
Insurance companies	2.9	6.4	8.6	7.3	8.0	11.9	5.0	2.8	5.3	5.3	6.3
Individual and other	.4	.3	.7	.5	.5	.8	1.0	1.3	.9	.8	.7
PURPOSE OF LOAN DISTRIBUTION, ALL HOME LOANS											
	November 1944 to December 1946	Total, 1947	Total, 1948	Total, 1949	Total, 1950	Total, 1951	Total, 1952	Total, 1953	Total, 1954	Total, 1955	Cumulative total, December 1955
Total, all purposes	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Purchase existing home	83.5	57.6	48.0	39.4	36.3	28.0	35.7	35.9	40.0	39.3	44.8
New and existing construction	16.1	41.3	50.2	59.1	62.8	71.0	62.9	63.0	59.2	59.7	54.2
Alteration and repair	.4	1.1	1.8	1.5	.9	1.0	1.4	1.3	.8	1.0	1.0

TABLE 6.—*Characteristics of home loans closed under the VA loan guaranty program, November 1944 to December 1955*—Continued

DOWNPAYMENT STATUS OF PRIMARY (SEC. 501) HOME LOANS (EXCEPT ALTERATION AND REPAIR LOANS)

Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
100-percent loans	61.1	40.0	23.8	34.3	44.2	21.2	5.2	8.2	28.2	39.6	32.2
Downpayment loans	38.9	60.0	76.2	65.7	55.8	78.8	94.8	91.8	71.8	60.4	67.8

NOTE.—Annual figures in this table are not adjusted for subsequent corrections; therefore they do not always coincide with published cumulative data.

TABLE 7.—*Veteran participation in VA-guaranteed and direct-loan programs in metropolitan and nonmetropolitan counties (cumulative as of end of December 1955)*

	Number of counties	Estimated World War II and Korean veteran population, December 1955 [1]	Loans made as percent of veteran population					Estimated number of veterans who have not used entitlement
			Total number guaranteed and direct loans made [2]	Total guaranteed and direct loans	Guaranteed loans		Direct loans	
					Home loans	Farm and business loans		
All United States counties, total	3,074	18,894,000	4,623,716	24.5	22.5	1.6	0.4	14,270,300
Direct-loan counties:								
Wholly eligible	2,362	4,685,100	523,474	11.2	8.0	1.8	1.4	4,161,600
Partially eligible	253	2,861,000	801,516	28.0	26.7	1.0	.3	2,059,500
Non-direct-loan counties	459	11,347,900	3,298,726	29.1	27.4	1.6	[3].1	8,049,200
Metropolitan counties, total [4]	282	11,761,500	3,519,257	29.9	28.3	1.5	.1	8,242,200
Direct-loan counties:								
Wholly eligible	14	132,900	21,199	16.0	14.1	.7	1.2	111,700
Partially eligible	63	1,743,000	566,151	32.5	31.4	.9	.2	1,176,800
Non-direct-loan counties	205	9,885,600	2,931,907	29.6	28.0	1.6	[3].02	6,953,700
Nonmetropolitan counties, medium size, total [5]	148	1,281,000	288,908	22.6	20.9	1.1	.6	992,100
Direct-loan counties:								
Wholly eligible	42	300,500	46,760	15.5	13.3	.9	1.3	253,700
Partially eligible	49	473,200	103,835	21.9	20.6	.8	.5	369,400
Non-direct-loan counties	57	507,300	138,313	27.3	25.8	1.3	[3].2	369,000
Nonmetropolitan counties, small, total [6]	2,644	5,851,500	815,551	13.9	11.0	1.8	1.1	5,036,000
Direct-loan counties:								
Wholly eligible	2,306	4,251,700	455,515	10.7	7.4	1.9	1.4	3,796,200
Partially eligible	141	644,800	131,530	20.4	18.3	1.5	.6	513,300
Non-direct-loan counties	197	955,000	228,506	23.9	21.9	1.8	[3].2	726,500
Small nonmetropolitan counties which are wholly eligible, by veteran population size groups:								
5,000 and over	45	371,200	47,256	12.7	10.8	.6	1.3	323,900
2,500 to 5,000	284	1,199,400	142,721	11.9	9.1	1.3	1.5	1,056,700
1,000 to 2,500	959	1,930,300	201,711	10.4	6.9	2.1	1.4	1,728,600
Under 1,000	1,018	750,800	63,827	8.5	4.4	2.6	1.5	687,000

[1] Includes 14,548,000 veterans of World War II only, 3,503,000 veterans of Korean conflict only; and 843,000 veterans with World War II and Korean conflict service.
[2] Includes 272,510 loans to veterans with Korean conflict entitlement.
[3] Direct-loan status as of Dec. 31, 1955. Some excluded counties were formerly eligible, in whole or part.
[4] Metropolitan counties, as classified by Bureau of Census.
[5] Nonmetropolitan counties where 1950 population of largest city was between 25,000 and 50,000.
[6] Nonmetropolitan counties where 1950 population of largest city was less than 25,000.

TABLE 8.—*Loan guaranty program—Statement of accountability for appropriated funds—Disbursed and collections received (cumulative through Mar. 31, 1956)*

TOTAL FUNDS DISBURSED AND RECEIPTS RETURNED TO TREASURY

Total appropriated funds expended (exclusive of 4-percent gratuities):		
1. For payment of claims	$82,207,315.15	
2. For acquisition of property (additional cost)	70,693,266.37	
3. For acquisition of loans, property management and sale and all other expenditures	22,263,880.40	
Total appropriated funds expended		$175,164,461.92
Receipts returned to general fund of Treasury:		
1. Total general fund receipts deposited	$62,669,887.09	
2. Deposits to general fund pending	15,311.97	
		62,685,199.06
Net expenditures to be accounted for		112,479,262.86

ACCOUNTABILITY FOR NET EXPENDITURES

Assets on hand:		
1. Property owned:		
(a) Property owned in absolute title	$18,737,200.23	
(b) Property in process of acquisition	2,251,269.67	
		20,988,469.90
2. Loans receivable:		
(a) Acquired loans:		
501 loans	1,161,391.51	
505 (a) loans	676,797.49	
FHA loans	1,608,042.74	
Other loans	17,352.65	
		3,463,584.39
(b) Vendee accounts on property sold		68,882,481.65
(c) Mortgage loans in process of liquidation		595,034.23
3. Accounts receivable:		
(a) Veterans' liability accounts [1]	$26,529,905.42	
(b) Advances to VA employees for bidding at public sales	98,983.04	
(c) Due from others	90,464.96	
		26,719,353.42
Total assets on hand		120,648,923.59

RESULT OF LIQUIDATION OF ASSETS AND OPERATIONS

1. Income:		
(a) Gross profit on sales:		
Selling price of property	$107,442,270.69	
Book value of property	98,562,576.83	
		$8,879,693.86
(b) Rental and miscellaneous income		1,425,288.64
(c) Interest income:		
From loans receivable	$10,935,146.07	
From veterans' accounts	359,546.68	
		11,294,692.75
Total income		21,599,675.25
2. Expenses and losses:		
(a) Property expense:		
Management expense	$4,303,540.03	
Selling expense	4,833,777.33	
		9,137,317.36
(b) General expense		343,400.61
(c) Writeoff of assets:		
Veterans' liability accounts	$3,883,789.43	
Acquired security and collateral	65,483.32	
		3,949,272.75
Total expenses and losses		13,429,990.72
3. Difference between income and expenses and losses		(8,169,684.53)
4. Intransit items [2]		23.80
Net expenditures accounted for		112,479,262.86

[1] Includes $16,016,520.56 that has been referred to General Accounting Office as uncollectible.
[2] Represents balance of charges and repayments transferred to other stations which were not recorded by receiving stations at the close of the accounting period.

TABLE 9.—*Status of the direct-loan program, Mar. 31, 1956*

Applications	Number
Applications received to date	136,597
Awaiting preliminary screening before referral to VHMCP [1]	9
Awaiting VHMCP action or VA processing	174
VA processing in progress, total	4,229
Awaiting fund reservation	261
Funds reserve, not yet fully disbursed	3,968
Applications disposed of to date	132,185
VHMCP commitments by private lenders [1]	4,575
Rejected by VA or withdrawn	52,734
Loans closed and fully disbursed by VA	74,876

Direct loan fund allotments	Amount
Total allotments to date	$605,398,735
Net reservations to date	568,290,225
Unreserved balance	37,108,510

Status of direct loans closed and fully disbursed	Number	Initial loan amount	Average loan amount
Total loans closed and fully disbursed	74,876	$537,110,092	$7,173
Loans terminated to date, total	9,809	68,621,577	6,996
By sale	6,993	50,295,310	7,192
By repayment in full	2,584	16,973,066	6,569
By foreclosure	124	736,285	5,938
By voluntary conveyance	108	616,916	5,712
Fully disbursed loans outstanding	65,067	468,488,515	7,200
Loans in default, total	3,295		
4 or more installments	653		
Percent of outstanding loans	1.0		

[1] Direct loan applications received between February and September 1955 were referred to regional committees of the voluntary home mortgage credit program for placement with private lenders before being processed as direct loans. A total of 14,393 such applications were referred to VHMCP and 4,575 loans placed as a result of such referrals.

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

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Does the Senator from New York yield to the Senator from Alabama?

Mr. LEHMAN. I am glad to yield.

Mr. SPARKMAN. Mr. President, I should like to say to the distinguished Senator from New York, who has cosponsored the amendment now before the Senate, that I discussed the matter with the Senator from Indiana [Mr. CAPEHART] before he had to leave town yesterday. He told me that he was agreeable to the amendment of the Senator from New York. I know of no objection to it.

Mr. KNOWLAND. Mr. President, with all due respect to what the Senator from Alabama has said, I should like to state that I have a substitute to the amendment, which I intend to offer. The subject matter before the Senate deals with a matter which is now before another committee than the committee from which the pending bill was reported.

I am prepared to offer a substitute which will permit a 1-year extension, so that the appropriate committee may have an opportunity to consider the matter. Therefore, there will be opposition to the amendment in the form in which it was offered by the Senator from New York.

Mr. SPARKMAN. If the Senator from New York will yield to me briefly, I should like to say that the Senator from California, I am sure, understands that a bill identical with the pending amendment is before the Committee on Labor and Public Welfare.

Mr. KNOWLAND. I understand that to be the fact.

Mr. SPARKMAN. The Senator from Alabama is the chairman of that committee. The bill was referred to a subcommittee, of which the distinguished Senator from New York [Mr. LEHMAN] is chairman.

Mr. KNOWLAND. I fully realize that that is the situation. However, that bill has not been reported to the Senate. I understand that hearings have not been held on it, or, perhaps, that hearings on it have not been concluded. In any event, the legislation has not been processed for presentation on the floor. I am not raising any point of germaneness, because we do not have such a rule in the Senate. However, in view of the statement of the Senator from Alabama, and so that there will be no misunderstanding, I am prepared to agree to a 1-year extension; but in view of the fact that other legislation is pending before the appropriate committee, I would have to object to the amendment offered by the Senator from New York.

Mr. LEHMAN. Mr. President, so as to curtail discussion on this amendment, I wish to say that I will modify my amendment by striking out, in line 5, the word "thirteen" and inserting in lieu thereof "eleven."

In paragraph (b) I would modify my amendment by inserting the figures "1958" in lieu of the figures "1960."

Mr. KNOWLAND. That would provide for a 1-year extension?

Mr. LEHMAN. Yes. I think that would meet the objection of the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York, as modified.

The amendment, as modified, was agreed to.

Mr. BRICKER. Mr. President, I wish to call up my amendment designated "5-22-56-A."

The PRESIDING OFFICER. Does the Senator desire that his amendment be read in full, or to have it printed in the RECORD?

Mr. BRICKER. It may be printed in the RECORD, Mr. President.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio will be printed in the RECORD.

The amendment is as follows:

On page 40, beginning with line 3, strike out all through line 21, on page 42, and insert in lieu thereof the following:

"SEC. 501. (a) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is hereby amended as of August 1, 1956, to read as follows:

"'(i) Notwithstanding any other provisions of law the Authority may enter into new contracts for loans and annual contributions after July 31, 1956, for not more than 35,000 additional dwelling units, which amount shall be increased by 35,000 additional dwelling units on July 1, 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such 35,000 additional dwelling units shall terminate 2 years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress.'

"(b) Clause (2) of the third proviso appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned 'Annual contributions' under the heading 'Public Housing Administration' is hereby repealed.

"(c) Section 101 (c) of title I of the Housing Act of 1949, as amended, is hereby amended by inserting the following after the first comma therein: 'or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956.'

"(d) Subsection (d) of section 21 of the United States Housing Act of 1937, as amended, is hereby amended by striking out the figure '10' in both places it appears and inserting in lieu thereof the figure '15.'"

Mr. KNOWLAND. Mr. President, I request that the yeas and nays be ordered on this amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. BRICKER. Mr. President, this amendment embodies the administration's recommendations on public housing. The amendment consists of two main parts:

First. Authorizes the construction of 70,000 units of public housing at the rate of 35,000 units a year for 2 years. This is a substitute for the fantastic authorization of 510,000 units to be constructed at the rate of 135,000 units a year contained in the pending bill.

Second. The bill would also require local communities which receive Federal assistance for public housing to have a workable program for the prevention and elimination of slums.

I realize there are many public interest and some self-interest groups in this country who apply political pressures in the direction of large numbers of public-housing units. These groups contend that we must engage in a "crash" program of public housing with no relationship to clearing up slums. The threat of reprisal at the polls is the penalty for moderation, or, in this instance, proper planning to meet the

needs and overcome the problems which face us.

In my Senate service of nearly 10 years, I can recall no instance of a Senator's failing of reelection because he opposed unlimited public housing—nor the reelection of one Senator because he supported unlimited public housing. Let us banish the strawman of political expediency and consider this amendment on its merits.

The amendment carries out the President's recommendation that 35,000 units a year for each of 2 years be incorporated in the public-housing section of the pending bill. Those who administer the public-housing program have told Congress that this is the type of program which will best meet the needs of the Nation. This is not a percentage of total annual home construction, as is the formula often advocated by those who give little thought to the total approach to the slum problem. Ten percent is their figure. I cannot agree with those who imagine that 10-percent public and 90-percent private enterprise is only mildly socialistic.

The 35,000 units proposed by the administration are not based upon a percentage of socialism or anything else. They are the number of units of public housing which can be programed, contracted for, and constructed in an orderly administrative manner. They are the number which will be occupied by those now consigned to slum living through no fault of their own. They are the number for which local communities will make application to meet the problem of relocation of families from slum areas being cleared by governmental action. In addition, the units requested by the administration will suffice to house other families needing proper housing by reason of low income rather than relocation caused by governmental action.

There are presently in place and in operation 415,000 public-housing units in the areas of the Nation where they are most needed. Twenty thousand more are presently in construction. Another 55,000 have been contracted and approximately 45,000 more will be put under contract this fiscal year. We are recommending at this time that no more than 70,000 additional be authorized for the next 2 fiscal years. When these authorizations are completely operative we will have available for occupancy more than a half million family units of public housing. Again, Mr. President, I emphasize the fact that this is approximately one-half of the year's construction.

More important to me than sheer numbers in dealing with the problem which confronts us is the portion of the amendment which places a premium on community acknowledgment—rather than neglect—of slums.

If ever the problem is solved, Mr. President, it will have to be done primarily through the interest of the people in the local communities. I know the Federal Government can aid in the program, can accentuate it, and can encourage it, and I have always favored that, but I do not favor the Federal Government's taking over the program entirely.

This provision, known as the workable program, states that any municipality must take certain steps to become eligible for public housing allocations. This is no problem in more than 100 cities of the Nation because they have already done what is required. It is no particular problem to others because the requirement looks not to accomplishment of the goals as stated, but rather to good faith, and a sincere desire on the part of communities to rid themselves of slums with governmental assistance.

In the Housing Act of 1954, Congress expressed its will that urban renewal efforts should be a cooperative partnership between community and Federal Government. This continues, and is coping successfully with urban renewal measures, such as slum clearance, rehabilitation and more favorable mortgage insurance in renewal areas. There is but one inadequacy, and that is the lack of the same cooperative partnership in the public housing program.

The amendment proposes no restriction on public housing, but rather an orderly approach to the problem of providing governmental assistance to municipalities for slum clearance, rehabilitation, relocation of families and redevelopment of the slum areas. Public housing is one spoke in the wheel of urban renewal; it is neither a total program in itself, nor one separate from others assisting in solution of the problem of slums.

In conclusion, Mr. President, I wish to reiterate that the President's recommendation provides an orderly and balanced approach to this problem. I hope Senators will recognize that this is a realistic, commonsense program which deserves the support of every Member of the Senate.

The amendment provides for about as many public housing units as can be constructed, and it is about as much as the Federal Government can aid in the program at present. The initiative in the program ultimately rests in the local communities. This is a program of the administration. It is a program recommended by the housing authorities of the country. I hope it will be sustained by a vote of the Senate.

Mr. SPARKMAN. Mr. President, I wish to speak for 2 or 3 minutes in regard to the particular provision of the bill to which the amendment is directed. I shall not speak at length, because the matter has been before the Senate time after time, and on 4 or 5 different occasions the Senate has confirmed and ratified exactly the position which the Senate committee has reported in the bill. No later than last year did the Senate do that.

With reference to the number of units proposed by the administration, I call attention to the testimony of Mr. Slusser, speaking for the administration, in which it is clearly shown that the number of units asked for by the administration will not even take care of the number of persons who will have to have housing, or who will be moved out of slum areas and areas of urban renewal. He said that in the next 3 years approximately 265,000 families would have to be moved, and half of them would require public housing. Therefore, the administration program would not take care of any of the needs of the smaller cities and towns throughout the country, but would be restricted completely to urban renewal, and thereby would be of benefit primarily to the big cities, and the big cities only.

I feel that the program which the committee has recommended is entirely reasonable, just as have been the programs which the committee recommended in the past. The same argument applies to the idea of tying in the program with the urban renewal program or a workable program. We have included proper language and have the assurance that every incentive and encouragement will be given to every locality which asks for public housing or slum clearance assistance, and everything possible will be done to that end. But we do not believe the program should be tied down to those phases. As a matter of fact, only a little more than a year ago, when the program was tied down so closely, the Housing Administration found that it could not make any contracts, so it came to Congress and asked the committees of the Senate and House to release it from that restriction. Congress removed the restriction. Certainly we should not put it back now.

I hope the Senate will reject the amendment, and will adopt the provision exactly as the committee has reported it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio, the yeas and nays having been ordered.

Mr. LEHMAN. Mr. President, I should like to speak for 2 or 3 minutes.

I hope the amendment of the Senator from Ohio will not prevail. I think the number of units provided in the bill, namely, 135,000 for 4 years, is the minimum amount of housing that should be provided. The 35,000 units proposed by the Senator from Ohio will not, as the Senator from Alabama has pointed out, take care of even the persons who will be evicted and displaced by slum clearance projects, and they are persons for whom homes must be found.

In New York City alone, in one project, there will be 7,000 displaced persons for whom homes must be found. The 35,000 units proposed in the amendment offered by the Senator from Ohio will not take care of the needs of more than 3 or 4 cities out of several hundred throughout the country. What the committee has proposed is a minimum program of 135,000 units a year for each of the next 4 years, whereas the number suggested or referred to by the Senator from Ohio as the building of the Nation as a whole is for 1 year.

We now have a backlog of needs for the poor people and middle-class people which cannot possibly be cared for even remotely unless we adopt the program contained in the bill.

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

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER] for the Senator from Indiana [Mr. CAPEHART].

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT], and the Senator from Louisiana [Mr. LONG] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On the vote, the Senator from Kentucky [Mr. CLEMENTS] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "nay" and the Senator from Indiana would vote "yea."

The Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Mississippi would vote "yea" and the Senator from West Virginia would vote "nay."

I further announce that if present and voting, the Senator from Tennessee [Mr. KEFAUVER], the Senator from Louisiana [Mr. LONG], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS]. If present and voting, the Senator from Indiana would vote "yea" and the Senator from Kentucky would vote "nay."

On this vote, the Senator from Maryland [Mr. BEALL] is paired with the Senator from Pennsylvania [Mr. DUFF]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Pennsylvania would vote "nay."

If present and voting, the Senator from Ohio [Mr. BENDER] would vote "nay."

The result was announced—yeas 38, nays 41, as follows:

YEAS—38

Allott	Carlson	Goldwater
Barrett	Case, S. Dak.	Holland
Bennett	Cotton	Hruska
Bricker	Curtis	Jenner
Bridges	Dirksen	Knowland
Butler	Flanders	Kuchel
Byrd	George	Malone
Martin, Iowa	Robertson	Thye
Martin, Pa.	Russell	Watkins
McClellan	Saltonstall	Welker
Millikin	Schoeppel	Williams
Mundt	Smathers	Young
Potter	Smith, N. J.	

NAYS—41

Anderson	Hill	Monroney
Bible	Humphrey	Morse
Bush	Ives	Murray
Case, N. J.	Jackson	Neuberger
Chavez	Johnson, Tex.	O'Mahoney
Daniel	Johnston, S. C.	Pastore
Douglas	Kennedy	Payne
Ellender	Kerr	Purtell
Frear	Laird	Smith, Maine
Fulbright	Langer	Sparkman
Gore	Lehman	Stennis
Green	Magnuson	Symington
Hayden	Mansfield	Wofford
Hennings	McNamara	

NOT VOTING—16

Aiken	Dworshak	McCarthy
Beall	Eastland	Neely
Bender	Ervin	Scott
Capehart	Hickenlooper	Wiley
Clements	Kefauver	
Duff	Long	

So the amendment submitted by Mr. BRICKER for Mr. CAPEHART was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas to lay on the table the motion to reconsider the vote by which the amendment was rejected.

The motion to lay on the table was agreed to.

AWARD TO SENATOR BUTLER OF THE AMERICAN LEGION MERCHANT MARINE ACHIEVEMENT TROPHY

Mr. KNOWLAND. Mr. President, our distinguished colleague, the senior Senator from Maryland, Senator JOHN MARSHALL BUTLER, has today been presented by President Eisenhower with the American Legion's merchant marine achievement trophy. This award is given each year to the individual who, in the eyes of the merchant marine committee of the American Legion, has done the most during the preceding year to promote and protect the interests of all segments of the American merchant marine.

I take this opportunity to join with the American Legion and President Eisenhower in paying tribute to our distinguished colleague, Senator BUTLER, for his tireless efforts and magnificent accomplishments in merchant-marine matters. During the last few years, the privately owned American merchant marine, as well as the shipbuilding and shiprepair facilities of this country, have benefited tremendously from the constructive and farsighted maritime policies which have been effected here in Congress. While the credit for an undertaking of such magnitude cannot go to one man, I believe we all recognize that Senator BUTLER has certainly earned by his leadership the high honor which today he has received from President Eisenhower, in behalf of the American Legion.

At this time I ask unanimous consent that the following articles be inserted in the body of the RECORD at this point: First, the remarks of Oliver D. Colvin, commander of the Robert L. Hague Merchant Marine Industries Post, American Legion, at the Maritime Day ceremonies held in New York's Rockefeller Center Plaza on May 21, 1956; second, a news release published by the American Legion concerning the award of its trophy to Senator BUTLER; and, third, an article which appeared on yesterday in the Baltimore Morning Sun.

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

REMARKS BY OLIVER D. COLVIN, COMMANDER OF THE ROBERT L. HAGUE MERCHANT MARINE INDUSTRIES POST, AMERICAN LEGION, AT MARITIME DAY CEREMONIES HELD IN NEW YORK'S ROCKEFELLER CENTER PLAZA, MAY 21, 1956

Mr. Secretary of the Navy Thomas, distinguished guests, and friends of the American merchant marine, I am indeed honored to be here today as post commander to represent the Robert L. Hague Merchant Marine Industries Post of the American Legion.

One year ago, on Maritime Day, from this very platform, was announced the creation of a perpetual presidential trophy award by the Hague Post.

It is my pleasant duty today to announce that the trophy committee has made its first selection in recognition of a most significant contribution to the growth of the American merchant marine in 1955.

The first recipient of the American merchant marine award, also known as the presidential trophy, is to be Senator JOHN MARSHALL BUTLER, of Maryland. Senator BUTLER has earned the award of this trophy for his outstanding efforts in sponsoring legislation which has triggered the gigantic shipbuilding program in which we are now engaged. He is also the coauthor of the Butler-Tollefson Act, the popularly known 50–50 bill, which has saved our merchant ships during the lean years.

The importance and significance of the Senator's many outstanding contributions to the advancement and preservation of the American merchant marine are indicated by the fact that the Robert L. Hague award will be presented to him by President Eisenhower at the White House on Thursday of this week.

I am sure you feel with me with such gracious supporters, both in and out of Government, that there is fair weather ahead for our merchant navy—our fourth arm of defense.

MERCHANT MARINE AWARD TO SENATOR BUTLER

Senator JOHN MARSHALL BUTLER, of Maryland, will be the first recipient of the American Legion merchant marine achievement award trophy. The announcement of the award was made at yesterday's Maritime Day ceremonies held in New York's Rockefeller Center Plaza by Mr. Oliver D. Colvin, commander of the Robert L. Hague Merchant Marine Industries Post, American Legion, the sponsor of the trophy.

Senator BUTLER was awarded the trophy for his outstanding contributions to the growth of the American merchant marine during 1955. As coauthor of the Cargo Preference Act and other shipping legislation, Senator BUTLER has been a leader in enabling the present shipbuilding program to become a reality.

In recognition of these accomplishments, Senator BUTLER has been chosen as the winner of the trophy for the year 1955.

The importance and significance of the Senator's many outstanding contributions to

the advancement and preservation of an American merchant marine are indicated by the fact that the Robert L. Hague award will be presented to him by President Eisenhower at the White House on Thursday of this week.

[From the (Baltimore, Md.) Sun of Wednesday, May 23, 1956]

AWARD GIVEN TO BUTLER—EISENHOWER TO PRESENT TROPHY AT WHITE HOUSE

(By Helen Delich)

Senator JOHN MARSHALL BUTLER, Republican, of Maryland, was named winner of the Robert L. Hague award yesterday as the person in the United States who contributed the most toward the American merchant marine last year.

President Eisenhower will present the award at 9 a. m. tomorrow at the White House before an audience representing the maritime industry.

The announcement of the award was made in New York in connection with ceremonies marking National Maritime Day, which was observed in every port city of the Nation.

INTRODUCES SALTONSTALL

Senator BUTLER was present at a Maritime Day luncheon in Baltimore to introduce the principal speaker, Senator SALTONSTALL, Republican, of Massachusetts, with whom he has worked closely on maritime legislation in the Senate.

The trophy which will be given Senator BUTLER tomorrow was designed as a memorial to Robert L. Hague, said to be the man responsible for the "bridge of ships" to Europe in World War I. The award was established by the Robert L. Hague Post of the American Legion.

Senator BUTLER's name will be inscribed on the trophy, which will be recalled next year for the next winner. He will receive a miniature permanent trophy.

After acknowledging the honor conferred upon Senator BUTLER, SALTONSTALL said that the United States can never overemphasize "the dual importance of our merchant marine and our maritime industries to a healthy American economy and to our national defense."

He mentioned the importance of the merchant marine in time of war, then said: "In time of peace, reliable shipping service at reasonable rates requires that the United States carry a substantial part of its waterborne foreign commerce in American-flag vessels.

"During periods of economic depression, such as all nations have known in their history, the seafaring people have tended to give priority to their own commerce, and their fleets have been instruments of national policy and trade promotion.

"But even in times of peace and prosperity, such as we enjoy today, it is clear that if the strength of our American merchant marine is reduced, or, indeed, if we were ever to be without it, foreign maritime powers would be in a position—which they are ever ready and eager to occupy—of carrying our goods at times and from ports of their own choosing and at whatever prices the American traffic could be forced to bear."

CITES NEED OF AID

He spoke of the shipbuilding industry as an instrument of national defense and security and said that, in the face of foreign competition, Government aid was needed both for construction and for the steamship companies.

The Massachusetts Senator called for as much work and research aimed at modernizing the merchant marine as was devoted to the atomic-powered submarine *Nautilus*. Newer, better, more efficient and more economical commercial vessels and gear are important, he said.

The atomic program for the merchant marine was discussed in Washington at the Washington Propeller Club's maritime dinner last night by Senator MAGNUSON, Democrat, of Washington, who was honored there for his merchant-marine work.

"Adapting atomic propulsion to the maritime field promises even greater impact than the coming of steam to transocean movement of goods and people," he said.

"The potential carrying capacity of each vessel will be so great due to the increase in revenue space per ship and high speed that present trade volume could be handled with far fewer units."

Mr. SALTONSTALL. Mr. President——

Mr. KNOWLAND. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I should like to add a very brief word to what the minority leader has said.

As one who attended a Propeller Club meeting in Baltimore on Tuesday, and who observed the enthusiastic appreciation which the merchant marine and shipping people in Baltimore have for the senior Senator from Maryland [Mr. BUTLER], I know that this award is well deserved.

Mr. BRICKER. Mr. President——

Mr. KNOWLAND. I yield to the Senator from Ohio.

Mr. BRICKER. I wish to join the minority leader and the senior Senator from Massachusetts in commending our colleague, the distinguished Senator from Maryland [Mr. BUTLER], for the achievement, for the award, and for the recognition which is so very much merited, for the work he has done in the Congress of the United States.

I have a personal pride in this matter, Mr. President, because I was chairman of the Committee on Interstate and Foreign Commerce at the time when the Senator from Maryland was made chairman of the Subcommittee on the Merchant Marine. I know the diligent and time-consuming labor he devoted to the merchant marine, in his chairmanship of the subcommittee.

Mr. President, in order not to delay the proceedings of the Senate and its vote on the housing bill, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a statement which I send to the desk.

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

STATEMENT BY SENATOR BRICKER

I, too, would like to join with my colleagues in congratulating Senator BUTLER. The fact that the President of the United States has today awarded him the American Legion's merchant marine trophy speaks for itself. This is the highest of maritime honors.

I am confident that when reviewing his record before selecting him to receive this award, the American Legion gave great weight to the leading part he has played in encouraging the construction of ocean-going tonnage in privately owned American yards. However, it doesn't do any good to build vessels unless you have use for them. Said another way, "What's the good of building a lot of new tonnage if it is unable to carry cargoes and compete with the fleets of foreign maritime nations?"

And, so, in paying tribute to Senator BUTLER for his outstanding achievements in the maritime field, I want to single out one accomplishment for which he is due great credit and without which our entire American tramp fleet might today be inactive and rusting at the docks. I refer, of course, to the cargo preference or 50–50 bill.

Senators will recall that during the second session of the 83d Congress after interminable instances of tacking on to foreign aid legislation the provision that 50 percent of the give-away cargoes would be transported abroad on board privately owned American-flag vessels, under Senator BUTLER's leadership as chairman of the Water Transportation Subcommittee, we passed the cargo preference bill. As a result we now have as part of our permanent maritime legislation the provision that at least 50 percent of all Government-financed cargoes must be transported abroad on board privately owned American ships provided they are available at reasonable rates.

However, as we all know, Senator BUTLER's job was not completed when the President signed the bill. Since that time he has devoted a great deal of time and energy to defending this vitally important measure from attempts to amend or repeal it. I will not go into the merits of the attacks which have been made on the cargo preference bill. At the present time, certain of these matters are being considered by the Committee on Interstate and Foreign Commerce. However, I will venture to predict that when this committee has completed its deliberations, Senator BUTLER's cargo preference bill will stand, more firmly than ever, as a key plank in our maritime legislative platform.

So, in conclusion, I merely want to take this opportunity to tell my distinguished colleague and friend, the senior Senator from Maryland, that I am extremely gratified to know that his splendid maritime accomplishments have not gone unnoticed.

Mr. BRIDGES. Mr. President——

Mr. KNOWLAND. I yield to the senior Senator from New Hampshire.

Mr. BRIDGES. I should like to join my distinguished colleagues in paying tribute to the very able senior Senator from Maryland [Mr. BUTLER] for the well-deserved recognition he has received today in the form of the American Legion's merchant-marine achievement trophy, which is awarded for outstanding achievement in that field. For some years the Robert L. Hague Post of the American Legion, in New York City, has been selecting the person who, during the preceding year, has done the most for the American merchant marine, and has been paying tribute to him through the medium of public acclaim on Maritime Day, May 22.

I am very happy and very much pleased that this honor has come to our distinguished colleague, the senior Senator from Maryland [Mr. BUTLER], for whose accomplishments I can personally vouch. Through my association with him in the Senate, I know he has contributed very, very much to keeping alive and in functioning order the merchant marine of this country, which in times of peace is so essential for trade; and, in times of war, for the security of our Nation.

Mr. SCHOEPPEL. Mr. President——

Mr. KNOWLAND. I yield to the distinguished Senator from Kansas.

Mr. SCHOEPPEL. I wish to join the minority leader and my other colleagues who have just paid tribute to the distinguished Senator from Maryland [Mr. BUTLER], in connection with the award

which has been made to him by the American Legion.

Mr. President, it has been my good fortune to serve with Senator BUTLER on the Interstate and Foreign Commerce Committee of the Senate. I know of no member of that committee, or, for that matter, no other Member of the Senate, who has been more diligent or more painstaking in his work and his efforts to foster and build up an adequate American merchant marine. I am doubly pleased that this distinct honor has come to Senator BUTLER by way of the great patriotic organization, the American Legion.

Mr. President, in the interest of saving time, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a statement I have prepared on this matter.

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

STATEMENT BY SENATOR SCHOEPPEL

I have just learned that President Eisenhower has today presented the American Legion maritime award of the year to my good friend and colleague, the senior Senator from Maryland, Senator JOHN MARSHALL BUTLER. Therefore, I, too, want the record to show that I am very pleased that he has been singled out for this high honor. Certainly his work in this field entitles him to the highest of acclaim and recognition.

It is sometimes said that particular industries have friends here in the Senate. I don't think there is any doubt but that the American merchant marine has a true and effective friend in Senator BUTLER. This does not mean that he is the champion or advocate of any special interest. Actually the American merchant marine is as broad as America herself. The American merchant marine to me, and I am sure to the American Legion, means labor, management, and government. More than that it means shipping companies and their employees; shipbuilding and ship repair companies and their employees; the Maritime Administration and the Department of Commerce. In addition it covers stevedores, freight forwarders, customs brokers, and a host of other groups.

That being the case, I think that Senator BUTLER has every reason to feel that in being selected by the American Legion to receive its highest merchant marine honor, he has earned the respect and admiration of a large and vitally important cross section of our Nation. After all, it is not as though this award were made by a Maryland organization. As I understand it this is the Legion's national award for outstanding service to be given once a year by the President of the United States to the individual who has done the most in the preceding year to preserve, protect, and promote the interests of the privately owned merchant marine of this country.

In closing, I extend to Senator BUTLER my warmest congratulations for his merchant marine accomplishments in general and his receipt of this award in particular.

Mr. MARTIN of Pennsylvania. Mr. President——

Mr. KNOWLAND. I yield to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. I, too, wish to associate myself with the remarks of the minority leader and the other Senators who have spoken in regard to this matter.

I have been very greatly impressed with the work the senior Senator from Maryland [Mr. BUTLER] has done, particularly in regard to maritime matters and the United States Merchant Marine. It is not easy to deal with a subject of that kind, with respect to which not many members of the general public are interested.

In order to save the time of the Senate, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I have prepared.

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

STATEMENT BY SENATOR MARTIN OF PENNSYLVANIA

I should like to emphasize a fact about Senator BUTLER's maritime achievements which impresses me more than anything else he has done in this field. That fact is that in 1 term—indeed in less than 6 years—through his tireless efforts to master the complexities of maritime problems, he has not only become an expert in almost all phases of this field but in doing so he has not lost the common touch and has been able to effectively translate much of his learning into sound and constructive commonsense programs which have led to the promotion and protection of our fourth arm of defense, the American merchant marine.

As we all know, in matters as complex as those surrounding our merchant marine it is, by tireless study, not too difficult to become learned in the field. However, it is quite another thing to be able to assist one's less enlightened colleagues to understand the complexities involved and to persuade them as to which is the most effective and appropriate course of legislative conduct to pursue. In this connection I respectfully submit that all Members of the Senate owe to him and to a few other Members on both sides of the aisle, a tremendous debt.

One other fact which I should like to emphasize is that it seems to me that since the President of the United States has seen fit to present this award in behalf of the American Legion, we have here a perfect illustration of the improved state of the American merchant marine. The fact that President Eisenhower has presented this award constitutes positive proof that he and his administration recognize the essentiality of promoting and protecting our American-flag fleet, as well as our American shipbuilding and ship repair facilities. When I think of the low state of merchant marine consciousness to which, after World Wars I and II, this Nation slipped, it is reassuring, indeed, that we have here an incident which illustrates the President's awareness of the critical importance of the American merchant marine to our national economy and to our national defense.

The fact that Senator BUTLER has played such an outstanding role in revitalizing all segments of the American merchant marine should give him great pride of accomplishment. Whether it does or not, I want the record to show that it gives me a feeling of great satisfaction to see that here on Maritime Day, 1956, his splendid contribution has been recognized.

Mr. WELKER. Mr. President, I wish to join with the leaders of the Republican Party who have paid tribute to the outstanding senior Senator from the State of Maryland. I am not a member of the Committee on Interstate and Foreign Commerce, but I certainly think the American Legion made a wise choice in awarding this recognition to JOHN MARSHALL BUTLER, our colleague.

I have served for a number of years with JOHN MARSHALL BUTLER, of Maryland, on the Senate Committee on the Judiciary. There I have seen this high-minded gentleman at work. There is not a finer lawyer in this body that JOHN MARSHALL BUTLER of Maryland. While he has rendered great service for his country as a member of the Committee on Interstate and Foreign Commerce, justifying the award which he has received from the American Legion, he is also doing a great job for his country in the Committee on the Judiciary.

Mr. CASE of South Dakota. Mr. President, as one who sits next to the very able Senator from Maryland, I am in a position to know how alert he is whenever the subject of the maritime industry comes up for legislative action in this Chamber. He is always on the job. He has the facts, and he presents them well. No more deserving Member of the Senate could be selected to receive this particular honor than JOHN MARSHALL BUTLER, of Maryland.

Mr. PURTELL. Mr. President, I should like to associate myself with the remarks of my colleagues regarding the distinguished Senator from Maryland. I, too, serve with him on the Senate Committee on Interstate and Foreign Commerce. I have noted the intense application he has given to his work on that committee. I have seen, particularly during my travels in Europe, many of the results of his legislative efforts in connection with legislation having to do with our merchant marine.

I know of no one who is more deserving of the recognition given to the distinguished Senator from Maryland by the American Legion than JOHN MARSHALL BUTLER, of Maryland.

Mr. GOLDWATER. Mr. President, my State of Arizona has no seaports. It has no large shipbuilding industry. Nevertheless, it has an interest in the merchant marine because of its importance to the entire United States.

I should like to acknowledge the indebtedness we in Arizona feel we owe to the Senator from Maryland in this. I am sure I echo the feelings of the people who live in the mining States in connection with the wonderful work which he did in committee and on the floor of the Senate last year in helping to enact the Communist control bill as it relates to unions. That bill was passed largely because of the efforts of the Senator from Maryland. Already the result has been the removal of one of the leading Communists from the Mine, Mill, and Smelter Workers Union. As a result of the work of the Senator from Maryland, I believe that that union is now well on the way toward becoming a strong American union, free from domination by Communists.

I speak for my people in Arizona in expressing appreciation to the Senator from Maryland for his fine work.

THE SUPREME COURT AND THE CONSTITUTION

Mr. GOLDWATER. Mr. President, today, before the National Association of States Attorneys General, in my home city of Phoenix, Ariz., Attorney General

Brownell gave some good advice. He said in part:

Our duty to the people is to support each branch of the Government in the performance of its functions. We must continue to discharge this duty if we are to avoid anarchy in all Government.

I agree whole-heartedly with the admonition of the Attorney General. However, recent decisions of the Supreme Court, particularly the recent decision in relation to States rights in the field of labor, causes me some apprehension. I do not criticize the Supreme Court, I think we in the Senate and all other Americans, have a perfect right however—in fact, a duty—to be apprehensive about any branch of Government when we feel that it is infringing on the rights of the States.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks two excellent articles on this subject, written by David Lawrence, and published in the Washington Evening Star of May 23 and May 24, 1956.

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

[From the Washington Star of May 23, 1956]

SUPREME COURT AND UNIONISM—DECISION UPHOLDING UNION IN RAILROADS SEEN REVERSING 1935 RULING'S IMPLICATIONS

(By David Lawrence)

The Supreme Court of the United States by unanimous decision has ruled, in effect, that even a system of fascism can be imposed in America by Congress, and the Constitution cannot be invoked to prevent it.

This is just the reverse of what the Court by unanimous opinion ruled in May 1935, when it invalidated the code system of the National Recovery Act as an unconstitutional delegation of power by Congress to an artificial system of government administered by private groups.

The Supreme Court—composed today of a different set of judges—now rules that Congress is within its rights in passing a law permitting a railroad employer to compel a worker to give up part of his earnings to finance a union organization in which he conscientiously doesn't believe. The penalty for nonpayment is the loss of his job.

The Supreme Court says Congress has the power to order such a system of compulsory unionism and that neither the constitutions of the States nor the Federal Constitution can be invoked to prevent the confiscation of a worker's earnings by a private organization for a purpose to which he does not wish to give his assent. There is no limit to the taxes that now can be levied on a worker's wages if only a union and an employer have the right between them to consider what is a beneficial use of a workingman's earnings.

The Supreme Court lately has been solicitous about "civil rights" and there has been a lot of hysterical talk about "due process" and the loss of the "right of dissent," especially for Communist sympathizers. But the High Court was deaf to the plea of the several workmen who petitioned the nine Justices to uphold the right to work as provided in the constitution of the State of Nebraska. The Supreme Court of Nebraska had ruled that compulsory unionism violates both the State and Federal Constitutions.

What the Supreme Court here said, however, was that no State constitution and no State law could be regarded as in force if the Congress passed a contrary law on the subject of regulating trade unions. There are 17 States which have passed "right to work" laws or incorporated such provisions in their constitutions. When the workers pleaded that their rights under the Federal Constitution were being violated, the Supreme Court here simply answered by saying there was no constitutional issue at all before the tribunal. It waved aside what the Nebraska Supreme Court found to be a constitutional issue.

The nine Justices of the Highest Court here refused to listen to the argument that a man who doesn't believe in trade unionism has a constitutional right to that view, and declared that the only issue before the Court is whether he should be forced to pay a part of the expenses of the collective-bargaining process from which theoretically he benefits.

The High Court didn't take cognizance of the fact that the employer could share that expense or could even collect portions from the worker if he agreed to it and that this could be done without forcing him to become a union member. The decision simply affirmed that a worker must join such a union to keep his job—even though for the present under the law he cannot be disciplined for any other reasons by the union.

"Wide ranged problems are tendered under the first amendment," wrote Justice Douglas in behalf of the Court. "It is argued that the union-shop agreement forces men into ideological and political associations which violate their right to freedom of conscience, freedom of association, and freedom of thought protected by the Bill of Rights. It is said that once a man becomes a member of these unions, he is subject to vast disciplinary control and that by force of the Federal act unions now can make him conform to their ideology.

"On the present record, there is no more infringement or impairment of first amendment rights than there would be in the case of a lawyer who by State law is required to be a member of an integrated bar. It is argued that compulsory membership will be used to impair freedom of expression. But that problem is not presented by this record."

What more of a record does the Supreme Court of the United States require than a worker's own argument before the lower court that he doesn't want to join a union because he doesn't believe in it, and that he doesn't want to support it because he doesn't choose to become a member?

As for the statement that membership in a private labor union is analogous to membership in a bar association, this is an astonishing argument. For a lawyer is an officer of the court itself and admission to practice is subject to rules of a court. The court, actually a part of the Government, makes its own rules as to who can practice before it. But no bar association can compel a nonmember to pay dues, nor does it represent him in any fixing of fees for his services.

The Supreme Court lately has been sweeping aside the rights of States to regulate their own affairs and has even held that a State cannot punish sedition or arrest a man suspected of treason.

Certainly, recent decisions are not based on historic precedents of law but on ephemeral concepts of what are supposed to be the dominant "psychological" and "social" factors of the age.

[From the Washington Star of May 24, 1956]

CIRCUMVENTING THE CONSTITUTION—COURT DECISION UPHOLDING RAIL UNIONS SEEN DEPRIVING STATES OF RIGHTS

(By David Lawrence)

The most unspectacular and yet the most sensational news happening of our times is the manner in which the 48 States governments are being deprived of their rights by the Supreme Court of the United States.

The latest decision, rendered this week, takes away from the States their power to regulate employment relations. It takes away from the worker his freedom of association and freedom of expression as an individual—his civil rights—and puts them at the mercy of an intolerant majority in Congress. He must join a union or be deprived of a job with the railroads. Minority rights, which from the foundation of the Republic have been safeguarded by the Constitution, now are to be vested in a political majority in Congress.

Justice Frankfurter, who wrote an opinion concerning in the decision, makes no bones about it—he virtually acknowledges that the Supreme Court is a political body which changes its views with the whims of popular opinion, and he lauds this as a virtue.

In discussing the 60-year history of the fight for and against compulsory unionization, Justice Frankfurter reviews the criticisms against early Court decisions and traces the various opinions handed down. Then he says:

"The change in the Court's understanding of industrial problems, certainly as they affect railroads, in their bearing upon the country's commerce and all that thereby hangs, to no small degree reflected the changed attitude of the railroads toward the role of labor unions in the discharge of the functions of the railroads. As striking evidence as any of this important shift in opinion is the fact that the Railway Labor Act of 1926 came on the statute books through agreement between the railroads and the railroad unions on the need for such legislation."

Here is a confession that the Supreme Court nowadays doesn't consider what the Constitution says but what private interests, powerful in politics, may agree upon as between themselves. The famous "code authority" provision of the National Recovery Act, which permitted agreements to be made between management and labor, was struck down by a unanimous opinion of the Supreme Court in 1935 precisely because the nine Justices believed the public interest was greater under the Constitution than any agreement made between private interests such as labor and management, even though Congress sanctioned those agreements.

Justice Frankfurther feels that if employers in an industry get together with labor unions to form a job monopoly and decide to deprive anyone of a job unless he belongs to a union, this is a worthy objective. He hints that he would uphold the constitutionality of a law on that particular provision if it came before him. But he claims for the record, of course, that the Supreme Court "put to one side" such situations in the case decided this week.

Actually, it was before the Court, but the nine Justices chose technical grounds for shutting their eyes to the issue altogether. It is plain to see the handwriting on the wall—minority rights are vanishing, and whatever law Congress decides to enact hereafter to regulate employment relations will become "the supreme law of the land" in the eyes of the present Court.

In writing the main opinion, Justice Douglas, in behalf of the other Justices, says: "Congress, acting within its constitutional powers, has the final say on policy issues. If it acts unwisely, the electorate can make a change."

But when the Supreme Court endows Congress with greater power than the Constitution bestows and euphemistically calls it just a "policy," the electorate can't change their Supreme Court. Unless, therefore, the Court whose judges now concede that they are influenced by the pressures of popular opinion, takes heed of public criticism, certain constitutional rights will be lost for the period that an unwise or irresponsible Court holds office.

"One would have to be blind to history," says Justice Douglas, "to assert that trade

unionism did not enhance and strengthen the right to work."

This is a frank avowal of the concept of expediency—the Machiavellian doctrine that the end justifies the means. Other Justices, the men who made the Supreme Court the respected institution it has been for decades, did not fall victim to political expediency. They expounded the Constitution in accordance with legal and not political concepts and never allowed Congress to grant permissive power to private economic groups to take away minority rights. It was in May 1935 when a unanimous Court, headed by Chief Justice Charles Evans Hughes, knocked out the expediency argument by declaring: "Extraordinary conditions do not create or enlarge constitutional power."

And the same Court could properly have added that a change in political or sociological conditions or in the tides of public opinion does not change the Constitution of the United States unless Congress, by a two-thirds vote of both Houses and three-fourths vote of the States of the Union, say so in approving an amendment to the Constitution itself.

FOREIGN ECONOMIC POLICY

Mr. HUMPHREY. Mr. President, a short time ago it came to my attention that an important and comprehensive study of our foreign economic policy was conducted in 1954 at the Center for International Studies of the Massachusetts Institute of Technology. The study was conducted under the auspices of Dr. Max Millikan and Walter Rostow of that center, and was originally requested by responsible officials in the administration. It has come to my attention that this study evoked an enthusiastic response in some quarters of the administration upon its completion in the fall of 1954, but that other equally important administration quarters found the report unpalatable and unacceptable. Constructive and provocative though it is, this report has been gathering dust during the intervening 20 months.

On May 1, 1956, I wrote to Dr. Millikan asking that this report be made available to the members of the Senate Foreign Relations Committee. Not only did he most graciously agree to make the report available, but he and Professor Rostow have brought the report up to date. In its present form the report, which has now been made available to appropriate Members of Congress and administration officials, is a 104-page document. Over the past weekend it attracted considerable press commentary, including a detailed analysis by Edwin L. Dale, Jr., in the New York Times of Sunday, May 20, and considerable mention in an article by Chalmers Roberts which appeared in the Washington Post and Times Herald on the same day.

I ask unanimous consent that these two articles be inserted at this point in my remarks.

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

[From the New York Times of May 20, 1956]

REPORT BIDS UNITED STATES ALTER AID POLICY—NEW APPROACH TO ECONOMIC HELP IS URGED TO CHECK RED INROADS ABROAD

(By Edwin L. Dale, Jr.)

WASHINGTON, May 19.—Officials at the highest levels of the Government are giving serious study to a privately prepared report on a major aspect of foreign policy.

The reported advocates a completely new approach to the problem of how to use United States foreign aid to prevent the world's underdeveloped countries from succumbing to communism.

The 104-page document was prepared by Max Millikan and W. W. Rostow, economists of the Massachusetts Institute of Technology and of the Center for International Studies. It is known to have reached the National Security Council.

Both authors frequently have served as Government consultants and have participated in broad strategic planning.

The first third of the report is an effort to prove that economic assistance can be useful in furthering the main United States political objective: "That the societies of the world develop in ways that will not menace our security."

It calls United States efforts marginal at best. It sharply criticizes much of the past reasoning behind economic aid to underdeveloped countries—reasoning that reportedly has made some of the aid do more harm than good. But it concludes that this aid can be useful in one major sense.

A SENSE OF DIRECTION

This is the fact that such aid, together with local efforts, can give the peoples of the underdeveloped countries a feeling that they are getting somewhere. If they have this feeling, the authors believe, if they are shown that things can and will get better, they are getting somewhere. If they have solutions.

The aid is not going to "win friends" for the United States, the authors contend. Nor is it necessarily going to "foster free enterprises," nor should the United States insist that it do so. Nor is it going to "save" the underdeveloped countries by giving their people a little better living standard.

But it can, they feel, help importantly in giving the crucial "sense of direction" without which the fermenting societies in the backward countries are likely to turn to chaos or totalitarianism.

The last two-thirds of the report is a detailed analysis of the kind of aid program by the United States and the rest of the free world that can, in the economists' opinion, usefully help the underdeveloped countries.

The program would cost the United States a maximum of $2 billion a year and a probable actual disbursement of only $1,500,000,000 a year, of which the bulk would be loans. But the authors insist that the entire package has to go together or the program will do no good.

It is based on an analysis of the three stages of development that all countries go through, and proceeds from there to an analysis of the ability to absorb new capital of specific individual countries.

The essence of the new program is that the industrialized free countries promise to make available for at least 5 years, and probably 10, all the aid that underdeveloped areas request and qualify for. A second essential is that the aid have an international "flavor" and coordination—such as internationally determined standards of eligibility—though the individual aid grants could still be country to country.

The standards of qualification would be far from loose. Underdeveloped countries requesting aid would have to show that their development program was planned, that their people were willing to support it, and that individual projects would be useful. The authors advocate basically a banking concept of the aid.

The program, which could reach a maximum of capital inflow into the underdeveloped countries from all sources of $3,500,000,000 a year, would not have spectacular results, the authors estimate. They think that on the average such an investment might raise standards of living by only 1 percent a year (in the sense of per capita consumption of goods and services).

But this, they believe, is about all the underdeveloped countries can absorb. And they feel it would be sufficient in most cases to demonstrate progress.

A key to the program is the assumption that at a certain stage of development a country goes over the hump and begins to generate all, or almost all, the capital it needs by itself. The report says India is approaching this transition stage now, but is not yet there.

It also points to India as a good example of a country where the energies of the people now are being directed toward economic development and improvement and away from radical political solutions. It notes that India is among the more stable of the underdeveloped countries and implies that such a condition is the best that United States national interests can ask.

The report urges that the United States put up immediately $10 billion to $12 billion for a 5-year period. It believes that not all of this money would be drawn, but argues that it must be available. Other industrial countries would be asked to make available $2 billion to $3 billion.

There should be no strings at all on the aid given, the report urges, except for the original qualifying tests for the recipient countries.

For countries in the very first stage of development, grant aid is recommended, with emphasis on technical assistance. As the economy begins to move forward into the second stage, then loans should be used. At that stage the amounts involved become larger, the report says.

[From the Washington Post and Times Herald of May 20, 1956]

SUKARNO SEEN AS VICTOR IN NEUTRAL NATIONS PLEA

(By Chalmers M. Roberts)

Indonesia's President Sukarno caught Washington at an opportune moment last week and made the most of it in what may turn out to be a two-way educational process.

But, as of now at least, the importance of the whirlwind Sukarno visit has not altered the radically different plans for the visit of Asia's other leading neutralist leader, India's Prime Minister Jawaharlal Nehru, who arrives in July.

Because Nehru has asked to talk at length with President Eisenhower, present plans call for whisking him off to Camp David, Md., for 3 days of private talks with no public appearances before Congress or such a forum as the National Press Club.

The fact is that American policy toward Asian neutralism is changing and that this change is one of the major new developments on the Western side since Moscow altered its tactics.

Sukarno drove home some of the arguments for respecting the refusal of newly independent nations such as Indonesia and India to take sides in the East-West conflict. Conservative Members of Congress on both sides of the aisle came away, it is now clear, with a new feeling that there is something to be said for such a policy and that America has to respect it.

Sukarno frankly and cleverly tapped the well-springs of American anti-colonialism in making his case. In retrospect, he might have gone even further and talked frankly about his own attitude toward Soviet Russia and Communist China.

Sukarno, of course, was a new personality to Washington though some here had met him at home. Nehru, on the other hand, visited here during the Truman administration and went away depressed at what he felt was the materialistic and militaristic

attitude of this Nation. His public statements and last fall's Khrushchev-Bulganin visit to India have made him a sore point or worse to a good many Members of Congress and to other Americans.

Yet it can be argued that it would serve Nehru's own aims better if he were to take the public platform here and state his case with frankness equal to Sukarno's. If he will suggest that he would like to do so, he can count on adequate forums, it can be said with authority.

The question appears to be whether Nehru is aware of the changes going on in Washington. He cannot, of course, expect the United States to scrap its Middle East and Asian defense agreements which he has strongly and repeatedly criticized. But there is at least the beginning of a new view of India's importance to the United States: that, as Ambassador John Sherman Cooper has said, the important thing is that India be helped to develop economically by democratic processes, however much Americans disagree with Nehru's expressed attitudes toward Russia and Red China.

Undoubtedly there will be hostile criticism toward Nehru when he comes here, but that is just about as likely if he comes for talks with Mr. Eisenhower alone as if he also makes a speech to Congress or the Press Club.

Nehru, for example, might be interested to know that an exhaustive 104-page proposal for a new foreign economic policy is now being circulated within the Government and at the Capitol. Written by Max F. Millikan and W. W. Rostow of the Massachusetts Institute of Technology's Center for International Studies, it argues that "a much expanded long-term program of American participation in the economic development of the underdeveloped areas can and should be one of the most important means for furthering the purposes of American foreign policy."

This document, expected to reach the President shortly if it has not already, is likely to be an important influence in the restudy of American foreign aid. It calls for playing down military alliances, without reducing American military power, and for making economic aid "an alternative focus."

Millikan and Rostow argue against an exclusively American program, declaring that "if we take the leadership in such a program, we need not fear, and we can even welcome, Soviet participation." Bold and imaginative American leadership, they say, can "actually encourage Soviet contributions without fear that they will dominate the program."

American thinking on foreign aid, like that on Asian neutralism to which it is related, is in flux. The often-contrary actions of the House Foreign Affairs Committee on the foreign-aid bill last week testify to that. It is going to take many months, especially in this election year, to work out new policies regardless of who wins in November.

Sukarno's contribution last week was that he helped make Washington think. Washington hopes Sukarno's visit to America will also generate his thought processes. In today's changing climate, it is hard to see why the same interplay should not apply to Nehru as well. After all, the virtue of democracies is that their leaders can talk it out with each other and that such nations can frankly express their points of view to one another.

HOUSING AMENDMENTS OF 1956

The Senate resumed the consideration of 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.

Mr. JOHNSTON of South Carolina. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina will be stated.

The CHIEF CLERK. On page 9, line 18, it is proposed to insert "(1)" immediately following "(c)."

On page 10, between lines 22 and 23, it is proposed to insert the following:

(2) Title VIII of such act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 809. (a) Notwithstanding any other provision of this title, or of title IV of the Housing Amendments of 1955, no personnel shall be assigned to, or granted occupancy in, any project which was acquired or constructed under this title, and is situated at or near a military installation, if, at the time it is proposed to make such assignment or grant such occupancy, more than 10 percent of the living accommodations in any housing, acquired or constructed under this title prior to the construction of such project, and situated at or near the same military installation, are vacant.

"(b) As used in this section, the term 'this title' refers to the provisions of title VIII of the National Housing Act in effect both prior to and on and after the date of enactment of the Housing Amendments of 1955."

Mr. JOHNSTON of South Carolina. Mr. President, I should like to speak briefly in support of my amendment to Senate bill S. 3855, dealing with procedure of rental in military housing. In order to point up the critical need for legislation of this nature, let me provide you with this information:

As of January 31, 1956, there were 55 projects out of a total of 171 Wherry housing locations which were less than 95 percent occupied, in default or foreclosed. This means that over 20 percent of existing Wherry projects are in trouble. It should be remembered that a Wherry project in trouble, with investment threatened, is not helped by the fact that some other Wherry projects in other locations are occupied. Yet the military does not even acknowledge the existence of vacancies in testimony before Congress, and, further, the military is taking no effective administrative steps to correct the vacancy situation in Wherry housing.

If the military does not have the authorization it needs to correct the vacancy condition, it should be appearing before Congress requesting these authorizations; but the military is strongly silent on these now-existing conditions. Let us remember that the military ordered this housing 5 years ago, entered into these Wherry agreements, and caused $750 million to be spent. Now, 5 years later, the military has the opportunity to get more new housing, and it does not want to make any provisions to protect the existing Wherry housing. Five years from now are we to expect that the military will want additional new housing and then ask Congress to approve the abandonment or condone the failure of both the 82,000 Wherry houses and the 200,000 title IV houses in favor of new housing?

The Department of Defense has testified that the building of 200,000 additional military houses which it wants will not adversely affect existing Wherry housing. The military has, in effect, said that Congress should rely solely on the extra caution the military exercises when programing additional housing at existing Wherry locations. We know that mistakes are always possible even with the best of intentions. Therefore, I urge that legislation should now be provided to protect against mistakes if they do happen, and especially so when the Government is party to agreements and is guarantor of $650 million in mortgages now already invested.

If the military is so sure of its programing of additional housing, then an amendment such as I have offered to help indemnify a Wherry owner against vacancies would only be a safeguard, but by its very existence would encourage fewer mistakes in programing and thus overbuilding at the expense of the taxpayer.

Also, let us remember that all the additional housing requested is financially guaranteed by the Military Department, thereby placing the existing housing in an even more perilous situation.

To my mind, there are only two rightful procedures that can be adopted in the solution of this very serious problem that would do justice not only to the sponsors of now-existing housing but would also save the Government money as well, and they are to pass the legislation that is contained in my amendment as a safeguard, or have the military purchase all existing military housing through Federal court condemnation proceedings, which is the only true and competent way to arrive at correct values.

Mr. President, I have in my hand a letter dated March 16, 1956, from the Federal Housing Administrator, Albert M. Cole, addressed to the chairman of the committee, Mr. FULBRIGHT, making the suggestion I am offering at this time in my amendment. He says:

> If legislation such as S. 2848 is to be enacted consideration should therefore be given to requiring that the older Wherry housing be given priority in the assignment of personnel up to an occupancy of 90 to 95 percent.

Senators will note that 5 percent was provided when the amendment was originally submitted. I have changed the amount from 5 percent to 10 percent.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. BRICKER. I wish to say that the committee considered the subject at the time the bill was under consideration by the committee. We tried to work out the same thing that the Senator from South Carolina is endeavoring to work out. There is just one factor that presents a problem. I am in favor of the amendment of the Senator from South Carolina in principle. I think it is a sound amendment. I believe there is at least 10 percent of unoccupied Capehart or

Wherry housing for which there ought to be no authorization until it is occupied. However, at SAC, for instance, there is a requirement that the men must be right there at the base. That problem becomes acute, if the distance from the base is not very carefully delineated. The Senator's amendment states "at or near." The question is what is meant by "near." If we could limit the distance from the base, I would have no objection to the Senator's amendment.

Mr. JOHNSTON of South Carolina. I would have no objection to a limit being set in regard to distance.

Mr. BRICKER. Perhaps we can work out the problem in conference, to provide adequate protection in that regard.

Mr. JOHNSTON of South Carolina. I would be willing to have the Senator do that.

Mr. BRICKER. The only problem I know of is in connection with SAC bases. General LeMay emphasized that fact very strongly before our committee. Therefore, if it is satisfactory to the Senator from South Carolina and to the chairman of the committee, I shall be glad to help work out that aspect in committee when we get to conference.

Mr. SPARKMAN. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SPARKMAN. Of course, the Senator from Ohio has correctly stated the situation. We discussed the matter in committee. All of us concerned with the problem wanted to work it out in some way. We tried to work it out with the language we put in the bill. We were afraid of getting a too rigid proposition.

Mr. BRICKER. That is correct.

Mr. SPARKMAN. If sufficient leeway can be had, I shall be perfectly willing to try to work the matter out in conference. Perhaps between now and then we will be able to work out some suitable language.

Mr. JOHNSTON of South Carolina. It would certainly be agreeable to me to have some limitation of distance inserted.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

The amendment was agreed to.

Mr. BUSH. Mr. President, I call up my amendment "5-23-56-A."

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 41, line 4, it is proposed to insert a colon and the following proviso before the period: "*And provided further*, That no new contract for annual contributions for additional dwelling units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended."

On page 42, insert the following after line 21:

(e) Section 101 (c) of title I of the Housing Act of 1949, as amended, is hereby amended by inserting the following after the first comma therein: "or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956."

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

Mr. BUSH. I yield.

Mr. BRICKER. As I understand, the Senator's amendment is practically the same amendment as the second section of the amendment I offered, but it does not contain a limitation on public housing units. Is that correct?

Mr. BUSH. That is correct.

Mr. BRICKER. I thank the Senator.

Mr. BUSH. Mr. President, I shall not detain the Senate long, but I should like to make 2 or 3 points with respect to the importance of the amendment.

Adoption by the community of a workable program for the prevention and elimination of slums and blight should again be made a prerequisite for Federal aid to public housing, just as it is a requirement for Federal aid to urban renewal and special FHA mortgage insurance assistance for urban renewal housing.

The removal of this requirement resulted from a misunderstanding. The workable program requirement was repealed last year when it was confused with other provisions which required detailed calculations by the communities concerning displaced families, their incomes, existing low-rent public housing, and the timing of the construction of public housing in relation to the progress of urban renewal projects.

Federal aid to public housing should be given only where the community has an overall plan to prevent and eliminate slums. Public housing is only one of several instruments to be used in the prevention and elimination of slums and blight. A workable program is essential to assure that other available instruments which are appropriate under local conditions will be used by the community for this purpose and will be coordinated with public housing.

The requirement for a workable program is not burdensome. Communities are not expected to undertake protracted and unrealistic slum prevention planning and other activities. Rather, they are merely expected to adopt sensible long-range programs within their capabilities and suitable to thier local conditions. Proof is that as of May 15, workable programs had been approved for over 100 communities. About half of them have populations of less than 50,000. More than 40 percent have populations of less than 25,000. Five communities have populations of less than 5,000 and two have less than 2,000 population.

The workable program does not have to be carried out before a public housing contract can be entered into. What is required is demonstration by the community that it is serious about carrying out its program for the prevention and elimination of slums and that the program will assist in this purpose. It is recognized that it takes time to enact and put into operation housing codes and other actions contemplated by the workable program, and that it would be unreasonable to withhold Federal assistance to public housing until the program is carried out. The program looks only to future action.

The workable program requirement would not preclude communities which do not have urban renewal powers from obtaining public housing. Requiring a workable program means merely that the community must have a plan of action for removing and preventing slums and blight. In some communities a program utilizing the city's normal police powers for rehabilitation and conservation would be sufficient. In other communities the program would be adequate if it coupled police powers with the usual exercise of eminent domain powers to acquire land for public improvement, such as parks, playgrounds, or other public facilities. Even in cities where extensive slum conditions cannot be eliminated without the use of eminent domain under urban renewal powers, this does not preclude such cities without those powers from having approved workable programs. It is only necessary that the city recognize its problems and have a plan for working toward this solution, even if this includes a reasonable plan of action for obtaining necessary State legislation or other legal action.

Mr. President, rather than delay the Senate, I ask unanimous consent to include at this point in my remarks a memorandum entitled "The Seven Elements of a Workable Program."

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

THE SEVEN ELEMENTS OF A WORKABLE PROGRAM

In order to fulfill the requirements for approval of the workable program, the locality must commit itself in its workable program to seeking the attainment of essential objectives with respect to the following:

1. Codes and ordinances.
2. A comprehensive community plan.
3. Neighborhood analyses.
4. Administrative organization.
5. Financing.
6. Housing for displaced families.
7. Citizen participation.

The following explains the seven objectives which constitute the ultimate aim of a workable program:

1. Codes and ordinances: The objective is to assure adequate minimum standards of health, sanitation, and safety through a comprehensive system of codes and ordinances which state the minimum conditions under which dwellings may be lawfully occupied.

2. A comprehensive community plan: The objective is the formulation and official recognition of a comprehensive general plan for the community as a whole. A general plan should be developed under procedures provided by State and local legislation, and should be supervised and administered by an official local planning body with adequate resources and authority to insure continuity of planning.

3. Neighborhood analyses: The objective is the identification of the extent and intensity of blight and logical patterns of specific neighborhoods for purposes of developing a basis for planning of healthy neighborhoods of decent homes and suitable living environment.

4. Administrative organization: The objective is a firmly established administrative responsibility and capacity for enforcement

of codes and ordinances, and for carrying out renewal programs and projects.

5. Financing: The objective is the development of means for meeting the financial obligation involved in carrying out urban renewal activities.

6. Housing for displaced families: The objective is to facilitate the rehousing, in decent, safe, and sanitary accommodations, of families displaced by governmental action.

7. Citizen participation: The objective is communitywide participation on the part of individuals and representative citizens' organizations which will help to provide, both in the community generally and in selected areas, the understanding and support which is necessary to insure success.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I shall speak very briefly on the amendment. There are three points I wish to make with reference to it.

First, the Senator's amendment is a part of the Bricker amendment which the Senate voted down a few moments ago.

Second, we had a workable program tied into the legislation until last year. Less than 2 years ago—and I wish Sentors to note this fact particularly—the housing agency people came to the Committee on Banking and Currency of the Senate and to the Banking and Currency Committee of the House and asked to be released from those restrictions. Now we are being asked that the restrictions be reimposed. We ran for half a year with only 213 units accounted for, when there was authorization for 35,000. They asked us to remove the restrictions.

The third point, Mr. President, is this: It is easy to talk about a workable program, and it is easy for a large city to have a workable program. They have their staff; they can plan; they can spend the money necessary to work up a plan such as the Southwest development program in Washington, D. C. But the smaller cities, the towns, the semirural areas, which are just getting started in this program, would be virtually eliminated by any such provision written into the law as has been suggested.

Mr. President, it would handicap the program for which we have voted. It would virtually limit it to the metropolitan areas, and, I believe it would not do the job which Congress desires to have done.

I earnestly ask that the amendment be rejected.

Mr. BRICKER. Mr. President, in response to what has been stated by the distinguished Senator from Alabama, I wish to read a portion of a letter from the Office of the Administrator:

The requirements for a workable program are, of course, much less complex for smaller communities than they are for the larger metropolitan centers. In addition, the smaller communities can make use of special aids provided in the Housing Act of 1954, such as planning grants to State bodies to offer assistance to communities under 25,000 population. As a result, even the smallest communities have been able to meet the planning and other requirements necessary for a well-rounded, workable program and are keeping pace with the larger cities, as the record shows.

A breakdown by population group follows:

Number of cities with approved programs

Population:	
Less than 5,000	5
5,000–10,000	14
10,000–25,000	21
25,000–50,000	8
50,000–100,000	7
100,000–250,000	18
250,000–500,000	7
500,000–1,000,000	11
1,000,000 and over	5

Mr. President, I do not like to hear the smaller communities deprecated on the floor of the Senate as they have been. I think they are just as able to work out their problem as are the larger cities.

Mr. BUSH. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH]. On this question the yeas and nays have beeen ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SMATHERS. I announce that the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], and the Senators from North Carolina [Mr. ERVIN and Mr. SCOTT] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

On this vote, the Senator from Kentucky [Mr. CLEMENTS] has a general pair with the Senator from Indiana [Mr. CAPEHART].

I further announce that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. NEELY], and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from Idaho [Mr. DWORSHAK], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BENDER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Vermont [Mr. FLANDERS] are detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Kentucky [Mr. CLEMENTS] and the Senator from Pennsylvania [Mr. DUFF] is paired with the Senator from Ohio [Mr. BENDER]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Ohio would vote "nay."

The result was announced—yeas 32, nays 44, as follows:

YEAS—32

Allott	Hruska	Purtell
Barrett	Jenner	Robertson
Bennett	Knowland	Saltonstall
Bricker	Kuchel	Schoeppel
Bush	Malone	Smith, N. J.
Byrd	Martin, Iowa	Thye
Carlson	Martin, Pa.	Watkins
Case, S. Dak.	Millikin	Welker
Cotton	Mundt	Williams
Curtis	Payne	Young
Goldwater	Potter	

NAYS—44

Anderson	Holland	McNamara
Bible	Humphrey	Monroney
Case, N. J.	Ives	Morse
Chavez	Jackson	Murray
Daniel	Johnson, Tex.	Neuberger
Douglas	Johnston, S. C.	O'Mahoney
Ellender	Kennedy	Pastore
Frear	Kerr	Russell
Fulbright	Laird	Smathers
George	Langer	Smith, Maine
Gore	Lehman	Sparkman
Green	Long	Stennis
Hayden	Magnuson	Symington
Hennings	Mansfield	Wofford
Hill	McClellan	

NOT VOTING—19

Aiken	Dirksen	Kefauver
Beall	Duff	McCarthy
Bender	Dworshak	Neely
Bridges	Eastland	Scott
Butler	Ervin	Wiley
Capehart	Flanders	
Clements	Hickenlooper	

So Mr. BUSH's amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move to lay on the table the motion of the Senator from Texas to reconsider the vote by which the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas to lay on the table the motion of the Senator from Texas to reconsider the vote by which the amendment was rejected.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I want the RECORD to show clearly that I regard Senate bill 3855 as bad legislation, and that I shall vote against it.

I ask unanimous consent that a statement I have prepared relating to the bill be printed at this point in the RECORD as a part of my remarks.

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

STATEMENT BY SENATOR BYRD

I want the RECORD to show clearly that I regard Senate bill S. 3855, the Housing Amendments of 1956, as bad legislation, and that I shall vote against it.

In short, the bill would make even looser the loose law under which Federal housing programs are now operating.

Administration of this loose law for years has been characterized by loose administration. Current audits by the United States General Accounting Office indicate that the administrative elements which breed housing scandals still persist.

Cap the combination of loose law and loose administration with billions of dollars of public credit and money and, in the name of providing homes, you have built an Augean stable for those who exploit the programs.

Since 1933 nearly $70 billion in public credit and money has been made available through Federal housing programs. Of this gross total, $52 billion has been in programs now under the Housing and Home Finance Agency. Of this HHFA total $38 billion has been through the Federal Housing Administration alone.

I cite these gross figures in connection with the loose law and the documented inefficiencies and irregularities in administration to demonstrate the clear invitation to the kind of fraud which exists in Federal housing programs.

As proof, criminal, civil, and tax litigation involving Federal housing programs may be found on the records and dockets of courts across the Nation.

I am in receipt of a letter from Mr. Albert Cole, Administrator of the Housing and Home Finance Agency, dated May 22, 1956, in which he says in the 19 months between October 1, 1954 and April 30, 1956 HHFA investigations have resulted in 1,715 individual administrative actions and criminal convictions, including some monetary recoveries. He says also there are 1,178 pending cases currently assigned or receiving investigative attention, and that there are 1,224 cases which have been transmitted to constituent agencies concerned under HHFA, the Department of Justice, the Department of Labor, Internal Revenue Service, Civil Service Commission and other appropriate agencies.

I commend Mr. Cole for the action he has taken. It points up the weaknesses inherent in Federal housing programs.

A special unit in the Department of Justice has been set up to handle housing frauds.

The Attorney General of the United States, in his annual report, said: "The agencies principally concerned with criminal matters under the National Housing Act are Housing and Home Finance Agency, Federal Housing Administration, Public Housing Administration, Federal National Mortgage Association, Community Facilities Administration, Urban Renewal Administration, and Home Loan Bank Board."

He said the criminal offenses which occur as a result of operations under the Housing Act include bribery, perjury, conflicts of interest, and offenses under the false-statement statutes.

There are more than a half dozen huge civil-windfall cases pending in Federal courts at this time.

The famous Gross-Morton Federal tax case is before the United States Court of Appeals, second circuit, on appeal from the United States Tax Court.

Two FHA military-housing cases are pending before the United States Supreme Court.

Mr. Cole has advised me previously that military housing under FHA has been a subject of litigation or opinions by the Attorneys General in at least 40 of the 48 States.

Since the establishment of the special housing frauds unit in the Department of Justice there have been hundreds of indictments and informations. During the past year there were 230 convictions and sentences.

Under this kind of a record, what does this bill do? According to the committee report:

It increases the loans and maturity, and more administrative flexibility is authorized in the title I home repair (suede shoe) program. This is the program where home repair loans were being used to pay alimony, build bird baths, etc.

It lowers the requirements for veterans' occupancy in co-op housing projects.

It adds $3 billion to outstanding insurance under FHA.

It increases the cost of apartments in high-cost urban-renewal areas.

It increases the cost, allows 100 percent mortgaging-out mortgages, and extends the maturity on low-cost housing under section 221 to provide housing for families displaced by the slum-clearance program.

It increases the cost of military housing, raises the insurance authorization to $3 billion, and extends the program to 1959.

It sets up a new program of 40-year mortgages for elderly people, and allows 100 percent mortgaging-out mortgages.

It drives a wedge in the cost certification requirements and adds a 10-percent profit to the actual-cost allowance in multifamily housing projects.

It increases Federal funds for college housing. The Treasury borrows long-term money for about 3 percent and, under this program it lends it to HHFA for 2½ percent. The HHFA lends it to colleges for 2¾ percent.

It discourages payment by local governments of more than one-third of the net costs of urban-renewal projects and increases the capital-grant authorization. The Federal Government pays up to two-thirds of the net cost of local slum-clearance programs.

These pending amendments are examples of what I mean when I say this bill would make even looser the already loose housing laws.

I have tried unsuccessfully in the past to tighten them up. My amendments were adopted by the Senate and deleted in conference. I was told that my amendments for responsibility, full disclosure, and ordinary, orthodox business requirements, such as keeping books and certifying costs, would result in no Federal housing. In other words, those who exploit the programs through windfalls, mortgaging out, tax dodges, etc., would neither cooperate nor participate if they were required to conform to ordinary honest business practice.

I reject such an attitude.

I will not be a party to dumping more billions of dollars into these programs while they are operated under such loose law and loose administration.

I shall vote against this bill which would make the law looser, do nothing to tighten up the administration, and make more money available for those who would exploit the programs.

I shall cast this vote in the interest of the citizens of this Nation who may be double victims in housing scandals. As buyers and renters they may be victimized by exploitation of the programs and as taxpayers they may be victimized through their own responsibility for the public risk incurred through these Government programs for private profit.

On May 3, 1956, I wrote to Mr. Albert M. Cole, Administrator of the Housing and Home Finance Agency, asking for copies of reports by the investigations divisions of each of the component agencies of HHFA covering investigations of illegalities, irregularities, and infractions investigated, findings and dispositions since August 31, 1954, or a summary of their activities. August 31 was the cutoff date for the so-called McKenna investigation of the 1954 FHA scandals.

I am today in receipt of a letter from Mr. Cole, as follows:

MAY 22, 1956.

Hon. HARRY F. BYRD,

United States Senate:

Reference is made to your letter dated May 3, 1956, requesting information concerning investigative matters relating to this Agency and its several constituents.

On October 1, 1954, I established within my office a consolidated Compliance Division for the office of the Administrator, Federal Housing Administration, Public Housing Administration, Community Facilities Administration, Urban Renewal Administration, and Federal National Mortgage Association, to investigate any matters relating to the housing programs, as directed by the Administrator or requested by the heads of the constituents; to act as liaison between these agencies and the Department of Justice in criminal matters; and to conduct inspections for the purpose of assuring integrity and effectiveness in the conduct of the operations and performance of activities in accordance with established policy and procedures.

The records of the Compliance Division reflect that during the period from October 1, 1954, to April 30, 1956, investigative action has been completed in 1,746 cases referred to or initiated by the Compliance Division of the Housing and Home Finance Agency.

As a result of action taken with respect to the 1,746 matters referred to above, 1,715 individual administrative actions, criminal convictions, and/or monetary recoveries have been effected, as follows:

1. Restrictive or debarment actions:

Eight hundred and twenty-four administrative actions have been taken which resulted in restrictive or debarment measures being applied to an equal number of firms or individuals as their activities relate to the housing programs.

Forty-four restrictive measures previously instituted were rescinded.

2. Department of Justice:

Eighty-seven criminal convictions have been obtained to date out of 574 referrals to the Department of Justice.

NOTE.—To establish an absolute figure as to the status of the criminal referrals still pending in the Department of Justice, you may consider communicating with the Attorney General.

3. Personnel actions:

Fifty-five employees were subjects of action by their respective agencies, as a result of investigations.

4. Monetary recoveries:

One hundred and thirty-seven monetary recoveries and/or savings to constituent agencies, to local public authorities or agencies, amounted to $421,199.25.

5. Miscellaneous actions:

One hundred and forty-nine various actions were taken, such as: Revision of regulations; issuance of cease-and-desist orders; and correction of construction deficiencies.

6. No action warranted:

Four hundred and nineteen matters were reviewed and/or were the subject of preliminary investigation, which resulted in determinations by constituent agencies that no action of an administrative or legal nature was warranted.

In addition to the foregoing investigative actions completed, the Division handled 711 complaints, personnel preemployment checks, etc., which because of their nature, were not set up as individual investigative cases and were not included in the statistical case count.

As of April 30, 1956, there were:

One thousand one hundred and seventy-eight pending cases currently assigned or receiving investigative attention. Of this number, 1,098 related to FHA.

One thousand two hundred and twenty-four pending inactive cases. Investigation has been completed in these cases and reports of investigation have been transmitted to the constituent agencies concerned. Of these cases, 315 referrals have also been made to the Department of Justice, Department of Labor, Internal Revenue Service, Civil Service Commission, or other appropriate department or agency. These cases will be closed in the Compliance Division when report of disposition is received from the constituent and/or other department or agency of the Government as to their final action.

I trust that this information answers your inquiry. If you desire further information, Oakley Hunter, General Counsel, and Lester

P. Condon, Director of the Compliance Division, will be pleased to meet with you or your staff at your convenience.

Sincerely yours,

ALBERT M. COLE,
Administrator.

ABSTRACTS OF REPORTS OF AUDITS CONDUCTED BY THE UNITED STATES GENERAL ACCOUNTING OFFICE IN FHA INSURING OFFICES IN NEW YORK, KANSAS CITY, AND CLEVELAND, AND ON 22 SLUM CLEARANCE-URBAN RENEWAL ADMINISTRATION PROJECTS IN 15 CITIES

It should be noted that, although reference is made to some specific projects as examples, these audits are primarily directed to administration, practices and procedures audited in the limited number of FHA and slum clearance-URA operations reached to date.

NEW YORK CITY INSURING OFFICE

The General Accounting Office report on its audit in the New York City insuring office of the Federal Housing Administration under the Housing and Home Finance Agency was forwarded to Mr. Norman P. Mason, Commissioner, FHA, under a letter dated March 23, 1956, following completion of the audit in the field in May 1955.

The report is in two parts: (1) Underwriting operations, and (2) title I home repair loan operations.

Underwriting operations

The report in the underwriting operations section makes the following findings:

Under the heading "Deferment of Amortization of Mortgage Principal":

1. A windfall of 7 months rental in the Park City project; commencement dates for payments on principal were changed twice during construction. (Alfred Kaskel, sponsor of the project, is among those on FHA's own blacklist of 608 sponsors developed as a result of previous Federal housing scandals.)

2. Similar cases have been found in other FHA offices.

Under the heading "Acceptance of Sponsors Plans for Proposed Projects":

1. The New York office did not insist on plan changes to increase the general desirability of insured projects.

2. It is doubtful whether the office has complied with objectives of FHA minimum planning requirements.

3. It is questionable as to whether objectives of the National Housing Act to encourage improvement in housing standards and conditions have been met.

Under the heading "Needless Preparation of Data by the Architectural Section":

1. The Architectural Section's estimates of redecorating costs were not used in estimating annual operating costs and apparently served no purpose; the Valuation Section computed its own estimates of these costs.

Under the heading "Mortgage Credit Processing":

1. Generally, sponsors' financial statements were accepted without verification.

2. Mortgage credit personnel were inconsistent in treatment of sponsors' personal assets.

3. FHA procedures for analyzing sponsors' financial statements were general and did not require specific steps to determine either responsibleness or reliability of statements.

Under the heading "Valuation of Land":

1. It was not until the GAO views were presented to the FHA Commissioner that actual site costs were considered in arriving at fair market value of land for multifamily housing projects.

Under the heading "Reliability of Information in Applications for Mortgage Insurance":

1. Underwriting personnel did not utilize sponsors' estimates of rentals and operating expenses; the chief appraiser said applications for mortgage insurance were loosely prepared and unreliable.

2. Determination of maximum insurable mortgage was based on the estimated net income of a proposed project; the New York City office independently determined anticipated rental income, basing its estimate on rentals charged in existing comparable projects.

3. Procedures did not require that actual rentals charged conform to either the sponsors' estimates or those independently computed by FHA in determining the maximum amount of insurable mortgage.

Under the heading "Rentals for Open-Air Parking Spaces":

1. Underwriting letter No. 866 prescribes that income anticipated from rental of open-air auto-parking spaces of proposed multifamily projects should not be considered as part of estimated net income used in determining estimated value of the project by the capitalization method, and maximum insurable mortgage.

2. The New York office, in certain cases, included anticipated income from rental of such parking spaces in determining estimated net income.

3. The chief appraiser said the New York City office recommended to Washington that inclusion of open air parking space rental as such income be permitted. If this permission was granted, it was not located.

Under the heading "Review of Construction Cost Data":

1. The cost engineers' estimates are basic in determination of estimated replacement costs; in turn the estimate is basic in determination of maximum net return and estimated settlement requirements.

2. As important as these estimates are supposed to be, they were neither reviewed nor verified.

Title I home repair loan operations

The report on the New York City office, in the title I home repair loan operation section, makes the following findings:

Under the heading "Inadequate Personal Contacts":

1. A number of title I debtors have not been personally contacted.

2. The title I, home repair representatives were physically incapable of making personal contacts required of the position.

KANSAS CITY INSURING OFFICE

The General Accounting Office report on its audit in the Kansas City Insuring Office of the Federal Housing Administration, under the Housing and Home Finance Agency, was forwarded to Mr. Norman P. Mason, Commissioner, FHA, under a letter dated January 18, 1956, following completion of the audit in the field in September 1955.

The report is in two parts: (1) underwriting operations, and (2) title I home repair loan operations.

Underwriting operations

The report in the underwriting section makes the following findings:

Under the heading "Capitalization Method of evaluation for multifamily projects improperly used":

1. To a great extent the amount of risk assumed by FHA as insurer of the mortgage is based on the reasonableness of its own estimates of the value of the property offered as security for a loan.

2. Underwriting files for several projects and discussions with responsible personnel disclosed that underwriting personnel of the Kansas City office did not understand the method of establishing value by capitalization for rental property.

3. The chief underwriter said any section 207 (multiunit rental) project accepted by FHA is entitled to the most liberal rate permissible under FHA regulations. Such a statement is without merit and indicates a complete lack of understanding of the theory of capitalized value. A case in point is Benton Gardens, Inc. (Kansas City, Mo.). (I am advised by sources other than the reports that this project has been withdrawn since the audit was made.)

Under the heading "Capitalization of Amenity Income Method of Valuation Improperly Used":

(The report comments on "owner-occupant" (not rental) properties as contrasted with big multifamily rental projects. It says for owner-occupant properties value by capitalization represents present worth, at a predetermined rate of return, of the theoretical income obtainable if the properties were to be rented over the remaining economic life. FHA calls this amenity income.)

1. The amenity income method of valuation of owner-occupied properties as used in Kansas City office was without merit as a valuation method because the monthly rent multiplier was improperly determined. (The monthly rent multiplier is a factor used in computing capitalized value of owner-occupied houses to give effect to the quality and duration of monthly income.)

2. The chief underwriter indicated he did not know how to prepare a table of rent multipliers.

3. Tables of rent multipliers used in the Kansas City office had not been prepared in that office.

4. Tables of rent multipliers used were not prepared as prescribed.

5. Each valuator used his own methods of computing.

6. The question was raised as to whether this method of valuation should be continued in appraising owner-occupant properties.

7. "Improper valuations not only jeopardize the Government's interest in insured property, but, in a broader sense, they could also affect the entire real estate market in a given area in that overvaluation by FHA may tend to cause an upward trend in prices and undervaluation may tend to cause a downward trend."

Under the heading "Failure To Assemble Underwriting Data":

1. Only a limited amount of valuation and mortgage data had been compiled and it was out of date and incomplete.

2. The Kansas City office failed to follow procedures as follows:

(a) Appraisal data and project information forms were not prepared. (FHA describes this information as most important in estimating the value and judging the economic soundness of a project.) Both the director and the chief underwriter said although the form was required it had never been used. Much of the information was not in the files and where it existed it was not readily available.

(b) Income and operating expense analysis forms were not prepared. This form develops actual income and operating expense figures for each insured project—essential in the process of computing capitalized value in subsequent cases. Capitalized value has been the base of maximum mortgages in all recent 207 multiunit rental projects processed by the Kansas City office.

(c) Project inspection and record reports were not used. (These reports log inspections of the project and its progress.)

(d) (When a commitment to insure a 207 multiunit rental project is issued, FHA requires a determination of the obligor's net worth to show his ability to meet liabilities which may arise.) There were no indications that such determinations had been made or that sponsors financial statements had been verified.

Under the heading "Acceptance of Undesirable Sites":

1. Review of case binders and visits to sites revealed 11 section 203 units (1-4 family-housing units) in the same block with substandard housing—decreasing the desirability of the sites.

2. The valuator had rejected several of the units, but upon instructions from the chief underwriter, he reconsidered his appraisal, removed the rejection, and increased his estimate of value.

Under the heading "Need for Closer Review of Underwriting Conclusions and Computations":

1. Many opinions reached in valuation processing were not supported in factual data.

2. Examination of all firm commitments issued in the name of owner-occupants during the 30-day period ended September 12, 1955, disclosed cases where FHA value exceeded selling price.

3. Errors were found in mortgage credit computations, architectural computations, and forms used to compute amounts required to be deposited periodically for replacement of equipment.

Under the heading "Inadequate Supervision by Washington Technical Supervisors":

1. Washington office valuation and mortgage credit specialists had not visited the Kansas City office since 1950.

Title I home repair loan operations

The report on the Kansas City office, in the title I home repair loan operations section, makes the following findings:

Under the heading "Deficiency in Collection Activity":

1. Collection work on defaulted title I loans requires strengthening.

2. Only a small percentage of defaulted accounts were contacted personally, and collection letters were not used with effective regularity.

3. Because the performance of collection personnel was rate by dollars collected, there was a natural tendency to concentrate on current accounts which are easier to collect. Older accounts received least attention and likelihood of recovery tends to diminish as time passes.

Under the heading "Inadequate Supervision":

1. Collection activities of title I representatives were not reviewed as to adequacy, efficiency, or effectiveness.

CLEVELAND INSURING OFFICE

The General Accounting Office report on its audit in the Cleveland Insuring Office of the Federal Housing Administration, under the Housing and Home Finance Agency, was forwarded to Mr. Norman P. Mason, Commissioner, FHA, March 7, 1956, following completion of the audit in the field in September 1955.

The report is in two parts: (1) Underwriting operations and (2) title I home repair loan operations.

Underwriting operations

The report in the underwriting operations section makes the following findings:

Under the heading "Capitalization of Amenity Income Method of Valuation Improperly Used":

1. Estimates of capitalized value of owner-occupied properties were computed erroneously in the Cleveland office and did not provide independent estimates of value.

2. Tables of rent multipliers had not been compiled.

3. Worksheet data from which rent multipliers could be developed had not been maintained.

4. Procedures prescribed for computing estimates of capitalized value were followed in reverse order—capitalized value was determined first arbitrarily, and then a rent multiplier was computed to substantiate the capitalized value.

5. Improper valuations not only jeopardize the Government's interest in the insured property, but in a broader sense they could also affect the entire real-estate market in a given area in that overvaluations by FHA may tend to cause an upward trend in prices and undervaluation may tend to cause a downward trend.

Under the heading "Failure to accumulate underwriting data":

1. Valuation data considered necessary in arriving at sound underwriting conclusions with minimum time and effort either were not maintained or were not correct.

Under the heading "Value of multifamily projects by capitalization of net income improperly determined":

1. Review of files on 2 rental projects indicated value by capitalization was incorrectly determined. They were Babbit Gardens, Inc., Euclid, Ohio, and Forestview Terrace Apartments, East Cleveland.

2. The estimated value by capitalization of these projects was too high and resulted directly in one instance, and indirectly in another, in larger mortgages insured by FHA than conditions warranted. "Because of the several questionable determinations made in both cases we would like to call attention to the coincidence that FHA's computed values by capitalization resulted in mortgage amounts approximating those sought by the sponsors."

Under the heading "Questionable handling of a minority group cooperative":

1. The Warren Co-op Homes, Inc., Warren, Ohio, a minority group cooperative, was approved for insurance by FHA despite evidence that the project was financially unsound. "We believe the evidence normally would have resulted in FHA's rejection of this project for insurance. There are indications in this case, however, of fear of adverse publicity and possible outside pressure."

Under the heading "Mortgage processing deficiency":

1. FHA mortgage credit analysis in the Broad Rock Corp. project, Parma, Ohio, and the Warren Co-op project, Warren, Ohio, and the owner-occupant case No. 543269 are cited as examples of deficient mortgage credit financing.

Under the heading "Training of underwriting personnel":

1. The Cleveland office did not comply with underwriting manual requirements for continuing training of underwriting personnel and annual examinations for all underwriting technical employees below the rank of chief underwriter.

Under the heading "Inadequate Supervision by Washington Technical Supervisors":

1. The Cleveland office had not been visited by FHA headquarters valuation specialists for 5 years, or by mortgage credit specialists for 2 years.

Title I home repair loan operations

The report on the Cleveland office, in the title I home repair loan operations section, makes the following findings:

Under the heading "Deficiencies in Control of Cash Collections":

1. There was no control in effect assuring an accounting of all collections received by mail.

2. A number of delinquent title I debtors were not being contacted personally.

3. Because the performance of collection personnel was rated according to dollar collections, there was a natural tendency to concentrate on current accounts which are easier to collect. Old accounts received less attention and likelihood of recovery diminished with passing time.

Under the heading "Collection Cost Studies of Defaulted Loans":

1. They were not being made.

Under the heading "Reopening of Bankruptcy Cases":

1. The procedure was cumbersome and unnecessarily costly in time, effort, and money.

Under the heading "Exchange of Credit Information":

1. Multiple title I loans to an individual borrower in the Cleveland areas were not disclosed unless they were all processed by the same lending institution. There was no procedure for exchange of credit information among the lending institutions.

SLUM CLEARANCE—URA

The General Accounting Office report on its audit in slum clearance activities of local public agencies, title I of the Housing Act of 1949, under the Urban Renewal Administration, a component of the Housing and Home Finance Agency, was forwarded to Mr. James W. Follin, Commissioner, URA, under a letter dated March 19, 1956, following completion of the audit in the field in August 1955.

The report is based on a review of 26 projects in 15 cities. It is in 6 parts: (1) Introduction, (2) general, (3) eligibility of projects, (4) land acquisition activities, (5) management of properties, and (6) relocation of site families.

General

The report, in the general section, makes the following findings:

1. Weaknesses and deficiencies were found in Local Public Agency activities.

2. One of the principal reasons for weaknesses and deficiencies was the almost exclusive reliance by URA regional personnel on URA-project representatives and HHFA's internal audit staff.

3. The scope of both the URA project representatives and the HHFA's internal audit staff has been too limited.

4. Planning in initial stages of many projects has been inadequate, particularly with respect to (1) financing, (2) assuring adequate suitable relocation housing, and (3) employment of qualified Local Public Agency personnel.

Eligibility of projects

Under the heading "Kansas City, Mo., Northside Project":

1. Federal participation was not justified. Federal funds were not spent in furtherance of the program's objectives, which are improvement of housing conditions, but rather in assisting a local public works program.

Land acquisition

The report, in its land acquisition section, makes the following findings:

Under the heading "Failure To Coordinate Plans":

1. Uncoordinated acquisition programs of the metropolitan district commission and the local public agency resulted in unnecessary acquisition costs in connection with the Linwood Joy project at Somerville, Mass.

Under the heading "Failure To Prepare and Submit Project Parcel Appraisals":

1. Despite requirements St. Paul, Minn., and Kansas City, Mo., local public agencies did not prepare and submit two appraisals for each parcel in their respective projects; eastern and western projects in St. Paul, and Attucks and Northside in Kansas City.

2. Parcel appraisals for the St. Paul projects were not made in the final planning stages for submission with the loan and grant applications.

3. Second appraisals in the Kansas City projects were made on a selective parcel basis instead of on all-inclusive parcel-by-parcel basis.

4. Parcel appraisal at the development stage in the St. Paul projects were made by two appraisers who collaborated instead of working separately and independently.

5. In approving the Federal loan and grant for the St. Paul projects, URA accepted assessed valuation of the parcels instead of appraised valuation, as a basis for estimating project land acquisition costs. (Approval of a project by URA is dependent in part on the relation of estimated cost of acquiring project land to its estimated reuse or resale value.)

Under the heading "proposals for appraisal work":

1. Only 3 of 15 Local Public Agencies solicited proposals from several qualified appraisers before letting contracts for appraisal work.

Under the heading "Prohibited Interest":

1. An appraiser was engaged in the St. Louis Memorial Plaza project to make a land reuse appraisal. He was also a director of a corporation proposing to develop the project. He established the reuse value of the project land at $400,000. Other appraisals placed the reuse value at $1,247,075 and $1,550,000.

Under the heading "Compensation for Appraisal Work":

1. Appraisal fees paid in the Detroit Gratiot project were 33 percent higher than the rates established by the Detroit Real Estate Board.

Under the heading "Payment of Interest on Condemnation Awards":

1. Interest payments at 5 percent were made by the Detroit Local Public Agency on condemnation awards for land acquired for the Gratiot project. Federal loan funds at 2½ percent were not available pending compliance with legislative and administrative requirements. Proper fiscal planning by the city would have provided sufficient funds for prompt payment.

Under the heading "Failure To Negotiate Purchase of Project Lands":

1. Condemnation awards to property owners of 496 contested parcels of land in the Detroit Gratiot project exceeded appraised valuation by $1,007,807 or 25 percent.

Under the heading "Delays in Negotiating Purchase of Project Land":

1. Option negotiations for purchase of land in the Cleveland, Ohio, Longwood project were turned over to the city law division. They were far behind schedule, resulting in costly relocation and demolition delays.

Under the heading "Fees Paid Option Negotiators":

1. At the Chester, Pa., Bethel Court project, the Norfolk, Va., redevelopment project No. 1, and the Perth Amboy, N. J., Willocks and Forbesdale projects, option negotiators were paid fees on all parcels assigned them, irrespective of whether offers to sell were acceptable to the local public agencies.

Property management

The report, in its property management section, makes the following findings:

Under the heading "Inadequate Rental Collection and Accounting Practices":

1. In 7 of the 15 local public agencies, one or both of the following weaknesses existed:

(a) Project employees could not determine from accounting records: (1) Gross rentals due from site tenants each month, (2) site tenants who had or had not paid their rent, (3) delinquent rents outstanding and the period of delinquency, and (4) the basis upon which forgiveness of rents had been approved; and

(b) Procedures for following up on delinquents for collection.

Under the heading "Inadequate Protection of Site Property":

1. Few local public agencies made any effort to protect site property from theft and vandalism, other than to rely on routine police protection.

Relocation

The report, in its relocation section, makes the following findings:

Under the heading "Relocation Plans":

1. The requirement that local public agencies must assure that all families to be displaced from a slum clearance area can be satisfied from decent, sanitary, and safe housing available or to be provided was not met in numerous areas. Those cited as having difficulty were Chester, Pa., (Bethel court project), Detroit (Gratiot project), Cleveland (Longwood project), and Knoxville (Riverfront-Willow Street project).

Under the heading "Qualification of Relocation Staff":

1. The Knoxville, Tenn., local public agency relocation manager had not performed satisfactorily. The URA regional director notified the local public agency May 18, 1955, that unless a qualified person was employed, funds could not be used to pay the salary for that position after June 1, 1955. The regional director's memorandum was based on a relocation adviser's report listing seven specific deficiencies in the relocation managers qualifications.

Under the heading "Prolonged Relocation Period":

1. Relocation at the Birmingham, Ala., Medical Center project was to take 5 years. Quarters vacated by site tenants may be rerented to offsite tenants. "A lengthy period and the practice of rerenting slum site dwellings to offsite tenants do not promote the objective of slum clearance." There is no point in relocating one group of people and rerenting the same slum dwellings to another group. Such a practice doubles relocation costs.

Under the heading "Financial Assistance Policies and Practices":

1. Financial assistance practices of the Jersey City, N. J., local public agency on the Gregory and St. John projects were extremely liberal to site tenants.

Under the heading "Financial Assistance to a Hospital":

1. In Little Rock, Ark., moving expenses were paid for a hospital in connection with the Dunbar project. There was no authority to pay such expenses for a non-family site occupant.

Under the heading "Inspection of Relocation Dwellings":

1. In the Cleveland, Ohio, Longwood project site families were being relocated in October 1954. Provision for formal relocation inspection service was not instituted until May 1955.

Under the heading "Relocation in Public Housing":

1. In certain localities available low-rent public housing was not utilized to the extent desired as a resource for relocation. Little Rock, Kansas City, St. Paul, and Chester, Pa., were cited.

2. This failure was attributed to lack of cooperation between local public agencies and local public-housing authorities, antipathy of families for public housing, and lack of housing units.

Under the heading "Tenant-Landlord Relationship":

1. In Jersey City rentals were not established on 25 site properties in the Gregory project. Avoidance of tenant-landlord relationship was intentional in order to expedite eviction if desired.

Under the heading "Followup on Lost Families":

1. The whereabouts of 278 families formerly living in the Detroit Gratiot project area were unknown and they were considered as lost families. Effort was started to trace them 3 years after relocation was started.

Disposition of project land

The report, in its disposition of project land section, makes the following findings:

Under the heading "Option Agreements of Gratiot Project Lands":

1. In June 1953 Detroit contracted with the Housing Corporation of America for redevelopment of the Gratiot project area. The corporation deposited $92,638 with the city for a 36-week option to purchase project land. In February 1954 the corporation was granted a 28-week extension to obtain mortgage money. In June 1954 the corporation declined to exercise its option and withdrew. The full deposit was refunded.

Under the heading "Local Delays in Approving Final Project Development Plans":

The Detroit Gratiot project was started in 1946. As of December 1955 disposition of the project lands to be developed for residential use had not begun because the mayor and the city council had not approved the final development plan. Delay continually increased the net cost of the project, two-thirds of which was to be paid by the Federal Government. Interest expense and payments in lieu of taxes on this vacant land were being incurred at an annual rate of more than $100,000. Administrative costs were in addition.

Failure to maintain adequate records

The report, in its failure to maintain adequate records section, makes the following findings:

1. At Norfolk, Va., local public agency land data files of 41 parcels acquired for Redevelopment Project No. 1 either could not be located or did not contain complete data.

2. Jersey City, N. J., local public agency was unable to furnish any record showing the basis upon which appraisers and option negotiators were selected for the Gregory and St. John projects.

3. The Perth Amboy, N. J., local public agency did not have on file project surveys or other data which served as a basis upon which the Willocks and Forbesdale projects were found eligible for assistance.

4. The Detroit local public agency did not have a record to support the basis of the fee paid the appraiser of parcels in the Gratiot project.

FAILURE TO IMPLEMENT THE LAW

The Housing Act of 1954 contained provisions for cost and record certifications as a safeguard against windfall scandals.

In 1955, a full year after enactment, I was advised that Federal Housing Administration was not enforcing the law; had not set up procedures for enforcement; had not promulgated regulations for enforcement. I communicated an inquiry to the Comptroller General of the United States.

The Federal Housing Administration promised action.

Recently, nearly 2 years after enactment, I inquired again as to whether Federal Housing Administration was enforcing the law. As of May 8, 1956, I received from the United States General Accounting Office the following self-explanatory advice:

"FHA action on sections 227 and 814 since October 19, 1955

"Section 227 of the National Housing Act requires the Federal Housing Administration to obtain cost certifications from mortgagors of multi-family housing projects prior to final endorsement of a mortgage by the Federal Housing Administration. The purpose of the certification is to preclude so-called windfall profits. Section 814 of the Housing Act of 1954 requires mortgagors to certify that they will keep records as are prescribed by the Federal Housing Commissioner and authorizes the Government to examine and audit such records.

"Since October 19, 1955, the following action has been taken by the Federal Housing Administration with respect to sections 227 and 814.

"On November 22, 1955, the Commissioner, Federal Housing Administration, acknowledged receipt of letter from the General Accounting Office dated June 29, 1955, a copy of which was sent to Senator BYRD on October 19, 1955.

"FHA held meetings on December 12 and 13, 1955, to discuss the feasibility of having cost certifications certified by independent public accountants and suggested in our letter. These meetings were attended by counsel for the National Association of Home Builders, officials of the American Institute of Accountants, and Public Accountants As-

sociation, practicing certified public accountants, members of the General Accounting Office, Division of Audits, and officials of FHA. All present agreed that it was essential for FHA to define "actual costs" and develop a statement of cost principles for use in determining allowable and unallowable elements of cost. Such a statement of cost principles has not yet been developed by FHA.

"Effective December 20, 1955, the Federal Housing Administration amended their Administrative Rules and Regulations to prescribe that, if a project is constructed under a cost-plus-fixed-fee contract, cost certifications must be certified by an independent public accountant, in a form satisfactory to the Commission. Cost-plus-fixed-fee contracts must be used where an identity of interest exists between the mortgagor and the builder. These amendments were transmitted (together with unrelated amendments pertaining to mortgage insurance on existing trailer courts) to FHA field offices and approved mortgagees on January 18, 1956. A member of our audit staff noted that the transmittal letter to field offices specified that the amendments were applicable to Administrative Rules and Regulations for sections 207 and 213, but were silent as to sections 220 and 221. Our representative called this to the attention of an official of FHA on January 24, 1956, and was advised that a revised letter would be issued. Approximately a month later, a corrected letter, also dated January 18, 1956, was issued and specified that the amendment was also applicable to section 220.

"Although project mortgagors under section 221 of the act are required to submit cost certifications neither the corrected letter nor any succeeding letter to field offices has specified that the revision is applicable to this section. This omission has had no adverse effect to date because no section 221 projects have been committed for insurance and because the portion of the Administrative Rules and Regulations pertaining to cost certifications have by reference, been made applicable to section 221.

"In addition to the above action in our opinion further action is required to properly implement the requirement of certifications by independent public accountants. The following has not yet been accomplished.

"1. A revised agreement and certification (FHA form 3305) wherein mortgagors agree to the terms of the submission of cost certifications has not been issued. The revised form should provide for the mortgagor to agree to obtain the independent public accountant's certification. Revision of this form and prompt issuance to field offices is essential because continued use of the current agreement and certification form can result in an avoidance of the provisions of the amended Administrative Rules and Regulations.

"2. With respect to the certification required from the independent accountants, we note that 'a form satisfactory to the Commissioner' has apparently not yet been developed.

"3. Prescribed administrative procedures for field offices regarding cost certifications have not been amended to include references to the requirement for submission of independent public accountants' certification of mortgagors actual cost of construction on cost plus fixed fee contracts. In fact, the Cooperative Housing (sec. 213) letter of instruction number CH 110 was recently superseded by a new letter (CH 146) which made no reference to the new requirement. We have spoken to officials concerned with the issuance of such instructional letters and they indicate that they have not considered, nor are they presently considering, amending cost certification procedural letters.

"4. The underwriting instructions for processing of cost certifications have not been amended to include provision for a review of the certification of the independent public accountants to determine if it conforms to FHA's requirements.

"5. The underwriting instructions pertaining to valuation of proposed multi-family projects have not been amended to provide allowance for reasonable fees for accounting services in FHA's estimate of replacement cost of projects.

"6. Instructions have not been issued to the field officers requiring them to inform the FHA Audit Division of commitments issued subject to the new provision of the Administrative Rules and Regulations. Such information is necessary so that the Audit Division may arrange conferences with the mortgagor and independent public accountant to receive any uncertainties which may exist.

"7. Field offices have not been advised that they have the authority to request the FHA Audit Division to make audits of mortgagors' records in connection with cost certifications submitted under the Administrative Rules and Regulations in effect prior to the December 20, 1955 amendments. We have been informed that currently the FHA Audit Division is only making such audits prior to final endorsement of mortgages for insurance only on special request. To date, the Audit Division has audited cost in approximately 8 cases; most of these audits were made subsequent to final endorsement and incidental to a general examination of the mortgagor's operations.

"Although the number of multifamily housing mortgages committed for insurance is sharply reduced since the enactment of the Housing Act of 1954, this does not, in our opinion relieve FHA of its obligation to effectively implement sections 227 and 814. The fact remains that mortgages on multifamily housing projects are being insured. Approximately 8 mortgages requiring cost certifications have been initially endorsed for insurance between December 20, 1955, the effective date of the amended Administrative Rules and Regulations and March 31, 1956."

SUMMARY OF PUBLIC CREDIT AND MONEY MADE AVAILABLE THROUGH FEDERAL HOUSING PROGRAMS

During the 22 years since 1933 the Federal Government has used public credit and funds to subsidize domestic housing to a gross total of more than $69 billion—$52 billion in programs under the Housing and Home Finance Agency, $17 billion in veterans housing programs, and $1 billion in farm housing programs.

This public credit and money has been in the form of guaranteed, insured, and direct loans, direct appropriations, appropriations for payments in lieu of taxes, appropriations for the purchase of capital stock, etc.

This credit has been made available in the form of contingent debt, and the money has been made available by direct drafts on the Treasury outside of budgetary control and appropriation procedure, as well as through direct appropriations and just about every other conceivable financing device.

There is already a high degree of loss in the money that has gone out through direct appropriations. The loss in insured, guaranteed, and direct loans is impossible to estimate. Most of the loans are for long terms ranging up to 40 years.

Gross reserves from earnings for all the housing programs, exclusive of Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation, total $405 million against approximately $35 billion in direct, guaranteed, and insured loans outstanding.

Most of the authority to lend directly, purchase mortgages, and insure loans is set up in revolving funds to provide continuing use of the authority.

A summary, in gross figures, of public credit and Federal funds used in HHFA, veterans and farm home programs since 1933 is set forth in a table which follows. The figures in the table are gross and they do not reflect such payments as have been made. The purpose of the table is simply to show the tremendous extent to which public credit and Federal funds have been used to subsidize housing in this country.

The $69 billion total is more than all of the agricultural subsidies in this period; it is more than all of the transportation subsidies, including the postal deficit; and it is more than all the foreign aid.

Summary of public credit and money (gross) which have been made available under Federal housing programs, 1933 to June 30, 1955

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public debt receipts			Appropriations		Administrative expenses [1]	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
HOUSING AND HOME FINANCE AGENCY										
Authority to make loans, grants and purchase mortgages:										
Office of the Administrator:										
College housing loans	[2] 300,000	81,798	300,000	81,500	81,500			1,337		[3] 2,268
Slum clearance and urban renewal:										
Loans	[2] 1,000,000	80,017	1,000,000	55,000	48,000					
Capital grants	500,000	52,918				67,000	14,083	9,104		
Urban planning grants						1,000	1,000			
Public works planning						1,542	1,486	42		
Federal National Mortgage Association:										
Special assistance functions	300,000		300,000	5	5			5		
Management and liquidating functions [4]	2,656,770	2,904,027	2,656,770	4,151,616	1,965,509			17,097	35,683	[3 5] 234,532
Secondary mortgage operations (trust fund)	1,092,820	9,162	1,000,000					59		

See footnotes at end of table.

Summary of public credit and money (gross) which have been made available under Federal housing programs, 1933 to June 30, 1955—Con.

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public debt receipts			Appropriations		Administrative expenses [1]	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
HOUSING AND HOME FINANCE AGENCY—continued										
Authority to make loans, grants and purchase mortgages—Continued										
Home Loan Bank Board:										
Federal home loan banks	(6)	(6)	1,000,000						40,137	[3] [7] 150,917
Federal Savings and Loan Insurance Corporation	(8)		750,000					7,746	149,167	[3] [7] 80,680
Home Owners Loan Corporation		3,498,903		3,279,669				272,792		[7] 200,000
Public Housing Administration:										
Administrative expenses						45,407	374	85,691		
Annual contributions	336,000	227,308				237,472	16,097			
Loan authorization	[2] 1,500,000	4,097,556	1,500,000	4,590,256	61,000				2,088	[3] 91,680
Total, authority to make loans, grants and purchase mortgages	7,685,590	10,951,689	8,506,770	12,158,046	2,156,014	352,421	33,040	393,873	227,075	760,077
Authority to insure loans:										
Federal Housing Administration:										
Title I:										
Insurance program, sec. 2 (home improvement)	1,750,000	8,714,081				46,577		31,698	37,778	[7] 8,333
Housing insurance program, sec. 8		199,654						1,932	735	
Title II:										
Mutual mortgage insurance program, sec. 203 (1- to 4-family)		19,700,673				41,994		225,281	190,995	[3] [7] 59,054
Housing insurance program, sec. 207-210 (rental)		428,170				4,170		14,062	1,213	[3] [7] 5,557
Housing insurance program, sec. 213 (cooperative)		416,577								
Rehabilitation and neighborhood conservation, sec. 220								13		
Relocation housing, sec. 221								10		
Servicemen's mortgage insurance program, sec. 222	22,342,863	26,595						13		
Open-end mortgages, sec. 225		10								
Title VI (war housing):										
Sec. 603 (1- to 4-family)		3,645,212				5,000		70,475	109,860	[3] [7] 6,390
Sec. 608 (multiple rental)		3,440,034								
Sec. 609		5,316								
Sec. 610		24,468								
Sec. 611		12,546								
Title VII (housing investment insurance program), sec. 701						1,000		40		[3] [7] 1,108
Title VIII (military housing), sec. 803		661,787				5,000		4,225	11,765	[3] [7] 5,441
Title IX (defense housing):										
Sec. 903		500,445						4,184		
Sec. 908		63,427								
Total, authority to insure loans	24,092,863	37,838,977				103,741		351,933	352,345	85,883
Other:										
Office of the Administrator:										
Revolving fund for liquidating programs:										
Lanham public works						[9] 65,807		6,093		[3] [7] 33,035
Defense community facilities:										
Loans		3,233				20,625				
Grants		11,012								
Advanced planning, non-Federal public works:										
1st advanced planning						65,000				
2d advanced planning						28,607				
Alaska housing program		17,753				19,000				
Loans for prefabricated housing		52,444	(10)	36,170						
Public Housing Administration:										
Public war housing						[9] 1,654,978		119,887		[7] 549,612
Subsistence homesteads, etc						[9] 62,454				
Veterans' reuse housing						[9] 442,625				
Homes conversion program						[9] 90,109				
Total, other		84,442		36,170		2,449,206		125,980		582,647
Total, HHFA	31,778,453	48,875,128	8,506,770	12,194,216	2,156,014	2,905,368	33,040	871,786	579,420	1,428,607
VETERANS' ADMINISTRATION										
Guaranteed loans	(11)	15,859,364				637,134		106,138		[7] 51,335
Direct loans	580,215	462,871	491,143	491,143	488,166				14,399	[3] 4,529
Total, Veterans' Administration	580,215	16,322,235	491,143	491,143	488,166	637,134		106,138	14,399	55,864
DEPARTMENT OF AGRICULTURE										
Farmers' Home Administration:										
Farm ownership loans:										
Direct loans	[12] 19,000	436,043	19,000	463,446	(13)	30,000		(13)		(13)
Insured loans	[14] 100,000	107,410						(13)		
Title V, Housing Act of 1949:										
Farm housing loans		97,305		97,174	(13)	1,350		(13)		
Farm housing grants		364				1,050		(13)		
Contributions		111								
Total, Department of Agriculture	119,000	641,233	19,000	560,620		32,400				
Grand total	32,477,668	[15] 65,838,596	9,016,913	13,245,979	2,644,180	3,574,902	33,040	977,924	593,819	1,484,471

[1] Includes expenditures from appropriated and agency funds.
[2] Lending authority limited by corporate resources, including authority to expend from public debt receipts (col. 3). Generally, authority is equal to authority to expend from public debt receipts.
[3] Interest.
[4] Cumulative since transfer to HHFA; records while under RFC not available.
[5] Dividends.
[6] Figures excluded; Federal home loan banks now privately owned.
[7] Capital.
[8] No monetary limitation; loans to prevent default of insured institutions.
[9] Represents allocations or reallocations to PHA and predecessors on basis of best information available.
[10] Authority to expend from public debt receipts has expired.
[11] Unlimited, except by maximum to which individual loans may be guaranteed.
[12] Amount authorized by Congress for fiscal year 1955. Authority is granted annually.
[13] Not available.
[14] Annual limitation.
[15] Cumulative gross total of loans and grants, mortgages purchased and loans insured. Excludes repayments.

Mr. HOLLAND. Mr. President, I want the RECORD to show clearly that while in general I am in accord with the philosophy of the amendment proposed by the Senator from Connecticut [Mr. BUSH], to use the public housing programs in connection with slum clearance projects, I voted against the amendment because the supreme court of my State has ruled that, for constitutional reasons, none of the housing authorities of my State can set up slum clearance programs, and that, therefore, the housing authorities of my State would be completely precluded from participating in the public housing portions of the proposed legislation under the amendment offered by the Senator from Connecticut.

Mr. MONRONEY. Mr. President, I have sent to the desk an amendment on behalf of myself and the senior Senator from Oklahoma [Mr. KERR], which I ask unanimous consent to have printed at this point in the RECORD. I desire to explain the amendment.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Oklahoma will be printed in the RECORD.

The amendment is as follows:

On page 8, after line 24, to insert a new section, as follows:

"NATIONAL DEFENSE HOUSING

"SEC. 108. (a) Title II of the National Housing Act, as amended, is amended by adding at the end thereof a new section as follows:

"'SEC. 230. (a) Notwithstanding any other provision of this title, and in addition to mortgages insured under section 203 or 207, the Commissioner may insure and make commitments to insure any mortgage under this section which meets, except as hereinafter provided, the eligibility requirements set forth in such sections: *Provided*, That no mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is issued is necessary in the interest of national defense. Any such certification shall be conclusive evidence to the Commissioner of the need for such housing without regard to any other requirement in this act that the project or property be economically sound or an acceptable risk. If the Commissioner determines, notwithstanding any such certification, that the insurance of any mortgage on such housing is not an acceptable risk, he may require the Secretary of Defense to guarantee the Mutual Mortgage Insurance Fund or the Housing Insurance Fund, as the case may be, from loss with respect to any such mortgage insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

"'(b) Except as otherwise provided herein, the provisions of this title relating to mortgages insured under section 203 or 207, respectively, shall be applicable to mortgages insured under this section which meet the eligibility requirements of such sections.

"'(c) In the case of any mortgage insured under this section meeting the eligibility requirements of section 207, the principal obligation of such mortgage shall, notwithstanding the provisions of section 207 (c) (2), not exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed.

"'(d) The Commissioner shall require that each dwelling designed for rental purposes and covered by a mortgage insured under this section shall be held for rental for a period of not less than 4 years after the dwelling is made available for initial occupancy.

"'(e) The Commissioner and the Secretary of Defense shall comply with and carry out the purposes of clause (ii) of section 803 (b) (2) of this act, as amended by the Housing Amendments of 1956, in the administration of this section, and for such purposes any reference therein to the Armed Services Housing Mortgage Insurance Fund shall be deemed to refer to the Mutual Mortgage Insurance Fund, or the Housing Insurance Fund, as the case may be.'

"(b) Section 305 of the National Housing Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"'(h) Notwithstanding any other provisions of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed $50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 230 a commitment to insure; but of such authorization not more than $5 million outstanding at any one time shall be available for such commitments in any one State.'"

On page 9, line 2, strike out "SEC. 108" and insert in lieu thereof "SEC. 109."

Mr. MONRONEY. Mr. President, the amendment is designed to provide a means of supplying privately built defense housing in small amounts, upon rather economical construction plans, the housing to be built by small builders at isolated Army bases, air bases, guided missile test stations, and other places where such bases are being built near small communities.

The two large programs, namely, appropriated housing for the military and the military or Wherry housing, now Capehart housing, still leave a considerable gap in privately built rental housing for military personnel who go to the affected areas when the defense installations are opened.

I have discussed the amendment with the distinguished chairman of the Committee on Banking and Currency [Mr. FULBRIGHT] and with the distinguished chairman of the Subcommittee on Housing [Mr. SPARKMAN]. Both of them feel that the amendment is a step in the right direction, and varies only to an insignificant degree from what can already be done under present titles of the Housing Act.

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

Mr. MONRONEY. I yield.

Mr. SPARKMAN. May I ask the Senator from Oklahoma if in the amendment he has offered he has included a modification which was suggested in our conversation?

Mr. MONRONEY. Indeed I have. It insures that the same restrictions which apply to the construction of appropriated housing and Wherry housing, in accordance with the findings of the Commissioner that such housing shall not be constructed unless it is needed, shall apply to this amendment as well as to appropriated housing which the military construct.

Mr. SPARKMAN. As I understand, the Senator also has modified his amendment so as to make it conformable with a similar provision in the bill relating to military housing.

Mr. MONRONEY. It is identical.

Mr. SPARKMAN. That is, it would require the FHA Commissioner to find that the housing is needed and is economically sound.

Mr. MONRONEY. That is exactly correct, and it is properly safeguarded in that direction. It merely allows the houses, the need for which must be found to exist by the Secretary of Defense, which must be approved by the Commissioner of the Federal Housing Administration, to be admissible to the National Federal Mortgage Association for purchase at par. So it is the cheapest way for the Government to get needed housing at an early time for bases now being constructed, and when no present means exist to supply the need for housing.

Mr. SPARKMAN. Mr. President, if the Senator will yield, I should like to say that my only hesitancy in agreeing to the amendment was, first of all, that it came to us as a new question, but, following the conversation the Senator from Oklahoma had with me and with the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], he did incorporate the desired modification in his amendment.

One reason why I was a little hesitant about this type of amendment is that our experience with military housing generally has not been too happy. Title 9: Housing, or, at least, military housing generally, has produced the highest percentage of delinquencies. I will admit that we had a program which was hastily gotten together, and perhaps many of the delinquencies resulted because of the haste with which it was prepared.

I do feel that the Senator from Oklahoma is aiming at something which tightens up the looseness which existed in the previous program. I am not sure it does just what is desired. I very frankly said to the distinguished Senator from Oklahoma, as did the distingushed chairman of the committee, that we would be glad to accept the amendment tentatively—that is, take it to conference—and in the meantime we would check the matter most carefully with the various agencies concerned, and, if necessary, would rewrite the proposal, in order to accomplish the purpose which the Senator from Oklahoma seeks to have accomplished.

Mr. MONRONEY. I appreciate very much the acceptance of the amendment and the agreement to modify it as may need be, in order that small builders may be given a chance to to participate in furnishing absolutely indispensable housing on new bases being built. I thank the Senator for agreeing to take it to conference.

Mr. THYE. Mr. President, I should like to inquire of the chairman of the committee which has handled the bill whether it would be possible for the Farm Home Administration to grant loans for the construction of modern milk houses and bulk milk-holding tanks. My reason for making the inquiry is that, under health regulations, in order to qualify for producing grade A milk, many producers must construct modern milk houses and cooling tanks, or bulk holding tanks. Such construction involves the outlay of from $2,000 to $2,500.

Many young farmers are unable to secure loans to make such construction. Therefore, they are not able to qualify for the production of grade A milk. Being unable to qualify, they suffer a penalty by not being able to receive the price paid for grade A milk, and they may be denied the right to produce for an association or a certain milk market. That is the reason why I asked the question.

Mr. FULBRIGHT. Mr. President, in response to the question of the Senator from Minnesota, I should like to answer that the committee took the position that it would be unwise to specify any particular items. In view of the committee action, I could not answer and say that construction of a milk tank would qualify. I call the Senator's attention to page 4 of the report, which I think contains a statement that is actually responsive to the Senator's inquiry:

> In order to serve the needs of homeowners, a program such as that envisioned by title I, which is affected by frequent technological changes in home improvement items, must have sufficient flexibility to permit administrative changes. Consequently, the committee feels that it is now possible to restore considerable discretion to the FHA Commissioner with respect to the eligibility of items. We believe that the statute contains policy guidelines broad enough and yet sufficiently specific to permit a wise administrator to respond to changing circumstances and technology.
>
> We expect the Commissioner to continue the ineligibility of tennis courts, swimming pools, barbecue pits, dog kennels, fire alarm systems, and any other items which in his judgment do not substantially protect or improve the basic livability or utility of properties or which are especially subject to selling abuses. We expect the Commissioner to rely upon the language of the statute in making this insurance program useful to homeowners desiring to repair, improve, or remodel their homes.

As to the specific inquiry of the Senator from Minnesota, I do not think I can add anything to the statement which I have just read. There were a few specific items which the committee said should not be eligible, and which experience in the past developed should not be included for eligibility. I am afraid I cannot go any further than that in answer to the question of the Senator.

Mr. THYE. Mr. President, I would interpret the discretion of the Administrator to include the granting of such loans, as I have indicated, for the reason that they would improve the earning ability of farmers, and they most certainly would promote the well-being of the community concerned, and would also insure a better product to be marketed by the producer. It would seem to me to be a proper type of loan.

Mr. FULBRIGHT. I think the decision would be up to the Administrator. The committee is not in a position to judge the various sets of circumstances that would confront the Administrator. I think the precise circumstances of the particular applicant would have a very important bearing on the decision of the Administrator. It is difficult to generalize on items such as that mentioned by the Senator. That is why the committee refused to undertake such definition.

Mr. THYE. I thank the Senator.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The question is on agreeing to the amendment of the Senators from Oklahoma.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

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

Mr. MORSE. Mr. President, before the Senate proceeds to vote on the bill, I should like to engage in a brief discussion of it, because it is of great importance to the people of my State, as well as to the people of the Nation.

The RECORD will show that over my years in the Senate I have fought for the principles embodied in the pending bill, because I think the provisions of the bill are as good an example as can be cited of efforts to carry out the promotion of the general welfare clause of the Constitution of the United States.

Mr. President, title II of this bill—"Housing for Elderly Persons"—provides for a new approach to one of the most acute problems facing a large number of our fellow Americans.

It is a problem which I hardly need to describe for the Members of this body. We all know the importance of home living. We know, too, that people of all ages prefer to maintain independent households, and, if possible, to own their own homes.

INCOMES OF OLDER PEOPLE ARE INADEQUATE

But for a large number of older people today, Mr. President, housing choices are determined by economic circumstances, rather than by personal preference. According to a recent authoritative study by the Twentieth Century Fund, based on data from the Census Bureau, at least half of Americans 65 and over have incomes inadequate for maintaining minimum standards of living. The study maintains, incidentally, that an adequate minimum income for the country as a whole is $1,900. I should prefer to call such an amount a bare minimum.

Mr. HUMPHREY. Mr. President, at this point will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. HUMPHREY. I should like to call the attention of the Senator from Oregon to a chart appearing in the Congressional Quarterly—No. 19—for the week ending May 11, 1956. The chart is entitled "Aged Population Increase." I think the chart is of significance and importance, and I should like to ask unanimous consent to have it printed at this point in the RECORD.

Mr. MORSE. Mr. President, that is an excellent suggestion, and I am glad to have the chart printed at this point in the RECORD.

Mr. HUMPHREY. Then, Mr. President, I ask unanimous consent to have the chart printed at this point in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

Aged population increase

[In thousands]

	Total	65 and over		Percent change, 1940–50	
		Number	Percent of total	Total	65 and over
United States	150,697	12,270	8.1	14.5	36.0
Alabama	3,061	199	6.5	8.1	46.3
Arizona	750	44	5.9	50.3	83.3
Arkansas	1,910	149	7.8	−2.0	39.3
California	10,586	895	8.5	53.3	61.3
Colorado	1,325	116	8.8	18.0	34.9
Connecticut	2,007	177	8.8	17.4	37.2
Delaware	318	26	8.2	19.1	23.8
District of Columbia	802	57	7.1	21.0	39.0
Florida	2,771	237	8.6	46.1	80.9
Georgia	3,445	220	6.4	10.3	38.4
Idaho	589	44	7.5	12.2	37.5
Illinois	8,712	754	8.7	10.3	32.7
Indiana	3,934	361	9.1	14.8	25.3
Iowa	2,621	273	10.4	3.3	19.7
Kansas	1,905	194	10.2	5.8	23.6
Kentucky	2,945	235	8.0	3.5	24.3
Louisiana	2,684	177	6.6	13.5	48.7
Maine	914	94	10.3	7.9	17.5
Maryland	2,343	164	7.0	28.7	32.3
Massachusetts	4,691	468	10.0	8.7	26.8
Michigan	6,372	462	7.3	21.2	39.6
Minnesota	2,982	269	9.0	6.8	26.3
Mississippi	2,179	153	7.0	−.2	33.0
Missouri	3,955	407	10.3	4.5	24.8
Montana	591	51	8.6	5.7	41.7
Nebraska	1,326	130	9.8	.8	22.6
Nevada	160	11	6.9	45.5	57.1
New Hampshire	533	58	10.9	8.3	18.4
New Jersey	4,835	394	8.1	16.2	41.2
New Mexico	681	33	4.8	28.0	43.5
New York	14,830	1,258	4.5	10.0	36.4
North Carolina	4,062	225	5.5	13.7	43.3
North Dakota	620	48	7.7	−3.4	23.1
Ohio	7,947	709	8.9	15.0	31.3
Oklahoma	2,233	194	8.7	−4.4	33.8
Oregon	1,521	133	8.7	39.5	43.0
Pennsylvania	10,498	887	8.4	6.0	31.0
Rhode Island	792	70	8.8	11.1	29.6
South Carolina	2,117	115	5.4	11.4	42.0
South Dakota	653	55	8.4	1.6	25.0
Tennessee	3,292	235	7.1	12.9	36.6
Texas	7,711	513	6.7	20.2	47.8
Utah	689	42	6.1	25.3	40.0
Vermont	378	40	10.6	5.3	17.6
Virginia	3,319	215	6.5	23.9	38.7
Washington	2,379	211	8.9	37.0	46.5
West Virginia	2,006	139	6.9	5.5	37.6
Wisconsin	3,435	310	9.0	9.5	28.1
Wyoming	291	18	6.2	15.9	38.1

Source: Census Bureau.

Mr. HUMPHREY. Mr. President, I wish to say that the housing provisions for the aged, as carried in the pending bill, are, in my opinion, of great importance. In the case of both the provisions of this housing bill and the liberalized FHA provisions for housing for elderly groups, I desire to compliment the committee for its very fine work.

Mr. MORSE. Mr. President, I am proud to have been associated with the Senator from Minnesota [Mr. HUMPHREY] for the past several years in the joint endeavor we have continually made to secure the enactment in this field of public housing, of legislation carrying out the principles of this bill.

Another important study recently issued by the Council of State Governments states that in 1952 the average income of older couples was less than $1,500; that of single or widowed males was less than $750; and that of single or widowed females was about $400. All these amounts, the study declares, are "below the income necessary for a 'total

maintenance' budget," while the incomes of 29 percent of the men and 42 percent of the women fall below an "emergency budget" estimated at 70 percent of the "maintenance budget." If the comparable figures for 1955 were available, I am sure they would reveal an even more severe situation.

HOUSING OF OLDER PERSONS IS SUBSTANDARD

Is it any wonder, Mr. President, that the older citizens of America are inadequately housed? Is it any wonder that hundreds of thousands of the most deserving members of our population today live in dwellings which were not designed to meet their needs; in the homes of relatives or in institutions, when their preference is to live alone; in unsafe and dilapidated structures, which both endanger their health and jeopardize their psychological well-being? Nineteen percent of men over 65 and 31 percent of women do not live in their own homes; 16 percent of men and 37 percent of women live with their children or other relatives; 5 percent of men and 3 percent of women live in boarding homes, nursing homes, county homes, homes for the aged, or mental hospitals. In the last-mentioned case, despite the relatively small percentage of persons residing in institutions, experts are agreed both that institutional care is the most unsatisfactory method for accommodating older people and that many of those now confined to institutions—at considerable expense, I may add, to the public—could be more adequately cared for through special services extended to them in their own or a foster home.

HOMES ARE DILAPIDATED

Data from the 1950 census on the condition of housing owned and occupied by persons over 65, as substantiated by the reports of the Twentieth Century Fund and the Council of State Governments, indicate that although these facilities are less crowded than those of younger people, they are also more dilapidated. More homes of older people—36 percent more—lack either a private flush toilet, a bath, or running water—than do homes of younger persons. Heating facilities often are substandard. There are stairs to climb, high cabinets to reach, slippery floors.

For the 32 percent of the population over 65 who rent housing, low income necessitates the use of low-rental properties which—again—are often substandard. Despite the fact that rental rates of housing occupied by persons over 65 are generally lower than those for the entire population of the country, the proportion of income spent on rent by persons over 65 is considerably higher than that for the rest of the population. In a recent study in New York State, for example, the median percentage of rent to income for persons over 65 was found to be 27.8, as compared with 18.4 for the entire population. Whereas only 20.1 percent of total households in the State pay 30 percent or more of their income for rent—an alarmingly high figure, I should add—45.5 percent of households headed by a person over 65 pay 30 percent or more. When we place these figures alongside the differences in income between persons over 65 and those below 65, the predicament of the older person is more manifest.

But while the casual relationship between inadequate income and inadequate housing can be clearly established, and should be more clearly established through further research, the creation of a feasible program through which the Federal Government can help to meet both conditions coordinately is a much more difficult task. No one denies that housing for older persons is inadequate; indeed the groundswell which has developed for this legislation attests to what psychologists would call the "felt-need" of a large part of our population. Differences have, therefore, arisen, not over the need—for the administration has been compelled reluctantly to admit that a need exists—but over the kind of program such a need requires, and the proper role for the Federal Government to perform.

NEEDS AND CAPACITIES VARY

Many older people would be insulted if told that their home, so full of memory and meaning, is not entirely adequate for their later years.

Indeed, it would be a mistake to suggest that simply because a person is over 65, or over 60, a particular dwelling is no longer suitable for his occupancy. Variations in the needs and the capacities of older people permit us to say only that the process of aging produces physical and mental changes which often lead to the need for changes in housing accommodations if health and happiness are to be maximized. Research has also shown that health and happiness can be so maximized by creating conditions of home living consistent with changing physical and psychological conditions. Health and safety can be protected, for example, by nonskid composition flooring, wall-bracket light fixtures to facilitate changing light bulbs, electric stoves to eliminate the danger of asphyxiation from the boiling over of liquids, hand grips around bathtubs. Psychological well-being can be advanced through the elimination of noise, provision of recreational facilities, and the stimulation of participation in group activities.

WHAT KIND OF HOUSING IS SUITABLE?

At this point in my remarks, Mr. President, I should like to congratulate the staff of the housing subcommittee on its excellent roundup of information on housing for older persons, published as a committee print on January 4. I ask unanimous consent to include at this point in the RECORD two brief sections from that report; they are entitled "A Suitable Dwelling for Older Persons" and "The Individual House for the Older Person." These portions of the report contain a very succinct discussion of approaches toward creating the conditions of home living about which I have been speaking.

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

A SUITABLE DWELLING FOR OLDER PERSONS

A recent popular article, Who Will Build for the Nation's Aged, stated that one of the "most curious facts emerging from 10 years' discussion of how to house the aged is that no one has yet definitely ascertained that there is any difference between a house designed for a sexagenarian and one designed for his grandson."

This is true because the housing needs of older people are not all the same. As Architect Robert Woods Kennedy put it:

"Housing projects must be designed for an entirely hypothetical and theoretical tenant who is at one and the same time completely healthy, and ridden by a variety of characteristic ailments. Housing for the elderly must accommodate the healthy and in this respect is no different from any housing but it must also accommodate the infirm." (Standards of Design: Housing for the Elderly, Massachusetts State Housing Board, Boston, 1954.)

Quantitative standards, other than those for any good housing, are impossible but some of them are considerably more important for the aging who have greater need of an extra margin for comfort and particularly for safety. The gradual but natural decline with age results in limitations of the senses of sight, hearing, and smell, in less prompt muscular coordination, and in reduced ability to adapt promptly to changing situations. It is inevitable that older people will suffer many home accidents, a high proportion of them being disabling. Principal among these accidents are falls, burns, and poisonous gases. The principal reasons for them are improper equipment, badly arranged and poor lighting, accentuated by physical handicaps. The frequency of accidents can be reduced if rooms are well-designed and equipment is properly installed.

The suggestions that follow are not dogmatic standards but rather factors to be taken into consideration in the appraisal of housing suitable for the aging.[1] No one house or apartment could incorporate all features, some of which are mutually exclusive, but each can be balanced against the others for adaptation to a particular locality or some specified housing project. These suggestions are not concerned with institutional living, important though it is, but only with dwellings for the majority of the aging who live independently as individuals, as couples, or in families. They are applicable to an apartment built in or attached to a one-family house or to multi-dwelling unit housing projects.

SITE, ENVIRONMENT, AND LOCATION

1. General: Preferably away from sources of industrial fumes, dusts, and smoke. Experiences with smog, for example, have demonstrated that older people suffer more acutely.

2. The neighborhood: Not an area exclusively for the aging, but a typical residential neighborhood, with shops, churches, libraries, recreation, and established health and welfare services in close proximity.

3. Convenient transportation: One of the most important factors since required services need not be immediately adjacent.

4. Traffic hazards: Heavy traffic is noisy as well as dangerous. Aging people with less ease of movement and with impaired sight and hearing should not be exposed to excessive traffic and dangerous crossings.

5. Topography and approaches: Minimal grades and level approaches to avoid necessity for steep walks and ramps, stairs and high ground floors.

[1] From Factors To Be Considered in Providing Housing for the Aging, prepared for a Connecticut conference on the problems of aging, April 1954, by Daniel G. Lyons, executive director, Hartford Housing Authority; Erie W. Hood, director of environmental sanitation, New Haven Department of Health; Eleanor M. Watkins, secretary, American Public Health Association committee on hygiene of housing; and David C. Wiggin, principal sanitary engineer, Connecticut State Department of Health.

6. All utilities and municipal services established.

7. Available outdoor area: Park, private outdoor sitting area (not directly on the street), small gardens if possible; balconies, if no other available outdoor area.

CONSTRUCTION AND FACILITIES

1. Ground dwelling unit, with handrails at all steps and ramps.

2. Elevators: In multistory apartments if older people are housed above second floor.

3. Fire hazards: Older people who have impaired ability to see and smell and are unable to move rapidly may not be aware of fire or able to escape in case of fire. Fire hazards may be reduced by carefully chosen building materials; thoughtful planning for circulation and exit; sufficient space in front of open fires or stoves; careful installation of any gas appliances.

4. Egress: Two exits to the outside, readily available from within the apartment and easily used by the older person.

5. Orientation for sunshine, light, ventilation, and a pleasant view: Older people spend more time in the home than younger and require direct sunlight. Advantage should be taken also of winter solar heat with protection against excessive summer heat. Windows may well be larger than standard for the locality and properly oriented so that direct sunlight will enter the living area and bedroom at some time during the day. If sill height is less than 30 inches, a guardrail should be installed. Larger windows will also assure more daylight and more adequate ventilation, if oriented for the prevailing breeze. Since older people are as sensitive to overheating as to cold, it is desirable to provide cool, moving air, particularly in sleeping rooms. Air conditioning and mechanical ventilation are desirable not so much for comfort as to prevent heat stress. At least one room, preferably the living area, should face a pleasant view.

6. Lighting: Older people, because of impaired vision, need not only more light but better light than younger people. Glare from large glass areas must be controlled. The need for more and better light holds true for artificial as well as natural light. Illumination should be controlled by readily accessible switches, so located that the way ahead may always be lighted.

7. Heating: Older people as a rule require higher indoor temperatures to compensate for poorer circulation and less efficient heat-regulating mechanisms. The heating system should be capable of providing a temperature, higher than 65° to 70° F., which is comparatively even from floor to ceiling to avoid chilling of the feet.

8. Noise: As with all housing, dwelling units for older people should be located away from sources of excessive noise. Walls and ceilings between apartments should be constructed to reduce airborne sounds and impact noises, not only to protect older people themselves but since many older people are deaf, to protect younger occupants of other apartments.

9. Privacy: The desire for privacy increases with age and privacy is required not only to protect the sedentary preoccupations of older people but also because of the possibility of chronic illness and relative frequency of illnesses.

10. Consideration of the danger of falls: Floors should be smooth but nonslippery, particularly in kitchens and baths. Door thresholds and changes in level are undesirable. If there are stairs, they should slope gently between 30° and 36° with uniform tread and riser dimensions, and be provided with handrails and nonslip tread surfaces. Circulation space should be wide and free from obstructions.

11. Housekeeping facilities: Increased susceptibility to fatigue and decreased ability to do physical tasks make it important that the layout of the dwelling facilitate routine tasks. The unit should be designed to minimize walking and provide easy access to storage spaces without excessive reaching or bending. If furniture cannot be easily moved, there must be sufficient space to permit cleaning. Bedmaking, particularly, may be difficult and beds require considerable open circulation space on either side. The kitchen area, especially, must have well-arranged equipment, adequate and convenient storage and an efficient circulation pattern.

12. Dwelling units: For the most part, small units for 1- or 2-person occupancy. Each apartment to have a living area and dining space readily accessible from the kitchen.

Sleeping areas: When space is at a premium, a sleeping alcove off the living space may be more satisfactory for one person than a separate bedroom, if a curtain or screen is available for privacy and the alcove is well ventilated and large enough for circulation space around the bed. A separate bedroom is essential for two-person occupancy, preferably with space for twin beds so arranged that a curtain or screen may be used between them for privacy. A night light should be at the bedside and the path to the bathroom straight, wide, and free of obstructions.

Bathrooms: Private for each apartment. A wall switch outside the door is preferable. Nonslippery floor. Bathtub or shower must have strategically placed grab bars and the shower-stall floor must be nonslip. Glass or thin metal tubing is undesirable for towel bars.

Kitchen areas: Minimum amount of floor space and maximum wall space for storage cabinets at hand level. Elimination of above-head storage and reduction of low-level storage which should only be used for articles required infrequently. Work counters and sink at convenient height. Electrical appliances are preferable to gas. Hand-height ovens help reduce fatigue and accidents. If the refrigerator has a large frozen-food compartment, marketing problems are simplified and garbage disposal units are helpful for tenants who may be infirm.

13. Wheelchairs: If accommodation for a wheelchair must be considered, ramps are necessary at the entrances. All doors, corridors (public and private), elevators, and bathrooms must be of a size to admit a wheelchair. A width of 3 feet is a minimum.

THE INDIVIDUAL HOUSE FOR THE OLDER PERSON

For many older people, the most desirable solution to their housing problems is a small house situated like any other house in a normal community. Few of these have so far been built, in part, at least, because of the difficulty of securing favorable financing for a one-bedroom house. There is a strong belief that such houses have small resale value. In view of the increasing numbers of older people who would find such houses desirable, this opinion may in time change. It has also been pointed out that the one-bedroom house is equally desirable for many young couples during the early years of marriage before children are born. There is some experience in having such a small independent unit attached to the house of an adult child or other relative, the so-called mother-in-law house. Proposals have been made, also, for duplex lifetime houses. One unit would be the small 1-bedroom house for the early and late years; the other a 3- or 4-bedroom unit for the period of family life. At all times the unit not in use would be available for rental and provide income. The following description of the individual house planned for an elderly individual or couple is paraphrased from the remarks of L. Morgan Yost, Chicago architect, before a meeting of the National Committee on the Aging:

"A house for older people needs to have the same elements of safety, convenience, and livability as housing for all age groups. Preferable construction is a one-story house on the ground, with the elimination of a step through the use of a low-pitched ramp. Since statistics on accidents indicate that about one-fourth are on stairways, it is advisable to eliminate both attics and basements. While it is true that this type of construction eliminates storage space for many of the possessions older people have collected, some of the advantages of this type of housing may make it easier to relinquish some of the unnecessary belongings.

"While some older people may fear that a house without a basement will have cold floors, such a house properly designed can actually be warmer than one with a basement. Some caution needs to be given against radiant heating in climates subject to rapid temperature changes. The utility room, which acts as a substitute for the basement, can easily provide a place to putter which is important for all age groups.

"Housing for older people should of course be well lighted with big windows. Contrary to popular opinion these are not expensive to heat or to install. Since older people spend so much time indoors, it is important the windows should be placed low so that the residents can easily see out of doors. Some caution should be taken that they do not appear too invisible, so that older people may walk through them. This may be accomplished through an etched pattern or dividing bars. It is important that doors should open into a room, never out into the line of traffic. Particular attention should be paid to the kitchen, which should be a pleasant place for eating. A comfortable table by a window with a pleasant view may help to provide an interest in meals, since older people often have small appetites.

"So far as materials are concerned, the important considerations would appear to be good, sound construction with proper wiring, noninflammable paint, and no slippery floors. In many ways, carpet is the most satisfactory floor covering. There should be emergency keys for all rooms in case an older person should lock himself in and become ill or incapacitated. All closet doors should have knobs on the inside to prevent a person from being shut inside with no means of opening the door. As an extra precaution, the bottom of the door should be slightly raised to provide for ventilation in case an older person should become faint or ill while inside a closet. It is again pointed out that many of these precautions apply equally to children as to older people."

Mr. MORSE. Mr. President, it is apparent that we are in urgent need of research on a host of questions surrounding the improvement of housing for older people. The subcommittee was fully aware of the lack of adequate data for the formulation of a comprehensive program of housing for older people, and has accordingly included in section 602, which provides for such research as the Housing and Home Finance Administrator may determine to be "necessary and appropriate in the exercise of his responsibilities," provision for research specifically on "housing for elderly persons," section 602 (a) (4). It is my hope, and the hope of the committee, that under this mandate the Administrator will promptly launch a searching inquiry into this important subject. In the Senate Subcommittee on Housing we have an excellent staff, but we should not have to depend exclusively upon its resources for basic information necessary for legislative action.

The development of basic data is a function of specialist staffs within

HHFA. I think it is fair to say, however, that in the discussions on this phase of the housing amendments of 1956, the administration has exhibited a diffidence bordering on unconcern.

Despite deficiencies of data about the nature of an adequate program, however, public interest in Federal assistance to housing for older people is so keen, and the need for such assistance so clear, that action of at least an initial character is urgent. Support for the kind of program contained in this bill, which is based on S. 2790, of which I am a sponsor, has been expressed within the several States by a great variety of committees and commissions on the aging; throughout the country by the overwhelming number of experts in geriatrics and gerontology; and by governors, home builders, social workers, and local and State housing officials. In my judgment, we can no longer ignore this vast body of supporters. We must act affirmatively on title II of this bill, as was done on all its other sections, and must demonstrate that we are responsive to the important needs of our population.

THE POSITION OF THE ADMINISTRATION

Knowing how vital title II is to the amelioration of the housing needs of our older people, I could hardly believe yesterday's announcement that the Administrator of the HHFA—Mr. Cole—is "deeply concerned" with this part of the bill.

Mr. President, on March 9, 1953, I opposed confirmation of the nomination of Mr. Cole. His record to date, as well illustrated by his press release of yesterday, fully supports and justifies my opposition to his appointment in the first place.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD excerpts from my speech in the Senate on March 9, 1953.

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

[From the CONGRESSIONAL RECORD of March 9, 1953]

Mr. MORSE. Cole's opposition to this vital housing program is a matter of record. In his extended speech on the Housing Act in 1949, he stated his condemnation of each and every portion of that measure. * * * His implacable opposition to and overwhelming lack of sympathy with this program renders him incapable of discharging his duties under it in conformity with congressional policy.

He stated unequivocally during the hearings on the confirmation of his nomination that he had not changed his views (p. 16):

"Mr. COLE. Perhaps you misunderstood me. I have not changed my opinion. Have I indicated that I changed my opinion? If so, I beg your pardon. I have not changed my personal opinion about it."

* * * * *

Mr. MORSE. On the record made before the Banking and Currency Committee it seems clear that Mr. Cole cannot be expected to discharge his duties in harmony with the congressional purposes enunciated in the Housing Act of 1949.

Furthermore, the Senate should not invite the emasculation of this program by executive fiat. We want an administrator, not a one-man law revision commission.

The housing needs of the country are chronic. The present program is a vital necessity if we are to have any appreciable progress in slum clearance, low-cost housing, some measure of amelioration in the congestion caused by our immense-defense program.

This is what Cole has to say about this, page 4:

"Mr. COLE. Senator, as conditions warrant it I believe the Government should gradually get out of the housing business. I think Government should support housing and not supplant it—support the housing industry; the people who are building houses. They should support it and not supplant it."

That must be music to the ears of the contractors of the country, Mr. President.

Today I shall not be a party to voting for confirmation of the nomination of a man who has already testified where his interest is—not in the little people, but in those who build houses. The administration proposes to make him the administrator of an act passed by the Congress of the United States which was aimed to help the little people in America who need public housing.

Not only is this nomination shocking, Mr. President, but I shall do my best to help the little people in America remember the blow to their interest which the Eisenhower administration is striking against them today in submitting the nomination.

This nomination is unfortunately similar to the nominations of Wilson, Kyes, Talbott, and Douglas. In each case a man has been proposed whose past activities, associations, or attitudes come into head-on conflict with the program he is supposed to supervise.

I say that such choices as these are dangerous for the little people of America. In my judgment, it is the obligation of the United States Senate today to withhold approval of this nomination. In the interest of the people of America who need public housing, I shall vote against the confirmation of the nomination of a man whose record shows he is not a friend, so far as the housing issue is concerned, of the little people of America, but who admits he is interested in taking care of builders.

Mr. MORSE. Mr. President, why does Mr. Cole say he is concerned with this part of the bill?

To be completely fair, I should like to read the full comment of that portion of the press release. Mr. Cole stated:

I am deeply concerned with the provisions in the Senate bill regarding housing for the elderly. The administration recommended reasonable and practical FHA aids in financing both rental and sales housing for elderly people. These proposals were rejected by the committee, which substituted recommendations of its own. Paradoxically, under the Senate bill, a married couple over 60 years of age could get an FHA home loan with a smaller down payment and a longer time to pay than could a young couple just setting up housekeeping.

The final sentence, which is more an irrelevant and distractive observation than a reason for concern, hardly bears comment. Of course, the bill allows persons over 60 years of age—and not just couples—more liberal loans than other FHA borrowers. They have less income. They are in a less favorable credit position. They are dependent upon a peculiar type of housing. Is it wrong that people over 60—most of whom sustain themselves through social-security benefits—should be extended loan privileges consistent with their financial circumstances and their need? Of course not. And the Administrator apparently is not prepared to contend that it is.

As for the statement that the administration recommended "reasonable and practical FHA aids in financing both rental and sales housing for elderly people," the Administrator again should know better than to contend that the administration's bill, S. 3302, contained a "reasonable" program for meeting the critical housing needs of persons over 60. Senate bill 3302 was not predicated on meeting the housing needs of older people. It was predicated on mollifying the pressure for Federal assistance through minimal changes in the existing situation. It was another example of the disparity between the sonorous phrases of the President about being "liberal" in relation to people, and the consistent action of the administration in refusing to yield to the legitimate desires of the people.

S. 3302, however "practical," was a wholly inadequate response to a serious and genuine need. It proposed to help older people purchase housing by permitting a third party to make the downpayment and cosign the mortgage note. This is reminiscent, Mr. President, of the administration's proposal for funding the road bill outside the public debt system, which was one of the most irresponsible fiscal suggestions ever to emanate from the White House; and of the proposal for a health reinsurance pool, which was so impractical, if you like, that the insurance companies concerned have recently communicated their conclusion that it would not prove satisfactory.

The bill we are now considering, while incorporating and expanding the third-party provision of Senate bill 3302, recognizes that the problem of rental and sales housing for persons over 60 can be ameliorated only through a dual liberal mortgage insurance—namely, a public-housing program, through which older persons with sufficient income can be enabled to purchase or rent private housing, through which builders can be encouraged to construct private housing specifically designed for older people, and through which older persons with low incomes can be provided adequate quarters in public-housing facilities.

THE PROVISIONS OF S. 3855

In order that the provisions contained in title II may be made perfectly clear, let me quote, Mr. President, from pages 11 and 12 of the committee's report:

The bill is designed to meet the needs of elderly persons in two ways. First, it would amend title II of the National Housing Act by adding a new section 229 to enable the FHA to insure mortgages with liberal terms for elderly persons. These new mortgage terms would be applicable to both sales and rental housing, and FHA insurance is conditioned upon the projects being economically sound.

Sales housing mortgages would be insured up to 100 percent of value where the mortgagor is the owner-occupant except that the borrower must pay $200 in cash which may include payment of settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses. The maximum mortgage would be $8,000 ($10,000 in high-cost areas) and the maximum maturity

would be 40 years. Mortgagors who are not owner-occupants would be permitted to obtain 85-percent loans to build or acquire and repair or rehabilitate for sale, and to finance pending subsequent sale to elderly persons under purchase contracts or lease-option agreements. An elderly person could buy only one house with the benefits of this program.

Rental housing mortgages would be insured up to 100 percent of value if the mortgagor is an acceptable public or private nonprofit organization, and 90 percent of value for all other types of mortgagors. As with sales-type housing, the mortgage amount could not exceed $8,000 per unit ($10,000 per unit in high-cost areas). Maximum maturity would be 40 years.

With respect to sales housing, the bill provides that where a mortgagor is 60 years of age or over, a third party (a person or a corporation satisfactory to the FHA Commissioner) may provide the downpayment required and may cosign the mortgage note. For rental housing, an acceptable third party may contribute a part of the required rental payment and may assist in meeting equity requirement.

An Elderly Persons Housing Insurance Fund is established in the FHA to carry out the provisions of the new section 229. Through its operation of this and other mortgage insurance programs, the committee expects the FHA to give recognition to the needs of elderly mortgagors in the new housing projects that are constructed with the assistance of FHA insurance.

Fanny May is authorized to enter into advance commitments to purchase such mortgages up to $50 million outstanding at any one time. A maximum of $5 million would be available in any one State. Both would be revolving funds.

Second, the bill would broaden the opportunities for low-income elderly persons to find shelter in public-housing accommodations by initiating a program of 15,000 public-housing units for each of 5 years beginning July 1, 1956, and by making elderly persons eligible on a first-preference basis to any suitable units in any other public-housing projects, even though they were not specifically designed or built for elderly persons. These 15,000 units would be in addition to other low-rent public-housing units authorized by other provisions of the bill.

In order to make elderly persons eligible for public housing, the definition of "families of low income" is amended. The term "families" would include a single person 65 years of age or over, or the remaining member of a tenant family. The term "elderly families" is further defined to mean families the head of which or his spouse is 65 years of age or over. To be eligible for admission to public housing, elderly persons and families need not comply with the requirement that they come from slum dwellings or be displaced by Government action.

The total authorization for annual contributions by the Public Housing Administration is increased from $336 million to $366 million. This is an increase at the rate of $6 million a year for each of the 5 years.

In order to defray the higher cost of units especially designed for the elderly, the bill authorizes an increase in the cost limit for such units from $1,750 to $2,250 per room.

To insure that the Federal Government develops and maintains a program to meet the needs of elderly persons, the bill requires the Housing Administrator to establish an advisory committee on matters relating to housing for the elderly. It is the hope of the committee that the establishment of this advisory committee will help to create and maintain public interest in providing an adequate program for housing our senior citizens. It is anticipated that this advisory committee will work closely with the Housing Administrator and other Federal housing officials in the interest of housing for the elderly and that its recommendations can provide the basis for necessary legislation.

This, I submit, is a beginning—a good, reasonable, practical beginning—toward meeting one of the most perturbing problems of our time. When combined with the provision for research, it should permit us to make important strides toward a richer, more satisfying life for our older citizens. Its approval is a contract with good Government.

COLLEGE HOUSING

I am now constrained, Mr. President, to comment on one additional matter mentioned in yesterday's press release by Mr. Cole. I quote:

I am also greatly concerned over the failure of the Senate committee to recommend an interest rate on college housing loans at least equal to the interest rate which the Federal Government must pay on the money it borrows to finance the program. The college housing program is an excellent program which we have supported strongly. However, the very magnitude of the need for assistance to colleges makes it clear that we will not get the whole job done unless we have the patience and wisdom to design a form of Federal aid which will encourage private financing rather than supplant it. If the interest rate on the Federal direct loans continues at an artificially low level, the Federal loans will greatly curtail, if not eliminate, the ready availability of private investment funds. The end result will be that instead of more capital being available for this type of loan, there will, over the long run, be substantially less capital in the aggregate. In the meantime, if private capital is virtually eliminated from this field, increasing pressures will be placed on the Federal Government to make direct loans aggregating billions of dollars.

This, I submit, is a pristine example of the tortured rationalization with which the Eisenhower administration has sought to conceal some of its most serious biases and shortcomings. We are told by Mr. Cole that the present interest rate on loans for college housing is not equal to "the interest rate which the Federal Government must pay on the money it borrows to finance the program." Yet, as competent witnesses before the Housing Subcommittee asserted, it is not only exceedingly difficult to ascertain at any particular time the actual cost to the Government of money loaned to a college, but it also is a calculation which the authorities of the HHFA have apparently not made to the satisfaction of any of the major educational associations of the country representing institutions involved in such loans.

We are also asked to believe that maintaining at 2¾ percent the interest rate on college-housing loans will in the long run result in less aggregate capital for the financing of college housing. This presupposes two conditions, Mr. President: It presupposes, first of all, that the present interest rate is a serious impediment to the relationship of current private lending to long-term lending prospects. It also presupposes that the interest rate will remain fixed indefinitely at 2¾ percent, and hence will permanently affect the long-term lending prospects of private capital. Neither of these two presuppositions is tenable. No one contends that a rate of 2¾ percent is immutable. Indeed, the law says it shall vary according to a formula based on the interest rates on United States interest-bearing obligations. But the law does not stipulate, Mr. President, that the interest rate on college-housing loans may be raised capriciously, whenever the HHFA Administrator, or the Secretary of the Treasury, may consider it "artificial." Its artificiality must be demonstrated, and it has not been.

THE ADMINISTRATION IGNORES CONSENSUS

As in the case of housing for older people, the administration appears unable to match words and deeds, or even to recognize consensus. It ignores the testimony of the leading educators and educational associations of the country, including such groups as the American Association of Land Grant Colleges and State Universities, with 72 member institutions; the Association of American Colleges, with 730 member institutions; the Association for Higher Education, United States of America, representing 18,000 administrators and faculty in over 1,500 institutions; and the American Council on Education, comprising 139 organizations, including 962 institutions, and almost all the important national educational associations. How much evidence, I ask you, Mr. President, how much of a consensus, is required before the administration can be persuaded to follow a course of action consistent with the general welfare?

OREGON EDUCATORS OPPOSE INCREASING THE INTEREST RATE

I want the RECORD also to show, Mr. President, the feeling of leading educators in participating institutions in the State of Oregon toward the Eisenhower administration's bald disregard for educational advancement. When the matter was first raised some weeks ago, I asked the heads of these colleges and universities for their comments.

I ask unanimous consent to insert excerpts from some of the replies at this point in the RECORD as a part of my remarks.

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

From Frank L. Griffin, president, Reed College, Portland:

"At a time when every effort is being made nationally to take care of the great flood of students that will reach the colleges within the next few years, it would be constructive statesmanship for the Nation to provide housing loans at as low an interest rate as is feasible * * *. It would be unfortunate to increase the interest rate because our colleges and universities, particularly those which are not tax supported, are already having a severe financial struggle, and, further, because added difficulties in providing new housing will interfere to some extent with the effort of the colleges to take care of the prospective added load of instruction. The need for expanded opportunities for college study is so great as almost to constitute a national emergency in the near future."

From Milo C. Ross, president, George Fox College, Newberg, Oreg.:

"We oppose administration housing bill because increase of interest rate would have

detrimental effect on our future plans for loans it would increase cost of housing to students. We have already increased student cost, cannot go higher. Please register our protest."

From Rev. Howard J. Kenna, C. S. C., president, University of Portland:

"We have been planning to apply for additional loans in order to provide for the expected increased enrollment that should reach us here in Oregon within the next few years. This increased interest rate will certainly have a detrimental effect on these plans.

"The only possible way for private institutions such as ours, with little or no endowment and no subsidization, to pay off such loans is from the student fees. Since fees charged by private institutions are already much greater than those charged by public schools, a further increase could do considerable damage to the enrollment in private schools. I am convinced that you appreciate the role that private schools play in our America way of life, and know that you will do what you can to assist them in continuing to the well-being of our country.

From Dr. Charles J. Armstrong, president, Pacific University, Forest Grove, Oreg.:

"As I see it now there is no question but that an increase in the interest rate would necessitate an increase in housing costs to students on our part.

"In view of the tremendous expansion of housing facilities which is going to be necessary, particularly in the Pacific Northwest, to meet the rising tide of college enrollments, I think it would be extremely unwise for the Congress to increase the interest rate at this time and I hope that you will use all of your influence to prevent such from occurring."

From Morgan S. Odell, president, Lewis and Clark College, Portland, Oreg.:

"In connection with the interest rate for loans to colleges for housing constructed by the Housing and Home Finance Agency, we hasten to urge that the rate be maintained at its present level of 2¾ percent.

"We have one loan in effect on a dormitory for 120 men under the Housing and Home Finance Agency at 3.01 percent. Even with our charges of $105 a semester for room rent we are not able to meet the annual repayment on principal and payment of interest on our 40-year mortgage out of net income. We must seek contributions from interested friends to supplement the net income figure. Liberal arts colleges operate their dormitories not just as boardinghouses but as places for growth of character and scholastic interest. Good resident directors are essential to the counseling of young people in their personal growth. This devotion to a good all around education necessarily increases our dormitory operating costs.

"Lewis and Clark College has been given preliminary approval for the construction of a dining room and another dormitory to house 72 women students. The total amount of funds reserved for us at 2¾ percent is $590,000. We urge that the interest rate be maintained at this figure which will make possible a self-funding program over a 40-year period for these 2 projects. The oncoming flood of students in our Western States throws a great burden upon non-tax-supported colleges in connection with the erection of adequate housing facilities."

Mr. MORSE. I should also like the RECORD to show, Mr. President, the manner of participation of various Oregon institutions in the college housing loan program; and I therefore ask unanimous consent to have a table with such figures inserted at this point 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:

College housing loans in State of Oregon from beginning of program to May 8, 1956

Approved loans:	
Lewis and Clark College, Portland (building completed)	$465,000
Reed College, Portland (nearing completion)	230,000
Reed College, Portland (nearing completion)	350,000
University of Portland, Portland (approval January 1956)	480,000
Total	1,525,000
Preliminary approval and reservation of funds:	
Lewis and Clark College, Portland	590,000
Reed College, Portland	390,000
Linfield College, McMinnville	210,000
Pacific University, Forest Grove	550,000
George Fox College, Newberg	145,000
Total	1,885,000
Grand total	3,410,000

(NOTE.—The Oregon State system of higher education withdrew plans to borrow several million dollars for various institutions because, under Oregon law, they can issue general obligation bonds, which they expect to make possible borrowing at an interest rate of no more than 2¾ percent, and perhaps less.)

THE NEED FOR STUDY

Mr. MORSE. Mr. President, in conclusion, I think it is clear that the educational strength of our country, on which our progress, our prosperity, and our very security depend, will best be served by defeating any amendment which proposes that the current interest rate on college loans be raised before an adequate study has been made of the justification and consequences of such a step. The American Council on Education is presently engaged in a research project which, by the end of the year, will yield, among other things, recommendations about the college housing loan program. I should like to suggest that a similar study, specifically directed toward questions concerning the interest rate on such loans, be made in the coming months by the administration, in order that any subsequent proposals for changing the interest rate may be considered in the light of a sound body of evidence.

Mr. President, it was for that reason that earlier this afternoon I opposed the amendment; and I am proud to be able to report to the people of my State that the amendment was defeated.

Finally, Mr. President, let me say that in connection with the handling of this bill, I think the Senator from Alabama [Mr. SPARKMAN] and the Senator from Arkansas [Mr. FULBRIGHT] are particularly deserving of appreciation by this body for the magnificent leadership they have given us in connection with this bill. This afternoon the Senate of the United States has, in my opinion, once again, in connection with the passage of this very fine housing bill, struck a blow in the interest of promoting the welfare of the people of the United States.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 3855) was passed as follows:

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

TITLE I—FHA INSURANCE PROGRAMS

PROPERTY IMPROVEMENT LOANS

SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking out "September 30, 1956," and inserting in lieu thereof "September 30, 1959."

(b) Section 2 (b) of such act, as amended, is amended by—

(1) striking out "made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds $2,500, or for the purpose of financing the construction of new structures exceeds $3,000" and inserting "exceeds $3,500";

(2) striking out "except that" in clause (2) and inserting "except that the Commissioner may increase such maximum limitation to 5 years and 32 days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and"; and

(3) striking out the first proviso and inserting in lieu thereof the following: "*Provided*, That no insurance shall be granted under this section (A) in the case of any obligation in a principal amount of $2,500 or less, representing any loan, advance of credit, or purchase made after the effective date of the Housing Amendments of 1956, if such obligation has a financing charge in excess of an amount equavilent to $5 discount per $100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, or (B) in the case of any such obligation in a principal amount in excess of $2,500, if such obligation has a financing charge in excess of (i) an amount equivalent to $5 discount per $100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount not in excess of $2,500, and (ii) an amount equivalent to $4 discount per $100 original face amount of a 1-year note to be paid in equal monthly installments calculated from the date of the note, with respect to that part of the principal amount which is in excess of $2,500: *Provided further*, That such charges correctly based on tables of calculations issued by the Commissioner, or adjusted to eliminate minor errors in computations in accordance with requirements of the Commissioner, shall be deemed to comply with the preceding proviso: *And provided further*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of $15,000 (nor an average amount of $2,500 per family unit), having a maturity not in excess of 7 years and 32 days, representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families."

HAZARD INSURANCE ON FHA ACQUIRED PROPERTIES

SEC. 102. Title I of the National Housing Act, as amended, is hereby amended by adding at the end thereof the following new section:

"SEC. 10. Notwithstanding any other provision of law, the Commissioner is hereby authorized to establish a Fire and Hazard Loss Fund which shall be available to provide such fire and hazard risk coverage as the Commissioner, in his discretion, may determine to be appropriate with respect to real property acquired and held by him under the provisions of this act. For the purpose

of operating such fund, the Commissioner is authorized in the name of the fund to transfer moneys and require payment of premiums or charges from any one or more of the several insurance funds established by this act and from the account established pursuant to section 2 (f) of this act, in such amounts and in such manner, including any repayments of such moneys, as the Commissioner, in his discretion, shall determine. In carrying out the authority created by this section, the Commissioner and the Fire and Hazard Loss Fund shall be exempt from all taxation, assessments, levies, or license fees now or hereafter imposed by the United States, by any Territory or possession, thereof, or by any State, county, municipality, or local taxing authority. Moneys in the Fire and Hazard Loss Fund not needed for current operations of the fund shall be deposited with the Treasurer of the United States to the credit of the fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States.

"Notwithstanding the provisions of this section, the Commissioner is authorized to purchase such other insurance protection as he may, in his discretion, determine, and he may further provide for reinsurance of any risk assumed by the Fire and Hazard Loss Fund."

COOPERATIVE HOUSING INSURANCE

SEC. 103. Section 213 (b) (2) of the National Housing Act, as amended, is amended by—

(1) striking out "65 percent" and inserting in lieu thereof "50 percent"; and

(2) amending the last proviso to read as follows: *"And provided further,* That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after April 6, 1917, and prior to November 12, 1918, or on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to February 1, 1955."

GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 104. Section 217 of the National Housing Act, as amended, is amended by—

(1) striking out "July 1, 1955" in the first sentence and inserting "July 1, 1956";

(2) striking out "$4,000,000,000" in the first sentence and inserting "$3,000,000,000"; and

(3) striking out "section 2" in the first and second sentences and inserting "section 2 and section 803".

HOUSING IN URBAN RENEWAL AREAS

SEC. 105. Paragraph (iii) of section 220 (d) (3) (B) of the National Housing Act, as amended, is amended by striking out in the first proviso thereof all that follows "construction and design" and inserting in lieu thereof a colon and the following: *"Provided further,* That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed $1,000 per room or per family unit, as the case may be, in any geographical area where he finds that cost levels so require."

LOW-COST HOUSING FOR DISPLACED FAMILIES

SEC. 106. Section 221 (d) of the National Housing Act, as amended, is amended by—

(1) striking out "$7,600" in clauses (2) and (3) and inserting "$8,000";

(2) striking out "$8,600" in clauses (2) and (3) and inserting "$10,000";

(3) striking out "95 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided,* That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 percent of the Commissioner's estimate of the cost of acquisition in cash or its equivalent" in clause (2) and inserting "the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence, less such amount as may be necessary to comply with the succeeding proviso: *Provided further,* That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least $200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses)";

(4) striking out "95 percent of" in clause (3); and

(5) striking out "30" in clause (4) and inserting "40."

COST CERTIFICATION OF RENTAL HOUSING

SEC. 107. Section 227 of the National Housing Act, as amended, is amended by—

(1) inserting the following new sentence between the first and second sentences: "Upon the Commissioner's approval of the mortgagor's certification as required hereunder such certification shall be final and incontestable, except for fraud or misrepresentation on the part of the mortgagor."; and

(2) adding at the end of subsection (c) the following: "In the case of a mortgage insured under section 220, there shall be included in the actual cost an allowance for sponsor's profit of up to, but not exceeding, 10 percent of all other items entering into the term 'actual cost'; except any allowance for builder's profit, land or amounts paid for a leasehold, amounts paid under a general construction contract where the mortgagor is not the builder as defined by the Commissioner, and amounts included under either (A) or (B) of clause (ii) of the preceding sentence."

NATIONAL DEFENSE HOUSING

SEC. 108. (a) Title II of the National Housing Act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 230. (a) Notwithstanding any other provision of this title, and in addition to mortgages insured under section 203 or 207, the Commissioner may insure and make commitments to insure any mortgage under this section which meets, except as hereinafter provided, the eligibility requirements set forth in such sections: *Provided,* That no mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is issued is necessary in the interest of national defense. Any such certification shall be conclusive evidence to the Commissioner of the need for such housing without regard to any other requirement in this act that the project or property be economically sound or an acceptable risk. If the Commissioner determines, notwithstanding any such certification, that the insurance of any mortgage on such housing is not an acceptable risk, he may require the Secretary of Defense to guarantee the Mutual Mortgage Insurance Fund or the Housing Insurance Fund, as the case may be, from loss with respect to any such mortgage insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

"(b) Except as otherwise provided herein, the provisions of this title relating to mortgages insured under section 203 or 207, respectively, shall be applicable to mortgages insured under this section which meet the eligibility requirements of such sections.

"(c) In the case of any mortgage insured under this section meeting the eligibility requirements of section 207, the principal obligation of such mortgage shall, notwithstanding the provisions of section 207 (c) (2), not exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed.

"(d) The Commissioner shall require that each dwelling designed for rental purposes and covered by a mortgage insured under this section shall be held for rental for a period of not less than 4 years after the dwelling is made available for initial occupancy.

"(e) The Commissioner and the Secretary of Defense shall comply with and carry out the purposes of clause (ii) of section 803 (b) (2) of this act, as amended by the Housing Amendments of 1956, in the administration of this section, and for such purposes any reference therein to the Armed Services Housing Mortgage Insurance Fund shall be deemed to refer to the Mutual Mortgage Insurance Fund, or the Housing Insurance Fund, as the case may be."

(b) Section 305 of the National Housing Act, as amended, is amended by adding at the end theerof a new subsection as follows:

"(h) Notwithstanding any other provisions of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed $50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 230 a commitment to insure; but of such authorization not more than $5 million outstanding at any one time shall be available for such commitments in any one State."

MILITARY HOUSING

SEC. 109. (a) Section 801 (g) of the National Housing Act, as amended, is amended to read as follows:

"(g) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island."

(b) Section 803 (a) of such act, as amended, is amended (1) by striking out the first proviso and inserting in lieu thereof the following: *"Provided,* That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed $3 billion," and (2) by striking out in the last proviso "September 30, 1956" and inserting in lieu thereof "September 30, 1959."

(c) (1) Section 803 (b) (2) of such act, as amended, is amended by striking out all that follows clause (i) and inserting in lieu thereof the following: "and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund against loss with re-

spect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty."

(2) Title VIII of such act, as amended, is amended by adding at the end thereof a new section as follows:

"SEC. 809. (a) Notwithstanding any other provision of this title, or of title IV of the Housing Amendments of 1955, no personnel shall be assigned to, or granted occupancy in, any project which was acquired or constructed under this title, and is situated at or near a military installation, if, at the time it is proposed to make such assignment or grant such occupancy, more than 10 percent of the living accommodations in any housing, acquired or constructed under this title prior to the construction of such project, and situated at or near the same military installation, are vacant.

"(b) As used in this section, the term 'this title' refers to the provisions of title VIII of the National Housing Act in effect both prior to and on and after the date of enactment of the Housing Amendments of 1955."

(d) Clause (B) of section 803 (b) (3) of such act, as amended, is amended to read as follows:

"(B) not to exceed with respect to any project an average of $15,000 per family unit, and with respect to all projects for any one of the armed services an average of $14,250 per family unit, for such part of the property (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided,* That such amounts shall be reduced by the average amount per family unit of the replacement cost, as determined by the Commissioner, of all usable utilities which are owned by the United States, and which are not provided for out of the proceeds of the mortgage, and are within the boundaries of the property or project; and."

(e) (1) Section 803 (b) (3) (C) of such act, as amended, is amended by striking out "eligible builder of" and inserting in lieu thereof "eligible bidder with respect to."

(2) Sections 403 (a) and 403 (b) of the Housing Amendments of 1955 are amended by striking out "eligible builder" wherever the term appears therein and inserting in lieu thereof "eligible bidder."

(3) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out the term "the builder" wherever appearing therein and inserting in lieu thereof the term "the mortgagor."

(4) Section 403 (a) of the Housing Amendments of 1955 is amended by striking out the term "with any builder."

(f) Section 403 (a) of the Housing Amendments of 1955 is further amended by inserting immediately before the last sentence the following: "Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section."

(g) Section 405 of the Housing Amendments of 1955 is amended by striking out "$9,000,000" and inserting in lieu thereof "$18,000,000."

(h) The second sentence of section 406 of the Housing Amendments of 1955 is amended by inserting after the colon immediately following the first proviso the following: "*Provided further,* That such plans, drawings, and specifications shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, or factory fabrication, whichever the successful bidder may elect, or, in the case of a negotiated contract, whichever the contracting officer may determine to be in the best interest of the Government."

(i) Section 407 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection (c):

"(c) Any funds heretofore or hereafter authorized to be expended by a military department for military construction or by the Coast Guard for acquisition, construction, and improvements may, within the purposes specified in subsection (a) above, be used for capital expenditures other than the amortization of outstanding mortgages."

(j) Title IV of the Housing Amendments of 1955 is amended by adding at the end thereof the following new section:

"SEC. 410. (a) In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the following are the maximum limitations on net floor area for each unit:

"(1) For flag officers and general officers, 2,100 square feet.

"(2) For captains in the Navy and colonels, 1,670 square feet.

"(3) For commanders and lieutenant commanders and for lieutenant colonels and majors, 1,400 square feet.

"(4) For officers below the grade of lieutenant commander or major, 1,250 square feet.

"(5) For enlisted members, 1,080 square feet.

"In this section 'net floor area' means the space inside the exterior walls, excluding basement, service space instead of basement, attic, garage, and porches.

"(b) The maximum limitations prescribed by subsection (a) are increased—

"(1) 10 percent for quarters outside the United States;

"(2) 10 percent for quarters of the commanding officer of any station, base or other installation, based on the grade authorized for that position."

TITLE II—HOUSING FOR ELDERLY PERSONS

AMENDMENTS TO THE NATIONAL HOUSING ACT

SEC. 201. (a) Section 203 (b) (2) of the National Housing Act, as amended, is hereby amended by striking out the period at the end thereof and substituting a comma and the following: "except that with respect to a mortgage executed by a mortgagor who is 60 years of age or older, as of the date the mortgage is accepted for insurance, the mortgagor's payment required by this proviso may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe."

(b) Title II of such act, as amended, is amended by adding at the end thereof a new section as follows:

"ELDERLY PERSONS HOUSING INSURANCE

"SEC. 229. (a) The purpose of this section is to aid in the provision of housing for elderly persons and is designed to supplement systems of mortgage insurance under other provisions of this act. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent or purchase dwelling units in housing the construction or rehabilitation of which is assisted under this section, and to prevent the benefits of this section from being made available to any such person with respect to the purchase of more than one dwelling unit. Any housing the construction or rehabilitation of which is assisted under this section shall be of such design as to be suitable for occupancy by elderly persons and shall be conveniently located so as to provide to the maximum extent practicable for their comfort and welfare. As used in this section, the term 'elderly person' means a person 60 years of age or over, or a family the head of which or his spouse is 60 years of age or over.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage,' 'first mortgage,' 'mortgagee,' 'mortgagor,' 'maturity date,' and 'State,' shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $8,000, except that the Commissioner may by regulation increase this amount to not to exceed $10,000 in any geographical area where he finds that cost levels so require, and not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling designed principally for a single-family residence; less such amount as may be necessary to comply with the succeeding proviso: *Provided,* That the mortgagor shall be the owner and occupant of the property at the time of the insurance and such mortgagor (or other person or corporation satisfactory to the Commissioner) shall have paid on account of the property at least $200 in cash or its equivalent (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses): *Provided further,* That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

"(3) if executed by a mortgagor (other than a mortgagor referred to in paragraph (4) of this subsection (d)) which, until the termination of all obligations of the Commissioner under this section, is regulated or restricted by the Commissioner as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of $12,500,000; and not in excess of $7,200 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $9,000 in any geographical area where he finds that cost levels so require, and not in excess of 90 percent of the Commissioner's estimate of the value of such property or project when constructed, or repaired and

rehabilitated, for use as rental accommodations for eight or more families eligible for occupancy as provided in this section; or

"(4) if executed by a mortgagor which is a public or private nonprofit corporation or association or other acceptable public body or political subdivision, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of $12,500,000; and not in excess of $8,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase the amount to not to exceed $10,000 in any geographical area where he finds that cost levels so require, and not in excess of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for eight or more families eligible for occupancy as provided in this section; and

"(5) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 40 years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The property or project shall comply with such standards and condtions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance. Without restricting the authority of the Commissioner under this act, the Commissioner is hereby authorized (with respect to a mortgagor under paragraph (2), (3), or (4) of subsection (d)) to consider for purposes of mortgage insurance eligibility under this section, any financial arrangement, or guarantee, or endorsement of the mortgage, with respect to such property or project by a person or corporation, other than the mortgagor, acceptable to the Commissioner. No mortgage shall be accepted for insurance under this section unless the Commissioner finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all refernces therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Elderly Persons Housing Insurance Fund, and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) or paragraph (4) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Elderly Persons Housing Insurance Fund.

"(h) The provisions of section 221 (g) (3) of this act shall be applicable to mortgages insured under this section.

"(i) There is hereby created an Elderly Persons Housing Insurance Fund which shall be used by the Commission as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of $1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Elderly Persons Housing Insurance Fund.

"Moneys in the Elderly Persons Housing Insurance Fund not needed for the current operations of the Federal Housing Administrator under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Elderly Persons Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such fund."

(c) (1) Subsection (a) of section 212 of such act, as amended, is amended by inserting "or under paragraph (3) or (4) of subsection (d) of section 229 of this title," immediately following the phrase "or under section 213 of this title."

(2) Section 219 of such act, as amended, is amended by inserting "the Elderly Persons Housing Insurance Fund," immediately following "the Defense Housing Insurance Fund."

(3) Section 226 of such act, as amended, is amended by inserting "229," immediately following "222."

(4) Subsection (a) of section 227 of such act, as amended, is amended (1) by inserting "(v) under section 229 if the mortgage meets the requirements of paragraph (3) or (4) of subsection (d) thereof," immediately following "paragraph (3) of subsection (d) theerof," and (2) by redesignating clauses (v) and (vi) as (vi) and (vii), respectively.

(5) Subsection (e) of section 513 of such act, as amended, is amended by inserting "under paragraph numbered (3) or (4) of subsection (d) of section 229," immediately preceding the phrase "under section 608."

(d) Section 305 of such act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(g) Notwithstanding any other provision of this act, the Association is authorized to enter into advance commitment contracts, which do not exceed $50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 229 a commitment to insure; but of such authorization not more than $5 million outstanding at any one time shall be available for such commitments in any one State."

AMENDMENTS TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 202. (a) Paragraph (2) of section 2 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentences: "The term 'families' includes (A) a person 65 years of age or over, and (B) the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) is 65 years of age or over."

(b) Section 10 of such act is amended by adding at the end thereof the following new subsection:

"(m) For the purposes of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing in order to provide accommodations designed specifically for such families, and may, with the approval of the President, after July 1, 1956, without regard to the provisions of any other law, enter into contracts for loans and annual contributions providing for not to exceed 15,000 new dwelling units designed specifically for such families (either as separate projects or as parts of projects), which number shall be increased by 15,000 dwelling units on July 1 of each of the years 1957, 1958, 1959, and 1960, respectively. Such new dwelling units shall be in addition to the dwelling units for which annual contribution contracts are authorized by any other provision of law. The total authorization otherwise provided for annual contributions under this act shall be increased by $6 million per annum on July 1, 1956, and by the same amount on July 1 in each of the years 1957, 1958, 1959, and 1960, respectively: *Provided*, That nothing herein shall be construed to prevent the provision of dwelling units designed for elderly families under such other authorizations. Notwithstanding the provisions of subsection 10 (g), any local public-housing agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15 (8) (b) with respect to such units: *Provided further*, That as among such families, the 'First' preference in subsection 10 (g) shall apply."

(c) Section 15 (5) of such act is amended by inserting immediately before the colon in the first sentence the following: "or $2,250 in the case of accommodations designed specifically for elderly families."

(d) Such act is further amended by striking the figure "$336,000,000" in subsection 21 (d) and substituting therefor the figure "$366,000,000."

ADVISORY COMMITTEE

SEC. 203. The Housing and Home Finance Administrator shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons (as defined in section 229 (a) of the National Housing Act, as amended).

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Subsection (b) of section 302 of the National Housing Act, as amended, is amended by inserting before the period at the end thereof a comma and the following: "except that such $15,000 limit shall not be applicable with respect to mortgages covering property located in Alaska, Guam, or Hawaii which are offered for purchase under section 305."

SEC. 302. Subsection (b) of section 303 of the National Housing Act, as amended, is hereby amended by striking out the first sentence and inserting: "The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to 2 percent of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller or equal to such other greater or lesser percentage, but not less than 1 percent thereof, as the Association may determine from time to time, taking into consideration conditions in the mortgage market and the general economy."

SEC. 303. Subsection (a) of section 304 of the National Housing Act, as amended, is hereby amended by striking out "at the market price" in the second sentence and inserting "within the range of market prices."

SEC. 304. (a) Subsection (b) of section 305 of the National Housing Act, as amended, is amended by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding any other provision of this section, the price to be paid by the Association for mortgages purchased in its operations under this section shall be 100 percent of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items."

(b) Subsection (e) of such section is amended by striking out all that follows the semicolon and inserting in lieu thereof the following: "but of such authorization not more than $5 million outstanding at any one time shall be available for such commitments in any 1 State."

SEC. 305. (a) Subsection (c) of section 305 of the National Housing Act, as amended, is amended by striking out "purchasers" in the clause preceding the proviso and inserting in lieu thereof "purchases."

(b) Subsection (f) of section 305 of such act is amended by striking out "by the Housing Amendments of 1955" and inserting in lieu thereof "on or after August 11, 1955."

SEC. 306. (a) Subsection (c) of section 306 of the National Housing Act, as amended, is amended by striking out in the last sentence thereof "and subsection (e) of this section."

(b) Subsection (e) of section 30 of such act is hereby repealed.

TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 401. Section 102 (d) of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following: "Notwithstanding section 110 (h) or any other provision of this title, the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including general neighborhood renewal plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided,* That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake."

SEC. 402. (a) (1) Section 105 (a) of the Housing Act of 1949, as amended, is amended by striking out "(including any redevelopment plan constituting a part thereof)."

(2) Section 110 (b) of such act is amended by striking out clause (3) and the semicolon and the word "and" which immediately precede said clause and by inserting the word "and" after the semicolon at the end of clause (1).

(b) (1) Section 110 (c) of such act is amended to read as follows:

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

"(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided,* That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open-land project

"(2) demolition and removal of buildings and improvements;

"(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

"(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

"(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

"(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density (including measures designed to reduce the vulnerability of metropolitan target zones from enemy attack), eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'redevelopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided,* That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 percent of the total amount of capital grants authorized by this title.

"In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided,* That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ percent of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title."

(2) The first sentence of section 110 (d) of such act is amended by striking out the words "either the second or third sentence" in clause (2) and inserting "the second sentence."

(c) The first sentence of section 110 (d) of such act is amended by striking out the phrase "public facilities financed by special assessments against land in the project area," in clause (3) and adding the following proviso before the period at the end of the sentence: "*And provided further,* That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project."

(d) Section 110 (e) of such act is amended by adding the following at the end thereof: "Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110 (d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe."

SEC. 403. (a) (1) Section 102 (d) of the Housing Act of 1949, as amended, is amended by adding the following at the end thereof:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of general neighborhood renewal plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a general neighborhood renewal plan may be made unless the Administrator has determined that:

"(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

"(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 percent of such area, upon completion of the general neighborhood renewal plan and the preparation of an urban renewal plan for such project; and

"(3) the governing body of the locality has represented that the general neighborhood renewal plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation and conservation of the area.

The contract for any such advance of funds for a general neighborhood renewal plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided,* That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the general neighborhood renewal plan. As used herein, a general neighborhood renewal plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment."

(2) Section 102 (d) of such act, as amended, is further amended by striking "The Administrator may make advances of funds to local public agencies for" and inserting in lieu thereof "The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for."

(b) Section 104 of such act, as amended, is amended to read as follows:

"SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made."

(c) Section 103 (b) of such act, as amended, is amended by striking out "$200,000,000" and inserting in lieu thereof "$250,000,000."

SEC. 404. Section 106 of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is hereby authorized to make payments to individuals, families, and business concerns to the extent necessary to compensate or reimburse them for the following expenses or losses, for which reimbursement or compensation is not otherwise made, resulting from their displacement from an urban renewal area included in an urban renewal project with respect to which a contract for capital grant or temporary loan with a local public agency has been executed under this title:

"(1) necessary moving expenses not to exceed $100 for any individual or family; and

"(2) business losses, including loss of good will and necessary moving expenses, not to exceed $2,000 for any business concern.

"The Administrator shall prescribe reasonable rules and regulations for the making of payments in conformity with the purposes of this subsection. There is hereby authorized to be appropriated to the Administrator such sums as may be necessary to make payments under this subsection."

TITLE V—PUBLIC HOUSING

LOW RENT PUBLIC HOUSING

SEC. 501. (a) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is amended to read as follows:

"(i) Notwithstanding any other provisions of law, the Authority shall not enter into any new contracts for loans or annual contributions for more than 135,000 additional dwelling unit during any fiscal year: *Provided,* That in respect to the fiscal year 1957 such number shall be increased by the difference between 45,000 and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1956: *Provided further,* That (subject to the authorization of not to exceed 810,000 dwelling units) the number of additional dwelling units for which contracts may be entered into under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest."

(b) Section 13 of such act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(f) The Authority shall establish general standards applicable to low-rent housing projects with respect to minimum space requirements and type of construction. The Authority shall allow, subject to the provisions of paragraph (5) of section 15 and consistent with such general standards as it may prescribe, the local public housing agencies a maximum amount of discretion with respect to the size of any housing project, the types of dwellings, and project densities and design."

(c) Subsection (d) of section 21 of such act, as amended, is amended by striking out the figure "10" in both places it appears and inserting in lieu thereof the figure "15."

(d) There are hereby repealed—

(1) the third proviso and clause (2) of the eighth proviso appearing in that part of the First Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(2) clause (2) of the third proviso, and the fourth proviso, appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(3) the fourth proviso appearing in that part of the Independent Offices Appropriation Act, 1952, which is captioned "Annual contributions:" under the heading "Public Housing Administration";

(4) the sixth and seventh provisos appearing in that part of the first Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "Public Housing Administration", and the fifth and sixth provisos under the same caption in the Independent Offices Appropriation Act, 1953;

(5) as of its effective date section 10 (j) of the United States Housing Act of 1937, as amended; and

(6) section 10 (l) of the United States Housing Act of 1937, as amended.

FARM-LABOR CAMPS

SEC. 502. Section 12 of the United States Housing Act of 1937, as amended, is amended by adding the following at the end of subsection (f): "Notwithstanding any other provisions of law, upon the filing of a request therefor within 12 months after the effective date of the Housing Amendments of 1956, the Authority shall relinquish, transfer, and convey, without monetary consideration, all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project and contractual rights to revenues, reserves, and other proceeds therefrom) to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given, first, to low-income agricultural workers and their families and, second, to other low-income persons and their families. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this act, and the Authority shall have no further jurisdiction over the same, except that in any conveyance hereunder the Authority shall reserve to the United States of America any mineral rights of whatsoever nature upon, in, or under the property, including the right of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project or part thereof not relinquished or conveyed or under a contract for disposal pursuant to this subsection shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this act, notwithstanding the parenthetical clause in said subsection."

DISPOSITION OF DEFENSE HOUSING

SEC. 503. (a) Notwithstanding the provisions of any other law, there are hereby transferred to the jurisdiction of the Department of Defense, effective July 1, 1956, all right, title, and interest, including contractual rights and obligations and any reversionary interest, held by the Federal Government in and with respect to all real and

personal property comprising the following housing projects:

Project No:	*Location*
ALA-1D1	Ozark, Ala.
ALA-1D2	Do.
ALA-2D1	Foley, Ala.
ALA-2D2	Do.
ARIZ-1D1	Yuma, Ariz.
ARIZ-1D2	Do.
ARIZ-3D1	Flagstaff, Ariz.
CAL-3D1	Oceanside, Calif.
CAL-3D2	Do.
CAL-4D1	Miramar, Calif.
CAL-6D1	San Ysidro, Calif.
CAL-7D2	Barstow, Calif.
CAL-9D1	Do.
CAL-9D2	Do.
CAL-10D1	Twentynine Palms, Calif.
COLO-1D1	Colorado Springs, Colo.
FLA-2D1	Green Cove Springs, Fla.
FLA-4D1	Milton, Fla.
FLA-8082	Pensacola, Fla.
FLA-8084	Do.
GA-1D1	Hinesville, Ga.
KAN-3D1	Hutchinson, Kans.
ME-4D1	Brunswick, Maine.
MD-1D1	Bainbridge, Md.
MO-1D1	Waynesville, Mo.
MO-2D1	Do.
MO-4D1	Do.
MO-5D1	Do.
NEV-2D1	Fallon, Nev.
NC-1D1	Camp Lejeune, N. C.
NC-3D1	Do.
NC-4D1	Elizabeth City, N. C.
RI-1D1	Portsmouth, R. I.
RI-2D1	Do.
TEX-2D1	Kingsville, Tex.
TEX-3D1	Hondo, Tex.
TEX-5D1	Beeville, Tex.
TEX-5D2	Do.
TEX-6D1	Mission, Tex.
VA-6D1	Quantico, Va.
VA-10D1	Yorktown, Va.
VA-12D1	Do.
VA-13D1	Williamsburg, Va.

The provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, shall not apply to any property transferred hereunder and, except as otherwise provided herein, the laws relating to similar property of the Department of Defense shall be applicable to the property transferred.

(b) Notwithstanding the provisions of this or any other law, any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the provisions of subsection (a) hereof shall, as expeditiously as possible, but not later than June 30, 1957, be disposed of on a competitive bid basis to the highest responsible bidder upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation: *Provided*, That project No. IDA-2D1 at Cobalt, Idaho, shall be sold only for use on the site.

(c) The Housing and Home Finance Administrator is hereby directed to convey (pursuant to the provisions of section 606 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended): (1) housing project No. RI-37013 to the Housing Authority of the City of Newport, R. I. *Provided*, That, notwithstanding the provisions of that section or of any other law, the agreement required by that section shall permit the use of the project in whole or in part for the housing of military personnel without regard to their income, and shall require the Authority, in selecting tenants, to give a first preference in respect to 360 dwelling units to such military personnel as the Secretary of Defense or his designee prescribes for 3 years after the date of conveyance and to give 30 days advance notice of available vacancies to such designee, and (2) housing projects Nos. PA-36011 and PA-36012 to the Housing Authority of Philadelphia, Pa.

(d) The act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is amended by adding at the end thereof the following new section:

"SEC. 614. (a) Notwithstanding the provisions of this or any other law, (1) any housing to be sold on site determined by the Administrator to be permanent, located on lands owned by the United States and under the jurisdiction of the Administrator, which is not relinquished, transferred, under contract of sale, sold or otherwise disposed of by the Administrator under other provisions of this act or under the provisions of other law by January 1, 1957, except housing which is determined by the Administrator by that date to be suitable for sale in accordance with section 607 (b) of this act; and (2) any permanent housing to be sold off site which is not relinquished, transferred, under contract of sale, sold or otherwise disposed of prior to the effective date of this section shall be disposed of, as expeditiously as possible, on a competitive basis to the highest responsible bidder upon such terms and after such public advertisement as the Administrator may deem in the public interest; except that the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation.

"(b) Notwithstanding the provisions of this or any other law, all contracts entered into after the enactment of the Housing Amendments of 1956 for the sale, transfer, or other disposal of housing (other than housing subject to the provisions of section 607 (b) of this act) determined by the Administrator to be permanent, except contracts entered into pursuant to subsection (a) hereof, shall require that if title does not pass to the purchaser by April 1, 1957 (or within 60 days thereafter if such time is necessary to cure defects in title in accordance with the provisions of the contract), the rights of the purchaser shall terminate and thereafter the housing shall be sold under the provisions of subsection (a) hereof. For the purposes of this subsection, title shall be considered to have passed upon the execution of a conditional sales contract.

"(c) The dates set forth in subsections (a) and (b) of this section shall not be subject to change by virtue of the provisions of section 611 of this act."

TITLE VI—MISCELLANEOUS

COLLEGE HOUSING

SEC. 601. (a) Subsection (d) of section 401 of the Housing Act of 1950, as amended, is amended by striking out "$500,000,000" and inserting in lieu thereof "$750,000,000."

(b) Section 404 (b) of such act, as amended, is amended by striking out "and (2)" and inserting in lieu thereof the following: "(2) any educational institution (no part of the net earnings of which inures to the benefit of any private shareholder or individual) the courses of which are designed to train persons to carry on the vocation of minister of a religious denomination, and (3)."

RESEARCH

SEC. 602. (a) The Housing and Home Finance Administrator is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing;

(2) mortgage market problems;

(3) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

(4) housing for elderly persons;

(5) residential design, assembly methods, and materials used in relation to cost, utility, and comfort; and

(6) characteristics of current and prospective housing market demand.

(b) (1) In order to permit the Administrator to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State or local governments and educational institutions and other nonprofit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government on a reimbursable basis: *Provided*, That the total amount of such contracts and working agreements shall not exceed $500,000 during the fiscal year 1957, which amount shall be increased by further amount of $1 million on July 1, 1957, and July 1, 1958, respectively.

(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section, including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948, as amended, shall apply to contracts and appropriations pursuant to this section.

(c) The Administrator may disseminate (without regard to the provisions of sec. 306 of the Penalty Mail Act of 1948 (39 U. S. C. 321n)) any data or information acquired, or held under this section, including related data and information otherwise available to the Administrator through the operation of the programs and activities of the Housing and Home Finance Agency, in such form as he shall determine to be most useful to departments, establishments, and agencies of the Federal Government or State or local governments, to industry and to the general public.

(d) In carrying out the provisions of this section, the Administrator is hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Administrator whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

(e) Nothing contained in this section shall limit any authority of the Administrator under title III of the Housing Act of 1948, as amended, or any other provision of law.

HOME OWNERS' LOAN ACT OF 1933

SEC. 603. (a) Section 5 (c) of the Home Owners' Loan Act of 1933, as amended, is amended by striking out "$2,500" in the proviso at the end of the second paragraph and inserting in lieu thereof "$3,500."

(b) Section 5 (c) of such act is further amended by striking out "15 percent" in the first sentence and inserting in lieu thereof "20 percent."

COMMISSION ON NATIONAL HOUSING POLICY

SEC. 604. (a) The Congress finds that the general welfare and security of the Nation and the health and living standards of the people require a dynamic housing industry and an increasing availability of residential housing and related community development. The Congress further finds that the periodic discounting of Government-supported mortgages demonstrates the lack of an orderly mortgage market and tends to negate public policy, and that it may be desirable to develop new sources of investment funds to meet the housing needs of the Nation. It is the purpose of this section to authorize an intensive study to be made of ways and means of encouraging a flow of investment capital to provide financing, through an orderly and adequate market, sufficient to support a level of residential construction compatible with the housing demands and needs of the population and the capacities of a balanced high-level economy.

(b) (1) There is hereby established a commission to be known as the Commission on National Housing Policy (hereinafter referred to as the "Commission").

(2) The Commission shall be composed of 11 members as follows:

(A) The Administrator of the Housing and Home Finance Agency, the Administrator of Veterans' Affairs, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Home Loan Bank Board, and the Secretary of the Treasury, all ex officio; and

(B) Six persons to be appointed by the President from private life, such persons to be selected on the basis of their qualifications and experience in the field of housing or mortgage finance.

(3) The Chairman and the Vice Chairman of the Commission shall be selected by the Commission from among its members at its first meeting.

(4) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(5) Six members of the Commission shall constitute a quorum.

(c) (1) The members of the Commission who are serving ex officio shall serve without compensation in addition to that received for their other services in the Government, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission. The members of the Commission from private life may be paid transportation expenses and not to exceed $50 per diem in lieu of subsistence as authorized by section 5 of the act of August 2, 1946, as amended (5 U. S. C. 73b-2).

(2) The Commission may—

(A) appoint and fix the compensation of such personnel as it deems advisable without regard to the civil-service laws and the Classification Act of 1949, as amended;

(B) make such expenditures (including expenditures for travel and not to exceed $15 per diem in lieu of subsistence for witnesses appearing at the request of the Commission) for personal services, printing and binding, rent in the District of Columbia, and for such other matters as are necessary for the efficient execution of its functions under this section; and

(C) procure, without regard to the civil-service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized by section 15 of the act of August 2, 1946 (60 Stat. 810; 5 U. S. C. 55a), but at rates not to exceed $50 per diem for individuals.

(3) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

(4) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(d) The Commission is authorized and directed to conduct an inquiry with respect to the current and prospective residential housing needs of the country and the capacity of the economy in general and of the building industry and mortgage market in particular to meet these needs. The Commission shall formulate recommendations which shall include but not be limited to the following subjects:

(1) The short-term and long-term housing needs of the Nation;

(2) The discounting of Government-supported mortgages;

(3) Long-term prospects for developing new sources of investment funds to meet the housing needs of the Nation, including but not limited to private and semiprivate pension funds and trusts;

(4) The extent to which the resources of the Federal National Mortgage Association can be utilized to stabilize the mortgage market; and

(5) Ways and means of increasing the supply of adequate housing for families of moderate income.

(e) (1) The Commission may, in connection with its inquiries and studies under this section, hold such hearings and hear such witnesses as it may deem appropriate.

(2) All departments and agencies of the Government are authorized and directed to cooperate with the Commission in its work and to furnish the Commission such information and assistance as it may require in the performance of its functions and responsibilities.

(f) The Commission may submit interim reports of its studies under subsection (d) to the Congress and the President at such time or times as it deems advisable, and shall submit its final report with respect to such studies to the Congress and the President not later than June 30, 1957. The final report of the Commission shall include its recommendations (including recommendations for governmental action, either legislative or administrative, as it shall deem necessary) with respect to the matters referred to in subsection (d), and such other related matters as it shall determine to be appropriate. The Commission shall cease to exist 90 days after submission of its final report.

FARM HOUSING

SEC. 605. (a) The first sentence of section 511 of the Housing Act of 1949, as amended, is amended to read as follows: "The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this title (other than loans under section 504 (b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, 1961, shall not exceed $450 million."

(b) Section 512 of such act is amended to read as follows:

"SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed $10 million during the period beginning July 1, 1956, and ending June 30, 1961."

(c) Clause (b) of section 513 of such act is amended to read as follows: "(b) not to exceed $50 million for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) during the period beginning July 1, 1956, and ending June 30, 1961; and."

(d) This section shall take effect on July 1, 1956.

HOSPITAL CONSTRUCTION

SEC. 606. (a) Notwithstanding the provisions of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, the authority under section 304 of such act to make loans or grants, or other payments to public and nonprofit agencies for the construction of hospitals is hereby revived and extended with respect to public and nonprofit agencies which have, prior to June 30, 1953, applied under such section 304 for such loans or grants, or other payments for the construction of hospitals, and have been denied such loans or grants, or other payments solely because of the unavailability of funds for such purpose.

(b) The authority granted by this section shall expire June 30, 1957.

(c) There is hereby authorized to be appropriated the sum of $5 million for the purposes of this section for each of the fiscal years ending June 30, 1956, and June 30, 1957.

SALE OF HOUSING PROJECTS

SEC. 607. (a) (1) Notwithstanding any other provisions of law, the Housing and Home Finance Administrator is authorized to sell and convey at fair market value as determined by him on the basis of an appraisal made by an independent real-estate expert to the city of Alexandria, Va., or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to the Chinquapin Village housing project, VA 44131, located in Alexandria, Va. Any sale pursuant to this authorization shall be on such terms and conditions as the Administrator shall determine, and the amount received for the project shall be reported by the Administrator to the Banking and Currency Committee of the Senate and the Banking and Currency Committee of the House of Representatives.

(2) The provisions of this section shall be effective only during the period ending 6 months after the date of enactment of this act.

(b) The last proviso of subsection (c) of section 108 of the Housing Amendments of 1955 is amended by striking out "12" and inserting in lieu thereof "24."

CITY PLANNING SCHOLARSHIPS AND FELLOWSHIPS

SEC. 608. There is hereby authorized to be appropriated the sum of $500,000 annually for a 3-year period, commencing on or after July 1, 1956, to be used by the Housing and Home Finance Administrator for the purpose of providing scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

SERVICEMEN'S READJUSTMENT ACT OF 1944

SEC. 609. (a) The fourth sentence of subsection (a) of section 500 of the Servicemen's Readjustment Act of 1944, as amended, is amended by striking out "10" the first time it appears therein and inserting in lieu thereof "11."

(b) Paragraph (C) of subsection (b) of section 512 of such act is amended by striking out "1957" and inserting in lieu thereof "1958."

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to announce that when the Senate concludes its present business, H. R. 10721, the State, Justice, and Judiciary appropriation bill for 1957, will be made the unfinished business. The bill passed the House on April 26.

Following that, Mr. President, we may take up Calendar No. 2014, S. 3760, the Daniel narcotic bill, reported from the Committee on the Judiciary.

I wanted the Senate to have this information.

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

Mr. JOHNSON of Texas. I yield.

Mr. MAGNUSON. I thought it was the understanding that when the Senate concluded action on the pending bill it would make the State, Justice, and Judiciary appropriation bill the pending order of business, but temporarily it would be laid aside to take up the so-called fisheries bill.

Mr. JOHNSON of Texas. I had had no such understanding, but I shall be happy, if we have time, to take up the fisheries bill. Could it not wait until tomorrow? The White House Correspondents Association is having a dinner tonight, and many Senators are planning to attend.

Mr. MAGNUSON. I do not think there will be too many Senators who will want to remain for the bill, anyway, and I shall be glad to remain and take care of my own fish.

Mr. JOHNSON of Texas. Let us see how we progress tomorrow.

Mr. MAGNUSON. I do not expect to be here.

FISHERIES ACT OF 1956

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2040, Senate bill 3275, to establish a sound and comprehensive national policy with respect to fisheries resources, and so forth.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A 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.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3275), which had been reported from the Committee on Interstate and Foreign Commerce, with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Fisheries Act of 1966."

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 subsection (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: One on January 1, 1957, one on January 1, 1958, one on January 1, 1959, one on January 1, 1960, and one on January 1, 1961. At least two members of the Commission shall be appointed from the area east and two 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. JOHNSON of Texas. Mr. President, I yield to the Senator from Washington [Mr. MAGNUSON].

Mr. MAGNUSON. Mr. President, in view of the lateness of the hour, I have promised the majority leader and the minority leader that I shall be very brief in my discussion of this bill.

This measure is a most important one. It is the result of a great deal of work on the part of many Members of the Senate, on the part of many persons in the fisheries industries, and on the part of many organizations throughout the entire Nation. The bill is the result of many long hearings held on the Pacific Coast and elsewhere throughout the Nation by the subcommittee of which I am chairman. Those hearings were held both last summer and last fall.

The bill is now before us as a result of the existence in all the fisheries industries of a situation that has become increasingly alarming during the past several years.

The bill itself is a genuine effort to meet the needs which have developed as a result of that situation. The bill is in some cases a compromise, for this measure was unanimously reported by the committee, and is sponsored by approximately 35 Senators, on both sides of the aisle, who are conscious of the seriousness of the situation existing in our fisheries industries.

It is hoped that by means of the enactment of the bill, we shall achieve the purpose we have long sought for the fisheries resources and industries in the Nation.

The bill calls for the establishment of a fisheries commission, I may say, to take care of the fisheries policy of the United States. As a result, the bill will remove control over our fisheries from the vicissitudes of changes in the Department of the Interior. That will be done by the establishment of a commission of five members, with 5 year terms, except that the first appointments will be for staggered terms. It is hoped that as the result of enactment of the bill now before the Senate, the commission will establish a permanent fisheries policy for the United States. In the past we have never had such an overall policy. National policies have been established in the case of many of our great industries—and rightly so; but our fisheries have always been neglected in that respect, to the point that today the fisheries of the Nation are in a desperate economic situation.

The bill raises the Government policy level of our fisheries, so as at least to be consistent with their importance to the Nation's economy. It is hoped that, as a result, when the United States engages with other nations in the discussion of treaty rights, the interests of both the United States as a whole, and of the fisheries industries, in particular, will be better protected.

Fisheries are constantly moving more to the high seas, requiring international agreements. We have always been placed in the position of having some representative of the Department or of the Fish and Wildlife Service representing the United States in these negotiations, with someone from another country at Cabinet level. No matter how able our representatives may be, they start with some handicaps against them.

The bill has many other features, but I assure the Senate that the fact that the discussion is brief today does not mean that it has not been well thought out. It required a long time to write it. Com-

promises were made, and we now have unanimous agreement not only among the members of the committee involved, but among 35 or more Senators who cosponsored the bill, and many other Senators who said they would be glad to vote for the bill after seeing its provisions.

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

Mr. MAGNUSON. I yield.

Mr. HUMPHREY. I thank the Senator from Washington for his leadership in connection with this measure. As he knows, I indicated to him privately, and in an exchange of correspondence, that the fishing industry in Lake Superior is one which has been conducted without adequate attention. This particular bill will for the first time establish some continuing and orderly concern on the part of our Government for the development of this very vital industry.

A large number of people in the northern section of my State are dependent upon fishing in Lake Superior. It was once a very profitable and important enterprise. It still holds a rather significant position. I am convinced that this legislation will be very helpful. I am delighted to be a cosponsor, and I am particularly pleased to see that the bill has been reported unanimously.

Mr. MAGNUSON. I thank the Senator.

The bill also applies to the Great Lakes. For the benefit of many other Senators who have a deep interest in this subject, let me say that it also applies to the shellfish industry, and to all other phases of the fisheries industry, including that conducted in the Gulf of Mexico.

Let me cite one example. I do this not because it relates to my area, but we have spent many millions of dollars for conservation of the fisheries of the United States and its Territories. We have passed all kinds of bills based upon conservation, under the method which now exists; yet the Alaskan salmon run this year was the lowest in 45 years, despite all the efforts, because of the year-to-year policy.

There is no real blame to be laid at the door of anyone. Heretofore we have never placed fisheries on the level to which they are entitled. We hope that this legislation will be a first step in that direction, so that we can proceed to help rehabilitate one of our fine industries in the United States. The Senator from Michigan [Mr. POTTER], the Senator from California [Mr. KUCHEL], and other Senators who did yeoman work on this subject know that the industry itself is at its lowest economic ebb. Gloucester, Mass., for example, has become a ghost town. San Pedro, Calif., is about ready to close. Yet the domestic consumption of fish has almost doubled in the past 10 years. That paradox exists. It is hoped that this legislation will go a long way toward remedying the situation. I think we have come a long way with this bill, and I think we shall see some very good results.

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

Mr. MAGNUSON. I yield.

Mr. POTTER. I wish to compliment the Senator from Washington and the Senator from Maine [Mr. PAYNE] for their leadership in bringing the bill to the Senate.

In the first place, it raises the Fish and Wildlife Service and the great fisheries resources to the level they deserve to occupy. The fisheries industry has been buried in bureaucracy for years. If we wish to restore the great natural resource of fisheries, we shall have to do it by a bill of this kind.

Mr. MAGNUSON. I thank the Senator.

Let me add a further observation. Naturally there was some scrutiny by the Fish and Wildlife Service and others with regard to any change proposed in the administration of wildlife. We conferred with all those interested, and worked with them. The Senator from California and I have had some correspondence. I know that the Senator from Maine will agree with me that this bill will strengthen the present operations of the Fish and Wildlife Service in the Department of the Interior. Sportsmen should have no fears whatever. As a matter of fact, a forward-looking policy dealing with all fisheries should be of great help to all sportsmen in the United States.

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

Mr. MAGNUSON. I yield.

Mr. KUCHEL. First I wish to join my colleagues in paying my respects to the senior Senator from Washington for taking the lead in a job which has been well done, a job which was long overdue. I congratulate him.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks section 2 of the bill, under the heading "Declaration of Policy."

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

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.

Mr. KUCHEL. There you have a clear statement of the intention of Congress in this proposed legislation. It is in the public interest. It recognizes that fish and the resources of the sea not alone supply us with food, but also contribute to the recreation of our people. It indicates the reason why America's fishermen constitute additional defense strength to our Nation in time of emergency. The fishery commission, proposed to be established in the Department of Interior, shall formulate policy in the national interest, with due regard to the rights of our American sportsmen and with the intent of stimulating a sound American fishing industry.

I invite the attention of the Senate to section 6 of the bill which reads as follows:

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.

Thus, very clearly, we protect our States in their exercising regulation and control over fisheries. That is, I think, important to point out in this discussion. What we seek to do here is to help an industry which desperately needs assistance. We seek to render that help in a way which will be constructive and which will do harm to no one. Sound fisheries policy determined by a presidentially appointed commission, acting in the public interest, seems to me to be unassailable.

Mr. PAYNE. Mr. President, I ask unanimous consent that a statement which I have prepared in connection with the bill be printed in the RECORD at this point as a part of my remarks.

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

STATEMENT BY SENATOR PAYNE

Until recently there has been a shocking lack of attention by the public, the executive branch of the Federal Government, and the Congress with regard to the American commercial fisheries and the very serious problems that are currently facing this important segment of our economy. At the present time there appears to be growing interest in getting at the roots of these problems and in trying to find solutions that will restore the fisheries to the healthy economic condition that is presently being enjoyed by the majority of industries in the Nation. This recent effort is due in large part to the outstanding effort of my distinguished colleague, the senior Senator from Washington [Mr. MAGNUSON] who has long been the leader in the effort to secure proper governmental attention for the fisheries. During the current session, Senator MAGNUSON has introduced two bills that are designed to benefit the industry through providing for a firm national policy and greatly expanded governmental activity. While there are points of disagreement the bills have served

to focus attention on the need for some form of positive action.

As chairman of the Senate Interstate and Foreign Commerce Committee, Senator MAGNUSON has been in a position to stimulate activity on fisheries legislation. Recently he conducted a full week of hearings on the two bills I have mentioned as well as on one which I introduced to provide for an education and training program for the industry. The hearings, which Senator MAGNUSON so ably conducted, stirred up a great deal of interest from all sections of the country, and these hearings should prove to be an invaluable source for any future studies of the fisheries.

Before going further let me mention that the 83d Congress did take some definite action to benefit the fisheries when it passed the Saltonstall-Kennedy bill (Public Law 447, 83d Cong.) authorizing the expenditure of $3 million a year for 3 years for research projects. This was the first major fisheries legislation in 20 years and is proving to be of far greater assistance to the industry than was anticipated at the time of its enactment.

The recent fisheries hearings amply demonstrated what many of us have known for some time; that is, that the commercial fisheries are facing very severe problems. But, more important, the hearings revealed that these problems are not simple ones and they will not be solved overnight. Any corrective action is going to require the closest possible cooperation between the industry, the States, and the Federal Government, and no 2 of the 3 can alone take effective action. Finally the hearings forcibly illustrated that something must be done now if we wish to continue to have a vigorous commercial fishing industry.

The commercial fishing industry is one of the oldest and proudest in the United States. Fishing has been one of the principal means of livelihood of the people of this country since the first days of the Jamestown and Plymouth colonies. Indeed, fishing was a common activity in the coastal waters of this land before any settlements were established. From early times the fishing industry has occupied an important role in our national economy, a role which it still occupies today as one of the principal sources of high-protein food products. Today some 160,000 Americans operate over 90,000 commercial fishing craft; another 103,000 people are employed as shore workers by the fishing industry itself; while an estimated 300,000 more are employed by allied industries. The 1954 fishing catch totaled 4,700,000,000 pounds, with an estimated value in excess of $1 billion.

The problems facing the industry are multiple and complex; some are shared by the industry in general; some affect only one group such as the producers or processors; and some relate to a particular geographic segment of the industry. The basic problem, naturally, is financial, that is, the income of the individual member of the industry. The causes of the present low economic level include conservation, management, marketing, technology, education, imports, and so on.

It appears to be the unanimous conclusion of everyone interested in the fisheries that one of the most important steps that should be taken is increased governmental activity at a higher level. This has naturally raised the question of what would be the best governmental organization to administer the fisheries activities of the Government. Many proposals have been made, all of which have some support. One of Senator MAGNUSON'S bills proposed the creation of an independent 5-man fisheries commission. Another proposal is to transfer the Fish and Wildlife Service to the Department of Commerce. Still another is to have the fishery functions in the Department of the Interior but to separate them from the wildlife functions and to elevate the status of the commercial fisheries division by appointing an assistant secretary for commercial fisheries.

The first Hoover Commission appointed a Task Force on Natural Resources which made an excellent report on the Government's administration of natural resources. The report of the task force starting at page 221 contains an outstanding article which clearly sets forth the problems facing the fisheries in a very clear and concise review.

I attach hereto an article on fisheries starting on page 221 of the report of the Task Force on Natural Resources of the first Hoover Commission:

"COMMERCIAL FISHERIES: IMPORTANCE, GOVERNMENT ACTIVITIES, AND PROBLEMS

"I. Importance of the industry

"Measured in terms of the number of persons employed or in terms of its contribution to the total national income, the fishing industry appears as a relatively small factor in the total national economy. However, it has great local and regional significance and is of considerable importance in supplying essential foods, vitamin oils, fish meal for livestock and poultry, and byproducts for industrial use. The annual catch of the United States and Alaska is 4.5 billion pounds. The fishery products provided bring more than $250 million in income to the fishermen and are marketed for almost $700 million by wholesalers—1946 data. More than 500,000 people are employed in fishing and allied activities. Including the dependents of those employed, about 1,750,000 of our citizens look to commercial fishing for their livelihood. Fishing is economically as all-important to certain segments of the population living in coastal ports as is farming or lumbering to other communities. In times of national emergency the American fishing industry, the second largest in the world, not only supplies food but also provides vessels and men for defense purposes.

"Commercial fishing is of growing importance. Unused sea resources offer one promising means of increasing food supplies. This possibility is of particular importance, in view of increasing population pressures in the United States and throughout the world. Planning of future Government activities must take cognizance of possible expansion of the fishing industry.

"II. The Federal Government and commercial fisheries

"1. Policy of the Federal Government Regarding Commercial Fishing

"Examination of existing legislation and of executive programs concerning fisheries reveals no discernible well formulated Federal policy with respect to assistance and services rendered the fishing industry. Congress has expressed itself from time to time as desirous of fostering, promoting, and developing the fisheries industry. Whereas the Federal Government, however, provides numerous services to farmers, those to fishermen are less extensive in scope and less adequately supported by appropriations.

"With respect to regulated use of fishery resources, the Federal policy has been more consistent and clear until recent years. The regulation of all fisheries except those of Alaska and a few international fisheries which have shown decline[1] has been left to the States. Each coastal State has its own set of laws applying to 'territorial waters.' In most cases these waters are considered as those within 3 nautical miles of the shoreline. Beyond these limits many fisheries are unregulated. However, in some cases fisheries beyond the 3-mile limit are regulated by a State. In 1945 a new Federal policy concerning jurisdiction of sea fisheries was stated in a Presidential proclamation. Waters of the continental shelf and high seas in which coastal fishing is engaged in were declared subject to Federal regulation through the establishment of conservation zones. To date there has been no implementation of this policy.

"2. Government Assistance to the Industry

"The Federal Government's activities directly relating to the commercial fishing industry are largely those carried out by the Fish and Wildlife Service of the Department of the Interior.[2] The functions of the branch of commercial fisheries are as follows:

"1. Technological research: Investigations are conducted to improve practices in the fishing industry. Work in refrigeration indicates means of better storage of fishery products; research on utilization of fishery wastes demonstrates the possibilities in production of byproducts; and bacteriological research points the way toward more nutritious and wholesome products.

"2. Collection of statistics: Annual canvasses are made for securing nationwide statistics on catch, employment, operating units, and processed products. Statistics collected by States are used in many cases and cooperative programs of collection have been arranged between the Federal Government and some of the States.

"3. Market news service: This service provides for the collection, publication, and distribution of information on fish arrivals, fish distribution, and market prices of fish at a limited number of important fishery ports and primary fish markets.

"4. Market development: This service is designed to develop and increase markets for fishery products of domestic origin.

"5. Economic research includes studies on production costs, consumption, transportation, and labor.

"6. Fishery education extends to the industry knowledge of the newest and best operational practices as developed in research work. It acquaints consumers with the nutritive value and the best methods of using fishery products. In carrying out these educational functions the Branch of Commercial Fisheries produces and distributes motion pictures, demonstrates fishing techniques, and publishes and distributes pertinent reports.

"In addition to the work of the Branch of Commercial Fisheries, the Fish and Wildlife Service activities in other branches are of value to the fishing industry. Basic biological research concerning fish populations, migrations, and fluctuations of abundance are of benefit to the industry in planning fishery operations. Restocking work carried on by the Branch of Game Fish and Hatcheries benefits both commercial and sport fishermen.

"3. Evaluation of Present Services

"The Federal Government's operations in relation to fisheries is in general adequate insofar as the scope of work is concerned,[3] but the diverse services which are being performed are inadequately financed. These are being performed on a budget of $450,000 (fiscal 1949). Not only have expenditures been too small to provide adequate services, but the variability of the funds appropriated has reduced the effectiveness of these services. For example, although 8 field

[1] "The halibut fishery of the Pacific coast and the sockeye salmon fishery of the Fraser River system are the two important international commercial fisheries which are regulated at a national level. The fur fishery and whaling are also regulated internationally."

[2] "In addition to this agency, 15 to 20 other Federal agencies have some concern with fishery resources, fish production, or fish as a trade commodity."

[3] "There is one exception to this in the need for extension work somewhat similar to that provided in agriculture. Many technical improvements are not being passed on to the fisherman."

offices were once established for market newswork only 6 are open at present. Of these only 4 have been operated continuously for the past 10 years. Similarly, port reporters stationed at landing ports vary widely in number from year to year. Consequently, the Government's market newswork respecting fishery products has been an unsatisfactory half-measure.

"The work of the Federal Government has also been incomplete in providing statistical surveys of the country's fisheries production. There have been only two complete statistical surveys of the fisheries of the United States since 1880.

"Biological research is similarly deficient. Studies have never been undertaken for many of the major commercial species. Investigations of the condition of some important fishing resources have been initiated only to be dropped in subsequent years. A large portion of the work done has been in response to emergency situations, and therefore, lacks the depth and continuity necessary to provide sound data. For many years prior to 1948 the Fish and Wildlife Service did not have a research vessel suitable for going more than a few miles from shore. Consequently, little is known about the current status of some of our most important species of marine fish.

"III. Present and future fishery problems

"Major fishery considerations of the United States are the development of unused ocean fisheries, management of other sea fisheries, and maintenance of inland fisheries.

"Sizable fishery resources of the world's seas are still unused. Some of these are close to the continent, others are at considerable distance. Some of the possible tuna areas of the Pacific, for example, occur thousands of miles from any American port. With the construction of factory ships capable of operating in distant waters, untapped resources of the Southern Hemisphere can also be brought into production. If unused ocean fishing resources are to be developed by the United States, independently or in cooperation with other nations, there is need for adopting sound policies with respect to their use. Increased Federal participation in scientific exploration and experimental fishing is also essential.[4] Recent vigorous expansion by other nations in high sea fisheries makes the United States policy of comparative inactivity less tenable for the future.

"Some of the older fisheries show signs of being overworked and need to be placed on a sustained-yield basis. In some instances under the present system of jurisdiction this may be considered the function of States or groups of States, but most of the fisheries in serious need of management are in waters beyond territorial limits. Some depleted fisheries involve other nations. Fisheries of the North Atlantic banks, Great Lakes, and Gulf of Mexico are in need of management. These fisheries are clearly the responsibility of the Federal Government since other nations participate in their exploitation. Biological and economic investigations are basic to all management activities. Knowledge of rates and conditions of growth of fish and fish stocks, accurate catch data by areas, and means of producing the greatest quantity of highest quality at the lowest cost are required in order to formulate sound regulation for these depleted fisheries. Data are fragmentary for most of the fisheries which show signs of reduction because there has been little planned biological and economic research organized on a continuing basis.

"Preservation and improvement of inland fisheries is complicated by extensive river basin development programs which do not always sufficiently consider fishery resources, pollution of rivers and coastal waters by industries and urban populations, and exploitation by Indian groups in the Northwest and Alaska. Application of sound conservation and management policies is needed for those species which have been depleted.

"The fisheries industry faces difficult problems in achieving the fullest and most economical use of the resources with which it is concerned. It needs to apply technological improvements in catching fish and in improving its products. It needs to widen its markets and to bring about greater stability in its production. Since it is composed of many small independent enterprises widely scattered along the extensive coastlines, the industry can carry on needed technological and economic research only on a very limited scale.

"IV. Separation of fishery functions from those concerning wildlife

"The committee recommends that the Federal functions dealing with fisheries, now combined with activities concerning terrestrial wildlife, be placed in a Fisheries Service located in a Department of Natural Resources. All activities concerned with wildlife would be continued in a Wildlife Service within the same department. The committee believes that this separation will focus more adequate attention on fisheries problems and will facilitate the further development of sound programs and policies respecting the Nation's fishery resources.

"Fishery and wildlife activities have been administered by the Fish and Wildlife Service of the Department of the Interior since the consolidation of the Bureau of the Biological Survey and the Bureau of Fisheries in 1940. Consolidation of these functions in a Fish and Wildlife Service has not facilitated efficient and economical administration. This administrative combination of dissimilar major functions has resulted in the neglect of the commercial fishery phase of the responsibility.

"Fisheries are predominantly an ocean resource, whereas terrestrial wildlife is predominantly a land resource. Fishery problems deal with important basic industrial and commercial activities. Wildlife problems are largely concerned with recreation and noncommercial activities. The areas of common interest are much less important than the differences.

"The desirability of separating fishery functions from those concerned with terrestrial wildlife is emphasized by the following:

"1. Important fishery problems are increasingly related to ocean resources. The development and management of these resources often involve cooperation with other nations. Problems of this sort are far removed from those of land management and recreation with which most wildlife problems are concerned.

"2. Government functions dealing with commercial fishing, a productive food industry and a provider of trained seamen and ships, should be clearly identified and so organized that prompt authoritative action can be taken to mobilize the industry in times of national emergency.

"3. Except as fisheries and terrestrial wildlife are both of recreational interest, the major functions dealing with each of these resources are of special concern to widely differing private interests and to different Federal agencies. The main functions concerning development, management, and utilization of ocean fisheries require close cooperation with the Departments of State and Commerce, food production and marketing agencies of the Department of Agriculture, and coastal States. Federal wildlife activities are intimately related to those of land use. Close cooperative relationships are maintained with State agencies and sportsmen's groups. Federal relationships are predominantly with land use agencies.

"The committee is fully aware of the significance of the Federal functions relating to the recreational aspects of fishing. It believes that in order to view fishery resources and problems in their entirety the Federal sport fishing functions should be administered by the proposed Fisheries Service. Sport fishing is becoming increasingly dependent upon commercial fishery resources.

"V. Summary

"A fisheries industry occasions problems of development, conservation, and management; problems of a jurisdictional nature, frequently involving other nations; and problems concerning the conduct of business on a sound economic basis. These problems, viewed against a background of restricted biological and technological research, very limited economic studies, and confused jurisdiction over this basic resource, warrant the clarification of Federal policy, and increased and consistent Federal assistance in the field of fisheries. Because the fishery resources are largely beyond "territorial waters" or transcend State boundaries, and because the type of biological, technological, and economic research needed is of a long-term nature, the Federal Government must necessarily play an important role.

"It is the opinion of the committee that the activity of the Federal Government should be more clearly focused on these problems and that there is need for greater efficiency and better service in the protection, development, and use of the Nation's fishery resources. The inclusion of fishery functions in an agency also concerned with terrestrial wildlife has not facilitated adequate attention to fisheries problems. The committee recommends the separation of fishery functions from those of wildlife. It recommends the establishment of both a Fisheries Service and a Wildlife Service in the proposed Department of Natural Resources."

Since 1949 when the task force report was submitted there have not been any significant changes in the fisheries situation, except for a declining economic condition. This economic condition is clearly depicted by the fact that there has been no perceptible change in the price to the fishermen for haddock, hake, pollock, redfish, whiting, and black backs in Portland, Maine, in the 10-year period from 1946 to 1956. Yet in that same period the national economy has risen at an unparalleled rate to an unprecedented level.

For far too many years the American fisheries have struggled along with almost no governmental recognition. As valuable as the Saltonstall-Kennedy Act has been, it alone will not do more than make a dent on the many steps necessary to restore the fishing industry to a prosperous condition. We must remember that while the American fishing industry was operating with no more than Yankee ingenuity the fisheries of other nations were being actively sponsored by the governments of those nations.

This session of Congress has seen an unprecedented focusing of congressional attention on the problems of the fisheries. On Monday, May 21 the Senate passed S. 2379, a bill which I introduced to authorize the use of Federal funds for education and training in the commercial fisheries in colleges, universities, and secondary and vocational schools. Today, the Senate is considering S. 3275 which, if enacted, will be a major step toward restoring vitality to the fisheries.

S. 3275 was introduced in the Senate on February 23 by my distinguished colleague, the senior Senator from Washington [Mr. MAGNUSON]. As introduced the bill would have provided for an independent 5-man fisheries commission. The hearings held by

[4] "Recently the Federal Government has authorized funds for some exploratory work and for biological research of Pacific fisheries."

the Interstate and Foreign Commerce Committee revealed that while the objective of the bill was soundly supported the method of implementation was controversial. After the hearings an amendment in the nature of a substitute was drafted which would have created a 5-man commission within the Department of the Interior, but would have left the commission independent with regard to its major functions. Although the substitute had a great deal of merit I had serious reservations about the desirability of creating a semi-independent commission, to administer the fisheries. The basic concept of governmental organization in recent years has been consolidation and the development of clear lines of responsibility. This view has been the central theme of all the reports of both the first and the second Hoover Commissions. In line with this philosophy I was inclined to favor the proposal introduced by the Senator from Massachusetts [Mr. KENNEDY] that would create a Fisheries Division within the Department of the Interior headed by an Assistant Secretary for Fisheries.

Because of the urgent need for some positive, sound legislation, I prepared an amendment in the nature of a substitute for S. 3275 that brought together what I believed to be the best features of the Kennedy and Magnuson proposals. When S. 3275 was considered by the Commerce Committee in executive session my compromise proposal was substantially adopted. As reported the bill would create a 5-man commission within the Department of the Interior and responsible to the Secretary to formulate fishery policies. The bill would also create a Fisheries Division to administer programs and policies. The chairman of the Commission would also serve as an assistant secretary for fisheries and would head the Fisheries Division.

As I have indicated there has long been a need for greater recognition of our fisheries. We commonly speak of the fishing industry, but we should remember that it is more than an industry in the normal sense of the word. It is also a vital natural resource that if properly treated has an infinite capacity for development. The Federal Government must establish a sound, continuing program and policy for the fisheries. The bill before the Senate today will do just that. The junior Senator from Maine is strongly in support of S. 3275.

Mr. PAYNE. Mr. President, I also join my colleagues in paying a well-deserved word of tribute to the chairman of the Committee on Interstate and Foreign Commerce, a committee on which I happen to be privileged to serve. As we know, it has devoted a great deal of study to this particular problem. The distinguished chairman of the committee, along with some of us who have worked shoulder to shoulder with him, succeeded in developing legislation which can mean much to the commercial fisheries of the Nation and to the many thousands of people who derive their livelihood from this particular activity.

My compliments to the Senator from Washington. It has been a privilege to work with him on this particular bill, and to have had a part in drafting what I believe will go down in history as the first forward step for commercial fisheries and the fishing industry undertaken in many years.

Mr. MAGNUSON. I thank the Senator from Maine. All members of the committee did a great deal of work on this problem, and I appreciate the statements of my colleagues.

I have one further amendment to offer, which merely adds fur seals to the section pertaining to sea lions, whales, and other marine mammals.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I have prepared.

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

STATEMENT BY SENATOR WARREN G. MAGNUSON, OF WASHINGTON, CHAIRMAN, SENATE INTERSTATE AND FOREIGN COMMERCE COMMITTEE, IN CONNECTION WITH INTRODUCTION OF A BILL TO ESTABLISH A NATIONAL POLICY WITH RESPECT TO MANAGEMENT, CONSERVATION, AND WELFARE OF FISHERIES RESOURCES OF THE UNITED STATES

It is regarding a sad state of affairs that I come before you Members of Congress today, to offer a form of relief and security for an important segment of our national economy.

It is in the interests of our domestic food fisheries of the United States, of Alaska, other possessions, and on the high seas, that I wish to inform you of and offer a bill which gives our domestic fisheries the rightful recognition they deserve.

During the interim between the last session of Congress and the present, I have conducted hearings of the Senate Interstate and Foreign Commerce Committee, along with my esteemed colleague, Senator ANDREW F. SCHOEPPEL, of Kansas, in Alaska and the principal fishing centers of the Pacific Coast.

At the hearings held in various cities our committee members were joined by other Members of Congress from both the Senate and the House of Representatives including the Honorable Delegate E. L. BARTLETT, of Alaska.

I might say that all the Members of Congress present showed a profound interest in hearing what the various witnesses had to say about conditions prevailing in our domestic food-fisheries industry.

I would like now to briefly summarize the testimony and ideas of more than 200 witnesses engaged in or closely associated with commercial fisheries, who testified at the hearings. Among these witnesses were the Honorable B. Frank Heintzleman, Governor of Alaska, members of State and Territorial legislatures, mayors of cities, members of local chambers of commerce, fishermen, fish packers, shipbuilders, marine supply houses, and other allied industries.

First of all we were informed that our Alaska salmon industry is broke and practically out of business. There are no longer great runs of salmon returning to the 2,000 rivers and streams of the Territory.

The total annual salmon pack for Alaska during the past 10 years has dwindled to less than one-half the average yield maintained for the previous 20 years, with the 1955 season's catch the lowest in 48 years.

This means an annual loss to our fisheries industry of over $45 million and the possibility of a complete curtailment of all salmon fishing in many areas to bring the runs back.

The declining stocks of salmon in Alaska have shown a decided downward trend since 1950, when a sudden drop of 25 percent in production occurred. The decline since indicates fewer salmon are returning to the streams.

From the thoughts expressed by the many interested persons contacted during our Senate investigation, there is but one answer as to how the present crisis in the Alaskan salmon industry came about. We have failed in our management of this valuable resource.

We have harvested too many and allowed too few salmon to ascend unmolested to the spawning streams required by nature to reproduce the runs.

In addition to our robbing the streams of the seed to reproduce the runs, we have done nothing to protect and assist the salmon and their spawn against the natural predators and environmental conditions, which accounts for a 99-percent mortality in the species from the egg status to the seaward migrating stage.

I believe that in addition to the annual losses of millions of pounds of food lost through our careless management in allowing these valuable fisheries to decline, that we have created a far more grievous error, we have not given the whole of our domestic food fisheries resources the rightful attention it should have on a national level in Government.

The land farmers of the Nation, over the past 20 years, have made wonderful progress in increasing the production and quality of food on their farms, with status of an independent and respected agency in our National Government to assist in guiding their affairs.

I am now placing a bill before the Congress that will provide for a more practical manner of managing our domestic food fisheries in cooperation with the States, Territories, and international agencies in which we participate.

In addition to the salmon crisis in Alaska I find, through our lack of sound fisheries management, the Government has inflicted severe handicaps upon our own fishermen and fish handlers, while helping fishermen and producers in other countries.

Through our national policy in permitting duty free fish imports to flood domestic markets in competition with our own fishermen and packers, we have practically forced a major portion of our food fisheries enterprises out of business.

During the period between 1935 and 1954 edible fish imports alone have increased from an annual rate of 325 million pounds to 803 million pounds which comprised 35.2 percent of all fish food available on the domestic market in 1953 with dollar values of $27,500,000 to $203,600,000, most of which is in direct competition with domestically produced fish.

Tunafish imports including processed and unprocessed fish from 1949 to 1954 have increased from an annual rate of 14,500,000 pounds to 170 million pounds, with imports totaling 40.1 percent of all available tuna sold to our domestic market during 1954.

The result of this impact of excessive tuna and other fish imports upon our domestic fisheries has been to deprive United States citizens of their market and the opportunity of fulfilling the fisheries needs of the Nation with supplies available to them on the high seas and coastal areas.

They have been forced to curtail their efforts and sell their catches at prices comparable to those quoted by foreign producers, whose fishermen receive a standard wage of one-fifth to one-tenth the earnings of an average American laborer. During 1954 trawler-caught bottom fish imports amounted to over 52 percent of domestic consumption.

With this open-door policy permitting low tariff and duty-free fish imports to enter our country, every fish-producing nation in the world has their eyes on United States markets to sell its fish. Almost daily we read accounts of them forming trade organizations to promote the sale of their fish. They have been encouraged to do so by our own State Department officials, while our Government fisheries people sit by and say nothing.

I have been concerned some time over the attitude of our State Department and the administration in surrendering our domestic market to foreign fish producers.

There appeared a statement in the United States Fish and Wildlife, May 1951, issue of the Commercial Fisheries Review made by Mr. William C. Herrington, fisheries adviser for the State Department, in which he re-

lates in detail how necessary it is for American support in advancing and building up Japanese fisheries operations to the extent our own fishermen may have to restrict their operations.

In summary of Mr. Herrington's comments, he made the following statement regarding the United States fisheries industry's position in relation to fish imports:

"In face of this situation, what course should the United States fishery industry adopt? With no protection there is very little doubt that the United States tuna fishery would greatly decline if not practically disappear. On the other hand, to ask for complete protection would be attempting to fly directly into the face of basic United States policy, and remember, that there is plenty of evidence that most people believe this policy is in the overall national interest. To find a course which will fit in with United States policy and win public support, it appears that the tuna industry must work out a position intermediate between complete protection and no protection."

There is much evidence today in the tuna industry, 5 years after Mr. Herrington's statement, that he was correct that "with no protection the American tuna industry would disappear," for today they are on the very edge of complete bankruptcy.

During the past 4 years the tuna industry has struggled in vain for a program suggested by Mr. Herrington, some protection between complete protection and no protection of their market.

What puzzles me is why the administration and Mr. Herrington have not made a move to adopt the protective measures they have talked about.

During my 19 years in Congress I have always been sympathetic and interested in helping provide funds to carry out studies and programs advocated by our Wildlife Service people to aid our fisheries.

I have felt any programs or proposal offered to aid fisheries was in the best interest of our people.

Prompted by the unhappy voices of our fishermen over conditions prevailing in the industry during the past 2 years I have decided to investigate matters for myself.

I am of the opinion now that we not only have poorly managed our fisheries, but we are far behind time in applying modern methods of water farming to foster the growth of marine foods.

At our Seattle hearings last fall we heard from one of our Nation's most successful fish farmers, head of the Applied Laboratory at the University of Washington school of fisheries.

Dr. Lauren R. Donaldson gave a very convincing account of how it is possible to increase our Alaskan salmon fisheries to about any productive level we wish through proper regulatory measures, predator control, and stream and lake fertilization. He also stated words to the effect that the concrete results of any fisheries program can only be evaluated in numbers of fish in the water or landed by the fishermen.

Following Dr. Donaldson, Mr. Clarence Pautzke, Chief of the Fisheries Division of the Washington State Game Department, told of how under his direction over 260 lakes in Washington State had been poisoned out, eliminating all forms of undesirable marine life, then restocked with trout from their hatcheries. The net results of this program has been a 1,000 percent increase in available fish for Washington sportsmen over a period of 7 years.

These men are not just fussing around making studies, they are producing fish.

One other factor regarding our Alaska salmon industry is that many fishermen and packers believe the tremendous increase in the Japanese catch of salmon on the high seas has a direct bearing upon the sharp decrease of salmon on our side of the Pacific.

Fishermen claim net marked salmon appearing in their catch in Bristol Bay where no fishing is conducted in front of them is a sure sign the Japanese are catching their fish.

Our scientists assigned the job of finding out about the possibility of Asian and North American stocks of salmon intermingling on the high seas appear to doubt the idea that Japanese fishermen are taking salmon headed for Alaskan streams.

We do know, however, that taking salmon on the high seas, a considerable distance off shore, is a wasteful destructive practice. There is no way under such operations to secure adequate escapement to replenish the runs.

We know that these fisheries studies all take time and a considerable amount of funds. The Government Wildlife Service has given considerable attention to this problem. I hope they find the answers soon.

If the Japanese fishermen are taking North American fish as the fishermen indicate, and our Alaska salmon runs continue to decline as they have in the past 3 years, our Alaska salmon fisheries may be wiped out before our services have determined the cause.

In addition to Alaska salmon, tuna, and other fish problems on the Pacific coast, from Maine to Florida, our Atlantic coastal fisheries are becoming less productive each year on New England banks.

The once proud trawler fishing fleets of New York and Boston is becoming outmoded with the times.

During the past 20 years the annual trawler bottom fish landings at Boston alone have dropped from 300 million pounds to approximately one-half that amount. No new ocean trawlers have been built to continue these operations.

Other nations are expanding this type of fishing operation for the reason they have a market for their fish, a good share of it right here in our United States possible because we are sacrificing our own fishermen's markets by turning them over to foreigners.

Established marine and fishing gear supplies throughout the country are also faced with serious handicaps in their trade through competition of low-priced imports. Some items arriving from factories abroad are financed by American capital to take advantage of low-cost labor in the manufacture of their products which they sell at high United States prices.

There is a peril point in these enterprises by which our industries can be forced out of business. No one seems to be applying the brakes.

The seriousness of the problems of our domestic fisheries that I have outlined today can hardly be emphasized in this brief message.

The astonishing fact brought out at our hearings with the industry is that not one employee in our Government has raised his voice at a national or international level to protect and defend the position of United States fishermen in the security of their market and inherent rights to accustomed fishing areas.

I hope that all the Members of Congress will join with me in their support of this bill and other necessary legislation to follow in the interest of providing relief and averting the crisis that now faces our domestic fisheries.

The United States with our increasing population cannot afford to allow our food fisheries resources and enterprises to deteriorate and become an unimportant segment of our national economy.

We must no longer be content with pretentious stories about the need for continued studies about the life and habits of fish. We must direct our efforts towards farming our streams and water areas to create a healthy condition in all fisheries.

It is in the Nation's best interests that we direct our attention towards giving the food fisheries of the country the recognition they should have and hereafter employ experienced, competent personnel to manage, defend and promote the welfare of our fisheries.

Mr. MAGNUSON. I also ask to have printed in the RECORD at this point as a part of my remarks a statement by the distinguished junior Senator from California [Mr. KUCHEL] before the committee. It so clearly points out the problem that I think it is worthy of repeating in the CONGRESSIONAL RECORD at this point.

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

STATEMENT OF SENATOR KUCHEL BEFORE SENATE INTERSTATE COMMERCE COMMITTEE CONSIDERING PROBLEMS OF FISHING INDUSTRY

Mr. Chairman, the fisheries are a large industry in my State of California, as they are in your State of Washington. In our State they have been going downhill economically at a steady rate for the last several years. While the rest of our economy has been prospering, that section of it that depends on harvesting the sea has been sliding backward. It is to help reverse this trend that I have joined with Senator PAYNE and others in the introduction of S. 2379 and with you in the introduction of S. 3275 and S. 3339. I want to urge the committee to report out all 3 bills favorably and I shall speak with reference to all 3 together because they are each a part of the 1 legislative program.

To arrest the downward trend in the fisheries it has seemed to me that we needed to do three things for the industry:

1. State a clear policy as a guidance to the Executive that it is the intent of the Congress that the domestic fisheries be kept in a healthy economic condition parallel with the rest of the economy.

2. Create within the executive branch of the Government an agency at a policymaking level where all of the Federal functions and responsibilities with respect to the fisheries were concentrated; and

3. Equip that policy level agency with adequate powers to carry out the above-noted policy.

In California we have no grudge against the scientists and technical personnel of the United States Fish and Wildlife who deal with our fishery problems at a scientific and technical level. They are well-trained public servants who do their tasks with generally high efficiency. It is at the policy level of the Government that we have difficulty. The effect of this good work at the scientific and technical level is largely lost because it does not reach to the policymaking level and get translated into actions which would benefit the fisheries.

We have thought that this was largely a matter of governmental organization rather than personalities. The fisheries part of the United States Fish and Wildlife Service is at a low level and becomes smothered in the multitudinous other activities of the Department of the Interior.

Thus, it seems to me, that the first step which needs to be taken is to separate the fisheries function from the wildlife function of Government and lift the fishery function up to the policymaking level. That is the primary purpose of S. 3275 in my mind. I should say that the question of whether this function should be lodged in an independent commission outside a regular governmental department, in a commission inside a regular department of Government, or in an office at the policymaking level of a regular department of Government is perhaps not so important as that the fishery

function should be put on its own two feet at the policymaking level.

Having created such an agency, it is then necessary to give it adequate powers to do its job and S. 2379 and S. 3339 are two companion attempts to start in that direction.

In our fisheries we find a shortage of skilled oceanographers and fishery scientists and technicians on the one hand and on the other hand find little or no effort put out to translate the findings of scientists and technicians to the practical level of the fisherman so that he can put those findings to good effect. S. 2379 attempts to remedy both of these lacks by providing Federal support for fishery education at both of these levels. The funds provided in the section dealing with vocational training are low, but the bill will give a start to a program which has proven useful in other industries.

Fishermen share with farmers the twin vicissitudes of variation in climate and variation in market. When the ocean currents change and for a period of years take the fish away from the area of the fisheries, as has been experienced in the California sardine fishery for the past several years, great financial hardship is brought to the fisherman. Like the farmer under similar circumstances, he needs credit relief at that time to enable him to weather the economic storms. We provide such credit relief liberally to our farmers but to our harvesters of the sea we do not. It is the primary purpose of the first part of S. 3339 to remedy this defect of Federal practice and to begin the process of equalizing the aids given to both sections of our food-producing economy.

Our largest fishery in California, and one of the largest in the country, is for tuna. For 7 long years the tuna fishery has been going steadily downhill. The facts and figures to illustrate this decline are already before the committee in the statements prepared by our several fishery trade organizations, and by the United States Fish and Wildlife Service. The reason for this decline has been increasing imports of tuna, first in the canned form, then in the frozen form, and finally in both forms.

The regulations governing the importation of tuna are in a sorry mess. Yellowfin and skipjack tuna frozen have no tariff and are not bound in any trade agreement. Albacore tuna frozen bear no tariff but are bound in a trade agreement with Japan. Tuna canned in oil bears one rate of tariff and tuna canned in brine, which is directly competitive, bears a tariff scarcely one-third as great. The inequalities of these treatments keep the market upset and unstable. The lack of protection given to the producers of frozen fish renders them unable to compete on an even basis with their foreign competitors in their own market.

While I am no expert in fisheries trade and do not pretend to know very much about the fisheries of other States, I am given to understand that others of this country's fisheries, both great and small, are suffering also from the impact of imports. It is the purpose of the second part of S. 3339 to provide a more suitable mechanism of government to control these floods of fish imports.

It is not the desire or intent of the Congress that any industry of the United States shall be made to suffer serious injury, or the threat of serious injury, by reason of increased imports. Nor is it the desire and intent of the fisheries that our foreign trade be disrupted by completely denying to foreign fishermen access to markets in the United States.

Yet serious damage has been done to our fisheries by imports and greater injury is threatened. It is our hope in proposing the measures of S. 3339 that steps will be taken under law to correct these inequities.

Mr. Chairman, this Government has long neglected the welfare of its domestic fishermen. As a consequence, the fishing economy has decayed while the remainder of the economy has prospered. I hope that the committee will see its way clear to report out all three of the bills before it—S. 2379, S. 3275, and S. 3339—with such modifications as it feels proper, so that we may start once more to the rebuilding of a thriving, prosperous, industry based upon well tended resources.

Mr. MAGNUSON. Mr. President, I offer two amendments to the committee amendment which I ask to have stated.

The PRESIDING OFFICER. The Secretary will state the amendments.

The LEGISLATIVE CLERK. On page 12, line 22, it is proposed to strike out "whales, hairseals, sea loans,".

On page 13, line 5, it is proposed to insert the following new sentence:

There are also transferred to such Fisheries Division the functions of the Secretary relating to the protection of fur seals and to the supervision of the Pribilof Islands and the care of the natives thereof, relating to the Whaling Convention Act of 1949, and relating to hair seals, sea lions, whales and other marine mammals.

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

The amendments to the amendment were agreed to.

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

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

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

The title was amended so as to read: "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."

STATE-JUSTICE-THE JUDICIARY APPROPRIATIONS, 1957

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2056, H. R. 10721, the State-Justice-The Judiciary appropriation bill.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 10721) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1957, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, after the Senate concludes consideration of the State, Justice, and Judiciary appropriation bill, we may consider Calendar No. 1896, Senate bill 3108, to encourage the construction of modern Great Lakes bulk cargo vessels; Calendar No. 1975, S. 746, to provide for the return to the former owners of certain lands, including Indian tribal lands, acquired in connection with the Garrison Dam project of mineral interests in such lands; and Calendar No. 2014, S. 3760, to provide for a more effective control of narcotic drugs, and for other related purposes.

It is expected that tomorrow the road bill will be reported to the Senate by the Committee on Finance. I should like to have all Senators on notice that we will consider the road bill on Monday, and that we hope to conclude its consideration on Tuesday.

If that can be done, we will have a holiday on Memorial Day, Wednesday, next week. On Thursday and Friday of next week we expect to consider 3 or 4 appropriation bills, together with any other bills that may be ready for action by the Senate. The Senate will also consider the social security bill.

I want all Senators to be on notice that we will have to come in early and stay in session late from now on, in order to get all our bills passed.

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

Mr. JOHNSON of Texas. I yield.

Mr. KUCHEL. I wonder whether the majority leader will give consideration to having the Senate meet early on Monday morning so that we might possibly conclude consideration of the highway bill before very late on Tuesday evening.

Mr. JOHNSON of Texas. I shall be very glad to confer with the distinguished minority leader. Perhaps we will be able to follow the Senator's valuable suggestion.

The PRESIDING OFFICER. What is the pleasure of the Senate?

RECESS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 5 o'clock and 33 minutes p. m.) the Senate took a recess until tomorrow, Friday, May 25, 1956, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 24, 1956:

FEDERAL MARITIME BOARD

Thomas Edward Stakem, Jr., of Virginia, to be a member of the Federal Maritime Board for the remainder of the term expiring June 30, 1958.

CIVIL AERONAUTICS BOARD

G. Joseph Minetti, of New York, to be a member of the Civil Aeronautics Board for a term of 6 years expiring December 31, 1961.

UNITED STATES COAST GUARD

Joseph A. Kerrins, for promotion to the permanent rank of rear admiral in the United States Coast Guard.