colleagues the statement which the Senator from Nebraska has made, and I should also like to join in that statement.

It is my privilege to know personally the great work being done at Boys Town by Father Wegner, who is doing an inspirational job of leading back into good citizenship these younger citizens of ours, who had wandered astray.

I could not let this opportunity pass without saying something in tribute to the fine work that is being done.

Mr. HRUSKA. I thank the Senator from Colorado. I am sure that the leadership and faculty of Boys Town, as well as the boys themselves, will join me in my expression of appreciation for his kind remarks.

SENATE

MONDAY, JULY 15, 1957

(Legislative day of Monday, June 8, 1957)

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

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

Our Father, God: We thank Thee for the Sabbath's rest and for the sweet refreshment of sleep restoring the frayed edges of mental and physical resources. We rejoice in the fresh vigor of a new day and the opportunities of another week, as it claims our best for the Nation we all love. Upon Thy servants in this temple of national welfare, pour, we pray, a double portion of wisdom, understanding, and of mutual restraint, as once more they set their faces toward vexing social problems which tax their utmost to solve.

"Grant us vision, grant us courage, that we fail not man nor Thee."

In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON, of Texas, and by unanimous consent, the Journal of the proceedings of Saturday, July 13, 1957, was approved, and its reading was dispensed with.

THE CIVIL RIGHTS BILL—PROGRAM

Mr. JOHNSON of Texas. Mr. President, the first week of discussion of the civil-rights bill has done more than produce some of the finest debate in Senate history. It has also produced a basis for meaningful Senate action.

When this debate began, there was a widespread belief that the Senate was shackled and handcuffed. It was thought that we could do nothing but accept the bill which would be before the Senate.

Since then, we have had what one of the most eminent commentators, Roscoe Drummond, calls "the most meaningful and productive debate on civil rights that has marked the deliberations of the Senate in years."

On the basis of that discussion, thoughtful men are at work to explore the alternatives. The Senate has demonstrated that it is not in a straitjacket, but can act according to its convictions as to the course that best serves the national interest.

The junior Senator from Wyoming [Mr. O'MAHONEY] has made a basic contribution to the discussion of the jury trial feature.

The junior Senator from New Mexico [Mr. ANDERSON] has announced the outlines of an amendment he is preparing.

The senior Senator from South Dakota [Mr. MUNDT] has told us, in the speech he delivered on Saturday afternoon, that he is ready to present his ideas of an alternative.

The junior Senator from Tennessee [Mr. GORE] has offered some basic suggestions.

The senior Senator from Georgia [Mr. RUSSELL] has discussed a number of approaches, and has submitted at least three amendments.

Undoubtedly, there will be other suggestions and other proposals as we go along. This is a situation in which thoughtful men are impelled to approach an issue along the lines of meaningful action, rather than partisan oratory.

It is particularly significant that the proposals thus far are not confined to 1 section, 1 party, or 1 point of view. The proposals are the reaction of thinking men who realize that great issues must be met with reason, instead of blind dogma.

The reaction of the press over the weekend is a reflection of the level of the Senate debate. There have been careful, thoughtful editorials and articles in such newspapers as the New York Times, the Washington Post, the New York Herald Tribune, and the Washington Star.

Mr. President, I ask unanimous consent that those articles and editorials be printed at this point in the body of the RECORD, as a part of my remarks.

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

[From the New York Herald Tribune of July 14, 1957]

THE CIVIL RIGHTS DEBATE

(By Roscoe Drummond)

WASHINGTON.—We are today witnessing the most meaningful and productive debate on civil rights that has marked the deliberations of the Senate in years.

It is premature to try to forecast unqualifiedly the end result. On the basis of the opening stages of this historic debate, three conclusions emerge.

1. The opponents of the civil-rights bill have devoted themselves to discussing the issues on their merits and have thus far refrained from abusing the precious right of extended debate. The argument has been relevant and, in the main, carried on in good spirit. Later, the temptations to depart from this course will increase.

2. The southern Democratic opponents are already exerting a substantial impact on the shape of the legislation that may ultimately come. Everyone close to the scene knows that their purpose is to defeat the whole bill. But it is my conviction that the southerners deserve credit for forcing its proponents to take a second and third look at its provisions. The result will almost certainly be some clarifying and moderating amendments.

3. From conversations with leaders on both sides, the present outlook is this—without clarifying and moderating amendments, it is very doubtful that the bill can pass; with such amendments, it is quite probable that the bill will pass.

Three amendments are now in the making, and after the vote putting the bill before the Senate, they will undoubtedly come to the surface.

One amendment would have the effect of affirming that the new legislation in no way authorizes the use of troops to enforce decisions of the courts. The Justice Department and the advocates of the bill hold that there is no purpose to such a disclaimer, since this bill neither adds to nor subtracts from the authority of the President to use troops in the last resort to enforce the judicial process. However, there would be no resistance to making this point doubly clear.

Another amendment which will be considered would strike from the bill any authority for the Federal Government to enter civil suits bearing upon the integration of the public schools. Since the implementation of the Supreme Court decision now is in the jurisdiction of the Federal district courts, there will be many in the Senate who will deem it premature to extend the role of the Department of Justice into this field.

A third amendment would bear upon jury trials for persons held in violation of a court injunction. Historically, injunction proceedings have not involved jury trials, but a compromise is being discussed which would prescribe trial by jury when matters of fact, rather than law, were primarily at issue.

The second and third of these amendments would obviously narrow the scope and force of the legislation. But its heart and center would remain. That is to secure and bring to reality the most fundamental right of American citizens, the right of all to vote under the same terms and qualifications.

These amendments would, in the judgment of its supporters, make the bill as moderate as President Eisenhower has been describing it. They would strip from the bill the objections which its critics have been raising most strenuously, and would leave it dealing with a civil right which even opponents of the bill rarely question openly—the right of all citizens to vote on equal terms.

There are some who make a point of saying that there is no constitutionally guaranteed provision that every citizen has the right to vote. That is true, and the present civil-rights bill does not assume nor assert that it is otherwise. The right which this legislation aims to protect is that the voting qualifications shall be applied to all citizens equally, that there shall be no discrimination.

Not many opponents of the bill argue against this proposition. They only argue that they don't want the Federal Government acting to guarantee this right. But it should not be overlooked that the proposed right-to-vote legislation deals only with voting for the nomination and election of Federal candidates.

There will be some who will feel that this is an overly moderate act in behalf of equality in the right to vote. However, this is the first time in 90 years that significant civil-rights legislation has come even near to being enacted.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

[From the New York Times of July 15, 1957]

THE HEART OF CIVIL RIGHTS

One fact we might think about as the civil-rights bill, already passed by a House vote of 282 to 126, comes up this week in the Senate is this: The right to vote is the heart of all other civil rights. If a recognizable group, such as the Negroes in the Deep South, is hindered in registering and voting it has no means whatever of sustaining its other rights. It would not therefore be an unworthy compromise if the friends of democracy in the Senate agreed to limit the use of the injunction in the proposed legislation to cases in which the right to register and vote was denied.

This limitation would not deny the principle of integration in the schools which was laid down in the Supreme Court decision of May 17, 1954. It would put first things first. It would put emphasis on education—in this case, adult education. It would show the folly of Senator RUSSELL's nightmare of integration by bayonet. It would accept the Court's own formula of caution and conciliation in this delicate field.

But there can be no justifiable compromise of the right of any individual, of the Negro race or of any other race, to exercise the franchise in a Federal election.

It is now clear that it was this sort of interference with the rights of the citizen that President Eisenhower had chiefly in mind in his somewhat casual mention of the subject in his state of the Union message on January 5, 1956, and which he repeated, in more deliberate terms, in his corresponding message of January 10 of this year. He did not explicitly mention the use of the injunction in segregation cases. He did urge, in this year's message, enactment by the Congress of new laws to aid in the enforcement of voting rights.

The proposed bill went beyond what the President seemingly contemplated when it suggested the use of the injunction, with possible fines and prison sentences for those who were held in contempt, to enforce school integration as well as voting rights. If the friends of the measure are sensible they may decide to be as patient in promoting integration in the schools as the Supreme Court itself has been. This concession may eliminate some sincere and anxious opposition among white southerners. Integration will create a new problem in human relations, and such problems cannot be solved overnight.

But the right to vote is clear-cut. Whatever the anti-civil-rights bloc of southern Senators decides to do or say, liberals in both major parties must in this field stick to the fundamentals. They can no longer, in honesty or in political wisdom, let Senator RUSSELL or anyone else ignore the 15th amendment.

[From the New York Times of July 14, 1957]

SENATE MAKES A CASE FOR UNLIMITED DEBATE—IN TALKING ON THE CIVIL RIGHTS BILL IT HAS USED ITS ANCIENT PRIVILEGE TO CLEAR UP OBSCURE ISSUES—IN DEBATE OF OF HIGH ORDER

(By Arthur Krock)

WASHINGTON, July 13—The value of the Senate rules that assure protracted debate has again been demonstrated in the current discussion of the administration's bill to enforce equal rights for all citizens. As a result of the decision of the southern bloc, led by Senator RUSSELL, of Georgia, to examine the text of the measure minutely before agreeing to Senator KNOWLAND's motion that the legislation be brought up for passage, amendment or rejection, a debate at the highest level of senatorial standards has ensued, and potential workings of the bill have been revealed of which many Senators and the public were unaware.

Not only were many Senators unaware of these aspects of the administration draft, they came as surprises to the President himself. He told a news conference that "What I was seeking was legislation to prevent illegal obstruction of the right to vote." In saying this the President left the impression he had not gathered from the briefing his legal associates gave him that the effect of the bill was also to enforce, by drastic methods, southern conformity to the new group of equal rights which the Supreme Court, beginning with the school racial integration decision in 1954, has proclaimed.

Anyone with time, diligence, and some legal training could have known in advance the issues over the administration's bill, that were raised in the Senate this week, by reading the transcript of hearings last February and March before a Senate judiciary subcommittee. In those hearings were numerous exchanges between Attorney General Brownell and a member of the subcommittee, particularly Senator ERVIN, of North Carolina, in which the controversial aspects of part III of the measure were discussed in detail.

PUBLIC MADE AWARE

But it was not until Senator RUSSELL dramatized these aspects by his speech in which he charged the drafters of the text with a deliberate intention to use troops to force all forms of racial desegregation on the South that there was general awareness of the scope and potential enforcement provisions of the bill. Or that it would do more, if made into law, than to subject to court citations for contempt and trial without jury those who attempted to interfere with the right to vote.

The inadequacy of this concept of the legislation, has been shown in the Senate debate. And because that discussion will be extensive before the measure is submitted to the Senate for action, all Senators and that part of the public which avails itself of the opportunity to be informed will know: (a) the area and proposed means of equal rights enforcement that it covers; (b) the conflicting Senate views of what these means could become in actual practice.

The southern Senators attacked chiefly these provisions in the bill:

1. It empowers the Attorney General to act as plaintiff, on his own motion, in any instance where he believes an exercise of the voting privilege has been interfered with, or there is an intent to do so, and to apply to the Federal courts for an injunction against the persons so charged. If the judge decides that an injunction he has granted is disobeyed, the persons will be cited for contempt, tried without jury and, if convicted, be liable to prison sentences.

ABUSES FEARED

The contention of the Senators who would strike out or amend this provision is that it opens the way to an abuse of power by the Attorney General; sets up the autocratic and oppressive system of judgment without jury and indefinite imprisonment; and is a political device to punish the South.

2. The text of part III includes an obscure clause that has the effect of empowering the President, or even the Attorney General himself, to use the Armed Forces and the militia to enforce this new judicial process. The scope of the clause is obscure because it specifies for enforcement only section 1985, title 42 United States Code, and makes no mention of the fact that this section in turn invokes section 1993. Section 1993 authorizes the Executive to employ the Armed Forces to aid in the execution of judicial process. By making section 1993 an enforcement arm of part III only, and not of part IV which would enforce the right to vote, this Executive power to call out the troops to sustain judicial process is extended to the new scope of judicial process for racial integration as provided for in part III, but is excluded from protections of the suffrage.

The southern Senators who do not go along with RUSSELL to the point of charging that this indirect invocation of section 1993, and to part III only, exposes a deliberate administration intent to use troops to compel all forms of racial desegregation in the South, do agree, however, that it specifically extends this executive power to the enforcement of the Supreme Court's desegregation decisions if an executive chooses to employ it.

REPLY OF PROPONENTS

To these charges and criticisms the advocates of the bill have made these answers:

1. Trial by jury is generally waived in equity cases, which cases under the bill would be. If made mandatory, jury trial would defeat the objective of the legislation in the whole field of equal rights because southern juries would not convict. And since there are powerful local reasons that restrain from suit persons denied equal rights in the South, the authorization of the Attorney General as plaintiff is necessary to protect those rights. As for the issue over indefinite imprisonment for unpurged contempt, that can be disposed of by a clarifying amendment that will not affect the substance of the bill.

2. There was no hidden design or intended obscurity in the insertion of the clause in part III that invokes section 1993, and in the failure of the drafters to insert it in part IV also. The discrimination was an accident of drafting. The insertion could as well have been made in both or in neither, because other statutes, the latest adopted in 1956—2 years after the Supreme Court's desegregation decision in the school cases—already give the President the power to use troops to enforce the execution of judicial process. It is nothing new that he could do this.

Answer No. 2 (above) has rather strengthened than otherwise the southern Senators' opposition to part III. Most of them view the accident explanation with suspicion, though in varying degrees. And the reply of the advocates notably does not meet an objection which Senator Ervin stated as follows: "If this bill is passed it will create a new type of remedy in which judicial decrees can be entered * * * and which the President can enforce by the use of the Armed Forces of the country."

[From the New York Times of July 14, 1957]

TRIAL BY JURY VERSUS THE RIGHT TO VOTE

(By James Reston)

WASHINGTON, July 13.—Every so often the play of history turns up an issue so full of personal and regional conflict, so grounded in moral philosophy, and so subject to the clash of ancient but contending principles, that it stands apart from all the normal preoccupations of political life.

Such an issue is now before the Senate in the civil-rights debate: Should the chief law enforcement official of the Federal Government, the Attorney General, be authorized to avoid trials by jury in order to secure the Negro's right to vote in some parts of the South?

This is the core of what may prove to be the most significant civil-rights debate in America since reconstruction days, and for the benefit of anyone who may wish to indulge in a little mental penitence on a hot July Sunday, the dilemma to be resolved is as follows:

1. The Constitution (14th and 15th amendments) and the courts promise all citizens the right to vote and equal protection under the law regardless of race, color, or previous condition of servitude.

2. In some but by no means all parts of the South Negroes have been disenfranchised by the thousands, sometimes by local officials, sometimes by intimidation of their neighbors—and the Federal Government under existing laws has not been able to correct this situation.

3. So what to do? Place the right to vote for Negroes in the South above trial by jury in these cases for whites in the South or sustain trial by jury there in the face of overwhelming evidence that southern juries will seldom if ever convict white men of disenfranchising the Negro?

THE ADMINISTRATION'S SOLUTION

The administration, confronted by this dilemma, places the right to vote first in its priority of rights. It feels dutybound to sustain this constitutional promise. It does not want to punish by criminal action, which requires a jury trial, but to prevent discrimination against the Negro's vote by civil injunction. This would enable the judge to forbid anyone from interfering with the right to vote and empower him to punish for contempt—without a jury trial—anyone who defied his injunction.

Moreover, the administration points to the fact that in many fields other than the field of civil rights, notably antitrust cases, it has used this type of civil remedy as a means of enforcing Federal rights.

To the South, however, this appeal for contempt proceedings by Federal judges is nothing more than an expedient device designed to impose the will of the Federal Government on the States, to weaken the essential spirit of federalism, and to do so at the expense of the principle of jury trials, which was defended in the Declaration of Independence and the Constitution.

As the South sees it—and not only the South, for this troubles many of the liberal northern Senators who are fighting for the administration's bill—the essence of federalism is that large and determined minorities must not be coerced by the majority.

HOW WOULD YOU VOTE?

This is the issue before the Senate and the Nation. It is no longer whether the administration shall be able to use Federal injunctions to enforce the school integration decision of the Supreme Court—for the South in the first week of the debate has almost certainly defeated that—but whether the administration and its supporters can persuade the leaders of the South that the time has come to cooperate with the Federal Executive in giving the Negro the vote.

On the public record to date there is little evidence of this. But the surprising thing on the Hill this week was not that the southern Senators were defending all the voting procedures in the Southern States but that many of them were agreeing, at least in private, that the right to vote, for all citizens, including Negroes, had to be strengthened.

It is too early, therefore, to conclude that the southern bloc in the Upper Chamber will fight to the death for the jury trials. They will not openly approve of the right-to-vote procedure asked by the administration, and they will certainly filibuster to the end against injunctions in integration cases, but as one of their leaders remarked this week: I am not going to kill myself arguing for anti-Negro voting procedures I don't approve and don't think most of the South approves.

Nevertheless, the issue may come before the end of the summer; to coerce or not to coerce, to put the right to vote above the jury trial, or to compromise once more in the belief that the South will of its own volition change the present voting system.

This is not a question for the Senate alone. It is a question upon which all reflective men and women must ponder, even on hot July Sundays, for in the end the Senate may very well reflect the mood of the country.

[From the Washington Star of July 14, 1957]

THE OPPOSITION'S BROAD ATTACK

(By David Koonce)

The drama of a Senate filibuster, with its all-night sessions, cots in the cloakrooms, tense galleries and hoarse Senators, often obscures the position of the filibusters.

The very word "filibuster" brings to the minds of many a Huey Long extolling the virtues of pot likker, reading the Bible, or listing the bargains in a mail-order house catalog.

To some degree, the southerners who last week began an attack on the administration's civil-rights bill, which promises to reach filibuster proportions, were handicapped by the tradition they were following.

Despite their pleas for attention to their arguments, they found it hard to combat the automatic discount the public and the press apply to things said even in the preliminary stages of a filibuster. They were additionally handicapped by the fact that their argument was basically a legal one rather than an emotional one and was not the stuff of which headlines are easily made.

Nevertheless, as the first week of the civil-rights discussion drew to a close, the impact of the southern position—on fellow Senators if not on the public—was becoming evident. Their arguments were beginning to attract the sympathetic attention of liberals and constitutional conservatives.

THE SOUTHERN POSITION

Broadly stated, the southern argument was this: That the administration's civil-rights bill would deny several basic constitutional rights, most notably the right of trial by jury, to persons accused of violating the civil rights of others.

The southerners further hold that the bill would substitute government by men for government by law in lodging unprecedented authority with the Attorney General of the United States.

This position was stated most forcibly last week by Senator SAM ERVIN, of North Carolina, a former justice of the North Carolina Supreme Court whose legal acumen is widely acknowledged on both sides and who has become the southern theoretician on the administration's bill.

The part of the bill under broadest attack would give the United States Attorney General authority to institute for or in the name of the United States a request for Federal court injunctions against any person who has violated the civil rights of another or who there are reasonable grounds to believe is about to violate them. Should the injunction or other court order be ignored by the defendant, he could be brought before a Federal judge and sentenced to jail and fined for contempt without the benefit of a jury trial.

SEE AUTOCRATIC POWERS

The evils of such procedure are many, argue Senator ERVIN and his southern colleagues. The Attorney General would be given autocratic powers that have no counterpart in our history, they say. Because it leaves the operation of the law entirely to the will of this appointed official, it breaches the fundamental concept of government by law, substituting government by man—the Attorney General.

Further, they declare, the procedure could be used by the Attorney General in behalf of, or against, such persons as only he may select. This provision, Senator ERVIN argues, is utterly repugnant to the fundamental concept that courts are created to administer equal and exact justice, in compliance with certain and uniform laws applying in like manner to all men in like circumstances. He told the Senate last week that Congress thus was being asked to enact a public law that would be the private possession of the temporary occupant of the office of Attorney General, whoever he may be.

A major southern complaint, and one not easily understood by the layman, is that the bill further extends the jurisdiction of equity proceedings at the expense of the right of jury trial and for no other reason than the expediency of the moment.

The proceeding in equity grew out of a need, recognized at an early stage of our judicial system, for a jurisdiction that could render justice in many situations that could not properly be handled by criminal prosecution or lawsuit. For instance, as Alexander Hamilton illustrated equity jurisdiction, the case of a hard bargain in which one of the bargainers has suffered an unfair but not fraudulent advantage at the hands of the other cannot be heard in regular proceedings, even though it is clear that relief for the victim would serve the ends of justice.

EXTENSION OF COVERAGE

It has been a basic rule of equity that an equity action must be instituted by the real party in interest, and in his name, although the bill now being debated permits such action to be initiated by the Attorney General in the interest of the Government.

Senator ERVIN, in tracing the development of equity proceedings, declared that, when the Constitution was ratified, the basis of the jurisdiction then exercised by courts of equity, which historically function without juries, was the protection of private rights of property. * * * In some cases * * * courts of equity used restraining orders and temporary and permanent injunctions * * * to preserve the status quo in respect to property in dispute until the conflicting claims could be determined in a trial on the merits, and the role of the permanent injunction was to secure the enjoyment of the property by the person adjudged its owner in the trial on the merits.

Since the early days of the Republic, equity jurisdiction has been expanded broadly, although many individual States have extended the right of jury trial, according to Senator ERVIN, to issues of fact arising in actions of an equitable nature.

Because the use of the injunction is susceptible to abuse, the southerners warn, any such new extension may have serious consequences in the future and can apply to all Americans, not just southerners.

Senator ERVIN says that parallel to the present proposal can be found in the oppressive measures of George III against the American colonists prior to the Revolutionary War. He cites the application of the Sugar Act and the Stamp Act, which were made punishable by an extension of the jurisdiction of the admiralty courts, in which there was no provision for jury trial.

CONFRONTATION DENIED

As the civil-rights debate has progressed, the southerners have pointed to other denials of basic rights which they claim the bill would allow.

Because of the nature of the proposed proceedings, a defendant could not confront and cross-examine an accusing witness. Such a defect, say the southerners, becomes most undesirable when it is recalled that restraining orders and temporary injunctions are usually issued on pleadings of partisan lawyers and attested to by partisan witnesses. Of course, the defendant may purge himself of the contempt or in the case of a voting dispute, the issue may be declared moot after the election, if the complainant votes.

It is further argued that the proposed law would permit a person to be put in jeopardy twice for the same offense. For instance, say the southerners, a man could be convicted and sentenced to jail for a year for

civil-rights violations under existing statutes, and subsequently sent to jail for the same offense under a contempt sentence. In the second case, his imprisonment could be for any number of years and his fine unlimited, since the judge is limited only by what Senator ERVIN calls the vague and nebulous provision of the eighth amendment prohibiting excessive fines and cruel and unusual punishments.

The bill, then, would deny these rights, according to the southerners:

The constitutional right of indictment by grand jury; the constitutional right of trial by petit jury.

The constitutional guaranty against double jeopardy.

The statutory right of trial by jury in indirect contempt cases.

The statutory right to the benefit of limited punishment for indirect contempt.

REPLIES TO NORTHERN CHARGES

To the charge by civil-rights-bill proponents that trial by jury is slow and cumbersome and, in civil-rights cases in the South, unlikely to result in conviction, Senator ERVIN replies: "Happily for liberty and justice in America, the founders of our Government hated judicial tyranny more than they loved judicial haste." He notes that the plea that jurors are reluctant to convict was also the reason used for setting up the infamous court of star chamber and that demands for mob law are usually based on the ground that administration of justice in the courts is too slow.

Just as proponents of the bill question the sincerity of the southern concern over the right to trial by jury, so do the southerners challenge the assertions that the bill is designed only to guarantee voting rights to southern Negroes. They insist that hidden in the bill are provisions that would not only permit the Attorney General to integrate southern schools virtually by edict, but would permit him to become a law almost unto himself. Further, Senator ERVIN sees the possibility of a recurrence of Reconstruction days, when Federal troops occupied the South.

The Senator explained it this way last week:

"The bill proposes to confer upon the Attorney General the power to bring suit to suppress any of the practices specified in section 1985, title 42, of the United States Code. This section contains three subsections, and each of these subsections has many clauses. I call attention to one clause alone. It contains a provision authorizing the Attorney General to bring suit * * * in the name of the United States in cases where there are any conspiracies threatening or consummated to deprive any person of the equal protection of the law under the 14th amendment."

The Senator says that 240 pages are required merely to state in a broad manner the number of subjects concerning which the Attorney General could litigate at the expense of private taxpayers, on behalf of citizens, aliens and private corporations under this one clause of subsection 3, section 1985, title 42 of the United States Code.

SEES BROAD POWERS

"The Attorney General, under part III of the proposed law," said Senator ERVIN, "would be empowered to bring literally hundreds upon hundreds of different types of cases, in addition to cases to secure voting rights and to compel the integration of public schools."

And in every one of these cases, according to Senator ERVIN, "the President would have the authority, under section 1993 of title 42, to call out the Army, the Navy, or the militia to enforce the decrees."

And these are the reasons, say the southerners, that the bill is neither moderate nor liberal, as it has been advertised, but instead extreme and reactionary.

[From the New York Herald Tribune of July 14, 1957]

THE GREAT DEBATE PROCEEDS

Civil-rights legislation has always been the sternest test of the maturity and dignity of the Senate. The passions stirred by this controversial subject have produced in the past not only parliamentary frustration but scenes of anger and bitterness that have lowered the prestige and moral authority of the Upper House. This time the atmosphere, while heated, has been far more in consonance with the position of a great deliberative body.

The most practical effects of this altered climate are to be seen in the unanimous agreement to vote on Tuesday on Senator KNOWLAND's motion to give formal consideration to the administration's civil-rights legislation. The Judiciary Committee, which might well have been the graveyard of the bill, with Senator EASTLAND, its chairman, acting as sexton, has already been bypassed. The opportunities for a filibuster on the motion to consider have been used, thus far, with discretion, and the southern Senators have decided to reserve their biggest guns for the main question.

What is more important is that there is constructive discussion of a compromise that, even if not wholly satisfactory to the supporters of equal rights, may serve to make effective the most significant right expressly granted by the Constitution—the right to vote for Federal officers. Senator GORE, of Tennessee, has been promoting a substitute measure intended to achieve that result. He has thereby broken the hitherto all-too-solid southern front against any progress toward validating the constitutional guaranties for all citizens. It is this determined obstructionism that has exacerbated the civil-rights battle, encouraging the belief that the arguments of detail advanced against the bill by southerners are only smokescreens to conceal the will of the white South to bar Negroes from the ballot box. If a compromise can be achieved that will actually do the job, so far as voting is concerned, it will be a genuine advance and will help create a better state of mind, North and South, in which to work out the more complex problems of racial relations.

Certainly it is much too early to do more than hope that such a result will emerge from the great debate. There may still be a filibuster against any form of civil-rights legislation; there will almost certainly be attempts to produce compromises that will compromise the whole spirit of the administration bill. And the fires that have been smoldering very close to the surface of Senate discussions in the past few days may burst out in destructive flame.

But for what has already been achieved toward keeping the debate on a high, constructive plane, a number of persons in and out of the Senate deserve great credit. The President has evidenced a broad-gauge willingness to hold to the substance of his original proposals, rather than to the precise form in which he advanced them. Senator KNOWLAND has worked earnestly and well to press the measure forward without stirring up unnecessary antagonisms. His leadership of the Republican forces in this struggle has been excellent. Senator JOHNSON, a southerner himself, aware of the deep fissions within his party on the issue, has set an example to the Democrats of national and Senatorial responsibility in line with his conduct as majority leader throughout this trying session. Senator RUSSELL, a bitter foe of the present bill, has assisted in holding the debate to the central issues. He has called on all Senators to consider the measure on the merits. Senator GORE has sought a compromise that would unlock the traditional stalemate.

All Americans will earnestly hope that the debate will continue in this tone and temper to a positive goal. The question is far too important to be decided by parliamentary tricks or sabotaged by endless talking. It calls for a recognition by both sides that this is a major question for the representatives of the American people to decide in the best traditions of the freedoms which all Americans have fought to preserve. It is also a vital aspect of the battle for the minds of men, which is being waged around the world between the forces of slavery and liberty. How the Senate bears itself in this debate will be watched with attention by millions in other lands. Thus far, the Upper Chamber has comported itself well; let it do so to the end, and let the end be good.

[From the Washington Post of July 15, 1957]

SPEAKING OF CONCESSIONS

As the civil-rights bill moves toward an initial test of strength (on whether it shall be formally considered by the Senate), the spirit of compromise is in the air. Several legislators are trying to work out amendments that would soften its provisions. Some of them are ready to strip the bill of all provisions except the safeguards it would throw around the right to vote. President Eisenhower has seemed to lean in this direction, but he made clear to Senator KNOWLAND on Friday that he is not at this time proposing any modifications.

We have felt that the school segregation issue should be kept apart from this debate. The school problem is already being threshed out in the courts. Not much would be gained and much might be lost by sweeping it into this legislation that is more specifically aimed at protecting voting rights. Yet we should be loath to see the bill stripped solely to the voting rights section. Important also are the provisions to create the position of Assistant Attorney General in charge of civil-rights cases and to set up a Civil Rights Commission.

Some legislators, including the liberal-minded Senator ANDERSON, would be willing to strike out part III of the bill that has so aroused Senator RUSSELL. This section would authorize the Attorney General to institute suits to establish the rights of citizens to equal protection of the laws in a variety of circumstances. It is not essential, perhaps, to the main provisions of the bill dealing with the right to vote. Yet if the entire section should be eliminated so as to stand on its separate merits at a later date, the Senate would face another major filibuster to get it considered.

If the demand for striking out this section attains wide support, the least advocates of the bill can do is to require a concession in return. Such a concession might consist of modification of the Senate's rules so that civil-rights measures could be debated in the future without the threat of an endless filibuster. The minimum price for deletion of part III ought to be a new rulemaking cloture applicable to all matters that come before the Senate by vote of two-thirds of those present and voting. The argument for separation of the civil-rights bill into two or more parts will meet with stubborn opposition unless the Senate is willing to restrain use of the filibuster weapon.

Mr. JOHNSON of Texas. Mr. President, I should like to announce, for the information of the Senate, that during the day we shall attempt to ascertain how many Senators will speak tomorrow, and for what length of time.

It may very well be that the Senate will convene at a later hour tomorrow than the hour of meeting this morning,

unless there is a greater demand for the allotment of time than we can now foresee. It may be that the Senate will convene at 11 a. m., or perhaps even 12 noon. I wish the Senate to be on notice, Mr. President.

As all Senators realize, there will be a quorum call at 4 o'clock tomorrow; and then the Senator from California [Mr. KNOWLAND] may use not to exceed 1 hour; and the Senator from Georgia [Mr. RUSSELL] may use not to exceed 1 hour. It is entirely possible that neither Senator will use the time allotted to him.

So all Senators should be on notice that the vote will not necessarily be as late as 6 p. m.; it could very well be at 4:15, or 4:30, or 4:45 p. m. All Senators should take notice that at any time after 4 p. m. tomorrow, it is possible for the vote to be taken on the motion of the Senator from California.

TRANSACTION OF ROUTINE MORNING BUSINESS

The VICE PRESIDENT. The order entered Saturday provided for a morning hour today for the transaction of routine business. Such business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON TORT CLAIMS PAID BY SMITHSONIAN INSTITUTION

A letter from the Secretary, Smithsonian Institution, Washington, D. C., transmitting, pursuant to law, a report on tort claims paid by that Institution, during the fiscal year 1957 (with an accompanying report); to the Committee on the Judiciary.

MRS. CLAIRE PHILLIPS CLAVIER VERSUS THE UNITED STATES

A letter from the Clerk, United States Court of Claims, Washington, D. C., transmitting, pursuant to law, the opinion of that court rendered in the case of *Mrs. Claire Phillips Clavier* v. *The United States*, on July 12, 1957 (with accompanying document); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

A resolution adopted by the United Auto Workers of America, at Atlantic City, N. J., relating to the farm program; to the Committee on Agriculture and Forestry.

A resolution adopted by the United Auto Workers of America, at Atlantic City, N. J., relating to national defense, civilian manpower, mobilization, selective service and universal military training; to the Committee on Armed Services.

Three resolutions adopted by the United Auto Workers of America, at Atlantic City, N. J., relating to full employment, credit unions, and housing; to the Committee on Banking and Currency.

Five resolutions adopted by the United Auto Workers of America, at Atlantic City, N. J., relating to anti-inflation insurance for the aged, taxes, veterans, social security, and unemployment compensation; to the Committee on Finance.

A resolution adopted by the United Auto Workers of America, at Atlantic City, N. J., relating to the Federal immigration policy; to the Committee on the Judiciary.

Seven resolutions adopted by the United Auto Workers of America, at Atlantic City, N. J., relating to State antilabor laws, safety and industrial health, automation and the second industrial revolution, education, the Taft-Hartley Act, ethical practices, and workmen's compensation; to the Committee on Labor and Public Welfare.

A resolution adopted by the Alumni Association of Gallaudet College, Washington, D. C., expressing the gratification of that association for the construction of new buildings at the college, and so forth; to the Committee on Labor and Public Welfare.

The memorial of Marie Kenney, of Tarrytown, N. Y., remonstrating against the enactment of legislation to provide for an Arts Foundation, or the establishment of a Federal Advisory Council of the Arts; to the Committee on Labor and Public Welfare.

CONCURRENT RESOLUTION OF MICHIGAN LEGISLATURE

Mr. McNAMARA. Mr. President, the Michigan Legislature recently adopted a resolution calling on the Postmaster General to issue a stamp commemorating the dedication of the Mackinac Straits Bridge.

I naturally approve and commend this action by the Michigan Legislature.

Forseeing that this remarkable engineering feat—the first linking together of Michigan's great Upper and Lower Peninsulas—should be suitably recognized nationally, I introduced a bill in the Senate last February providing for such a stamp.

This 5-mile bridge will be opened, according to the present schedule, in November. Its formal dedication, however, will be next June.

Mr. President, the commemorative postage stamps issued by the Post Office, call attention and tribute to great events and persons in our history.

I can think of no more worthy recipient of this honor than this great bridge.

I ask unanimous consent that the resolution by the Michigan Legislature be printed in the RECORD at the conclusion of my remarks.

There being no objection, the concurrent resolution was referred to the Committee on Post Office and Civil Service, and, under the rule, ordered to be printed in the RECORD as follows:

House Concurrent Resolution 68

A concurrent resolution respectfully urging the Postmaster General of the United States to issue a suitable stamp to commemorate the dedication and opening of the Mackinac Straits Bridge in the State of Michigan

Whereas in November of 1957, the Mackinac Straits Bridge, one of the greatest engineering miracles of the 20th century, will be completed; a bridge which, for the first time, will permanently link the two great peninsulas which comprise the State of Michigan; and

Whereas with the opening of the Mackinac Straits Bridge, a $100 million triumph of modern engineering skill and beauty will be seen, used, and enjoyed by not only millions of Michigan residents but also by hundreds of thousands of tourists who annually journey to Michigan to enjoy the beauties of the Straits of Mackinac; and

Whereas while appropriate ceremonies are being planned for its dedication and opening, it seems only fitting and proper that an occasion of this magnitude should receive the attention of the people of the entire United States and of the world: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the Legislature of the State of Michigan respectfully urges the Postmaster General of the United States to issue a suitable United States postage stamp to commemorate the dedication and opening of the Straits of Mackinac Bridge of the State of Michigan; and be it further

Resolved, That suitable copies of this resolution be forwarded to the Michigan delegates to the United States Congress and to the Postmaster General of the United States for their consideration.

Adopted by the house June 27, 1957.

Adopted by the senate June 27, 1957.

NORMAN E. PHILLES,
Clerk of the House of Representatives.

FRED I. CHASE,
Secretary of the Senate.

THE EMERGENCY AT FEDERAL DAM, MINN.—RESOLUTION

Mr. THYE. Mr. President, I am in receipt of a resolution which was adopted by the Cass County Board of Commissioners on July 8, 1957. The resolution points out the emergency which has been created by the washout of a United States Government dam at Federal Dam, Minn. Subsequent to the washout, access to the town of Federal Dam was further damaged by the recent floods in Minnesota. This is an emergency situation which demands the cooperative efforts of both State and Federal agencies. I have been informed that a meeting of various agencies will be held in Minneapolis or St. Paul today or tomorrow to determine whether Congressional action is necessary.

I have already alerted the Corps of Army Engineers, the Bureau of Public Roads, and the Department of the Interior concerning this emergency problem.

I ask unanimous consent that the resolution may be printed in the body of the RECORD as a part of my remarks.

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

Whereas an emergency exists at Federal Dam, Minn.; and

Whereas a portion of the United States Government dam has washed away, cutting off the traffic from the North (Bena) to Federal Dam, which is the main entrance to Federal Dam; and

Whereas the repair of said dam will involve several months time; and

Whereas the closing of traffic during the repair of said dam will cause considerable hardship upon the people of Federal Dam and surrounding area; and

Whereas to alleviate the hardship which has befallen said people, it is necessary to construct a temporary bypass below the present dam location, consisting of a bridge adequate to the discharge of water released by the United States Government dam employees, also, construct earth approaches to said bridge with gravel surface; and

Whereas said washed out dam has caused heavy damage to county roads leading into Federal Dam by heavy loads of equipment and materials being hauled over said roads, also, one county road inundated; and

Whereas the expenditure for the above described emergency work and materials is considerably more than Cass County can absorb with its limited revenue: Now therefore,

The board of county commissioners do hereby authorize the county highway engineer to proceed immediately with construction of a temporary bypass below said dam and send copies of this resolution to Congressman FRED MARSHALL, Senator EDWARD J. THYE, Senator H. H. HUMPHREY, and the Corps of Engineers. Said county board do hereby respectfully request the parties referred to above to cooperate and assist Cass County in securing financial aid for said emergency.

RESOLUTION OF KANSAS HIGHWAY COMMISSION

Mr. CARLSON. Mr. President, United States Highway No. 69 from Kansas City to Pittsburg, Kans., serves many cities and communities in our State and is an important connecting highway link between east and west routes through the State. I know of no highway which would be more feasible and more practical as a part of the Interstate System than this route.

The Kansas Highway Commission early last year voted that this route be added to the interstate system and has made application to the Federal Bureau of Public Roads for its inclusion. I endorse this action and sincerely hope that whenever mileage is added, this route will receive prior consideration.

At a meeting of the Kansas Highway No. 69 Association in June of this year, the association unanimously adopted a resolution urging that this action be taken.

I present the resolution, and ask unanimous consent that it be printed in the RECORD and referred to the Committee on Public Works.

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

The Kansas Highway No. 69 Association, in annual meeting assembled in Pleasanton, Kans., this 28th day of June 1957, in the presence of 150 members, representing the several communities in the 7 eastern counties in Kansas reaffirmed its historic position in pledging wholehearted cooperation in the further development, improvement, and extension of United States Highway No. 69.

Upon motion duly made, seconded, and unanimously adopted: Be it

Resolved, That we affirm our conviction in the practicability and feasibility of United States Highway No. 69 as an integral part of the United States highway system.

That we commend the engineers and the commissioners of the Kansas State Highway Commission in making application with the Federal Bureau of Public Roads for the designation of the Kansas section of United States Highway No. 69 as an important addition to the Federal Interstate Highway System; be it further

Resolved, That we memorialize the United States Bureau of Public Roads, Kansas Highway Commission, Hon. George Docking, Governor of Kansas, Hon. Ivan Wassberg, Kansas Highway Commission, Manhattan, Kans.; Hon. Jack Goodrich, Kansas Highway Commission, Parsons, Kans.; Hon. Lynn Broderick, director, Kansas Highway Commission; Hon. Walter Johnson, chief engineer, Kansas Highway Commission; Hon. Errett P. Scrivner, Second Congressional District; Hon. Myron V. George, Third Congressional District; Hon. Frank Carlson and Hon. Andrew F. Schoeppel, United States Senators.

That we most respectfully urge the abovenamed and all others interested in the welfare and development of the State of Kansas to join in the promotion of this matter of public interest.

Respectfully submitted.

PAUL ARMSTRONG,
JUDGE HARRY FISHER,
LYNDUS HENRY,
Resolution Committee.

RESOLUTIONS OF MIDWEST CONFERENCE OF MACHINISTS

Mr. HUMPHREY. Mr. President, I have just received copies of three resolutions passed by the Midwest States Conference of Machinists, held in Des Moines, Iowa, May 25 and 26.

I ask unanimous consent that these resolutions be printed at this point in the RECORD and appropriately referred.

There being no objection, the resolutions were received, appropriately referred, and ordered to be printed in the RECORD, as follows:

To the Committee on Labor and Public Welfare:

"RESOLUTION 1, SUBMITTED BY LOCAL LODGE NO. 612 OF LINCOLN, NEBR.

"*Be it resolved*, That this gathering of delegates of Midwest Conference of Machinists, endorse sending a communication to our Senators and Congressmen from our 9-State area to let them know 225,000 members of International Association of Machinists want them to give favorable consideration to H. R. 5551 and S. 1313 and other related legislation to remove the double set of standards that gives us an income tax on our payroll tax for retirement, where our employer is exempt for their share of such tax; and to give favorable consideration to H. R. 4353 and H. R. 4354 which calls for 10-percent increase in railroad-retirement benefits and liberalizes unemployment-insurance benefits for rail workers; and to vote against S. 1630 and H. R. 6016, the carriers proposals that would turn the clock back 20 years on sickness and unemployment benefits for rail workers."

"RESOLUTION 5, SUBMITTED BY LOCAL LODGE NO. 612 OF LINCOLN, NEBR.

"*Be it resolved*, That this gathering of delegates of Midwest States Conference of Machinists endorse the Douglas bill (S. 1122), and make known in unmistakable language in a communication to all the Senators from the 9-State area, that we favor public disclosure of all welfare and pension funds for the protection of 75 million beneficiaries, even those funds administered by employers as well as jointly or union administered funds, and that we abhor the idea of any group protesting disclosure of this information, because if it is honest and respectable—what have they to hide?"

To the Committee on Interstate and Foreign Commerce:

"RESOLUTION 6, SUBMITTED BY LOCAL LODGE NO. 612, OF LINCOLN, NEBR.

"Whereas many attempts have been made in the 46-year history of the Federal Locomotive Inspection Act, to interfere with its enforcement and administration; this Congress being no exception; and

"Whereas, under the guise of economy, this set of bills is more preposterous than any that have been introduced before; and

"Whereas these laws were fought for, by rail unions, for the purpose of protecting the life and limbs of rail employees and traveling public: Now, therefore, be it

"*Resolved*, That the Midwest States Conference of Machinists, assembled in convention at Des Moines, Iowa, May 25 and 26, 1957; let it be known, in unmistakable language, addressed to Members of the United States Senate and House of Representatives, from our nine-State area, that we are vigorously opposed to enactment of S. 1462 or its companion bill, H. R. 5330, or any similar legislation, and that we will never give up fighting for the continuance of, or further promotion of safety of the rails, as not to do so could easily cause loss of life and limb to passengers and employees on the rails."

THE WILDERNESS BILL—EDITORIAL

Mr. HUMPHREY. Mr. President, on Thursday, July 11, the Minneapolis Star carried an editorial on S. 1176, the wilderness bill. As the sponsor of this measure, I am pleased to have such understanding editorial support.

I ask unanimous consent that the text of this editorial be printed at this point in the RECORD and appropriately referred.

There being no objection, the editorial was referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

[From the Minneapolis Star of July 11, 1957]

THE WILDERNESS BILL

Minnesota's roadless wilderness areas have been the subject of repeated Congressional action and thus are better protected than almost any other like tracts in the United States. The wilderness bill now before Congress would extend similar protection to some 163 areas in national forests, national parks, wildlife refuges, and Indian reservations.

The Wilderness Society and other conservation groups have been considering such a bill for a decade. Finally it was drawn up last year and introduced by Senator HUBERT HUMPHREY, of Minnesota. He reintroduced the bill, with a number of revisions, this year as S. 1176. Senate and House committees have held hearings on the measure, but it probably won't come to a vote this session. Proponents have their hopes set on 1958.

Purpose of the bill is to strengthen the barriers against commercial development of the wilderness areas. There would be no change in present supervision by the Forest Service and the National Park Service. All existing arrangements for grazing, lumbering, mining, etc., would be honored. However, most such contracts could be terminated eventually on an equitable basis. Except for mining, new contracts could be made for limited use of wilderness resources.

The Chiefs of both the Forest and National Park Services testified against the bill on the grounds that it might interfere with the present multiple-use plan for the areas in question. These men also pointed out that their Services had done an adequate job of protecting the wilderness zones for recreation. Indeed, they have given such protection. But the conservationists are concerned about holding the line in the future, for there are certain to be mounting pressures for industrial use. The bill gives Congressional sanction to making permanent what is essentially the national forest and park program now.

Everybody these days endorses the wilderness idea. It is conceded that retreats in the wilds will become of increasing importance as the Nation's population grows. Yet there are many who think the wilderness can somehow be maintained in spite of commercial exploitation. The proponents of the bill don't think so. And they seem to have the better arguments on their side.

BILLS INTRODUCED

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

By Mr. MARTIN of Iowa:

S. 2542. A bill for the relief of Holly Lyndell Nelson; to the Committee on the Judiciary.

By Mr. MARTIN of Pennsylvania (for himself, Mr. CLARK, Mr. IVES, and Mr. JAVITS):

S. 2543. A bill to amend title II of the Social Security Act to include the Delaware River Port Authority and the Delaware River Joint Toll Bridge Commission, corporate instrumentalities of the States of Pennsylvania and New Jersey, and the Port of New York Authority, a corporate instrumentality of the States of New Jersey and New York, with the States which are permitted to divide their retirement systems into two parts so as to obtain social-security coverage, under agreement, for only those employees of the Delaware River Port Authority, of the Delaware River Joint Toll Bridge Commission and of the Port of New York Authority who desire such coverage; to the Committee on Finance.

By Mr. LAUSCHE (by request):

S. 2544. A bill to amend certain provisions of the Securities Act of 1933, as amended;

S. 2545. A bill to amend certain provisions of the Securities Exchange Act of 1934, as amended;

S. 2546. A bill to amend certain provisions of the Investment Advisers Act of 1940, as amended; and

S. 2547. A bill to amend certain provisions of the Trust Indenture Act of 1939, as amended; to the Committee on Banking and Currency.

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

By Mr. HILL (for himself and Mr. SPARKMAN):

S. 2548. A bill to extend in certain cases the period during which tolls may be charged on Federal-aid highways; to the Committee on Public Works.

By Mr. JOHNSTON of South Carolina:

S. 2549. A bill to correct inequities under the Civil Service Retirement Act through crediting service under Federal-State cooperative programs financed directly or indirectly, in whole or in part, by Federal funds; to the Committee on Post Office and Civil Service.

By Mr. HUMPHREY:

S. 2550. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

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

By Mr. COOPER (for himself and Mr. MORTON):

S. 2551. A bill for the relief of Bridget M. D. Donaldson; to the Committee on the Judiciary.

By Mr. BRICKER:

S. 2552. A bill to amend the Public Utility Holding Company Act of 1935; to the Committee on Interstate and Foreign Commerce.

By Mr. SMATHERS:

S. 2553. A bill to amend section 203 (b) (6) of the Interstate Commerce Act, as amended, and with respect to certain "Grandfather" rights to former carriers of agricultural commodities; to the Committee on Interstate and Foreign Commerce.

TRIAL BY THE UNITED STATES OF CERTAIN MEMBERS OF THE ARMED FORCES

Mr. SMATHERS. Mr. President, as Senators know, the Supreme Court of the United States in its decision of July 11, 1957, reversed the judgment of the district court in the case of Wilson against Girard, which means that Specialist Third Class Girard will be turned over to Japanese civilian authorities for trial for allegedly causing the death of a Japanese civilian on a United States Army reservation in Japan.

In reversing the judgment of the district court, the Supreme Court held that—

> The issue in our decision is therefore narrowed to the question whether, upon the record before us, the Constitution or legislation subsequent to the security treaty prohibited the carrying out of this provision authorized by the treaty for waiver of the qualified jurisdiction granted by Japan. We find no constitutional or statutory barrier to the provision as applied here. In the absence of such encroachments, the wisdom of the arrangement is exclusively for the determination of the executive and legislative branches.

The issue involved in the Girard case has now been clearly defined by the Supreme Court by holding that while the United States had the right of primary jurisdiction under the agreement with Japan, it also had the right to waive such primary jurisdiction by executive determination. While finding no constitutional or statutory barrier to the application of the provision authorized by the agreement, the Court indicated that the wisdom of the arrangement to waive primary jurisdiction is a matter exclusively for the determination of the executive and legislative branches of the Government.

In an editorial on the Girard decision which appeared in the New York Times of July 12, 1957, it was stated in part as follows:

> But the potential dangers pointed up by the Girard case should also provide a warning both to the administration and the Congress. One must question the wisdom of the original American waiver of jurisdiction in committee in the case of a soldier who was admittedly on duty, as certified by his commanding officer, even though he may have committed an unauthorized act, especially since the administration ignored the last resort of diplomatic negotiations provided by the Status of Forces Agreement itself. There can be no objection to trials of American soldiers in foreign courts for offenses clearly committed off duty, and an American soldier is, in fact, under sentence of death for murder in Japan without any outcry about the matter. But there is a clear danger to the discipline and morale of our troops abroad if in performing their duty they must constantly keep in mind that they may be brought before a foreign court entitled to pass on the question of whether they exceeded their duty or their orders.

I am convinced that there exists a clear and precise remedy for the situation which now confronts us to prevent it from occurring in the future.

Obviously no American serviceman can perform his duty if at a later date some foreign court will decide whether the act that he did was in reality necessary for the performance of such duty. However, at the same time, the United States has entered into agreements which must be honored.

The Girard incident would never have arisen if the United States had not waived its primary jurisdiction. We can protect the constitutional rights of the 1 million American servicemen now on duty abroad and untold millions who will be required to perform overseas duty in the future, by merely instructing our administrative officials, both military and civilian, charged with the responsibility of negotiation concerning alleged offenses of American servicemen, that when an alleged offense is committed over which the United States has primary jurisdiction under a provision of treaty or international agreement, that such administrative officials not waive such primary jurisdiction, and exercise the right of the United States to try a member of the Armed Forces by court martial and not surrender him to any authority of a foreign country.

On July 3, I submitted Senate Resolution 155 which would express the sense of the Senate that the President seek modification of existing treaties or international agreements to insure that criminal jurisdiction be exercised by the United States in all cases where the alleged act or omission was determined to be in the performance of official duty.

In the light of the recent Supreme Court decision, I am convinced that there is no necessity for renegotiating the Status of Forces agreements or other international agreements of this nature in order to accomplish this purpose. The President has only to notify our officials that this is the policy of the United States in all cases of this nature. I am therefore submitting a new Senate resolution which would express the sense of the Senate accordingly.

At this point I ask unanimous consent to have printed as a part of my remarks a letter addressed to the Secretary of State and a reply which I received, demonstrating beyond doubt the facts which I have just enumerated as to the rights of the United States in these matters under the existing agreements.

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

JULY 2, 1957.

The Honorable JOHN FOSTER DULLES,
The Secretary of State,
Washington, D. C.

MY DEAR MR. SECRETARY: As a part of my efforts to seek a constructive solution to the problems which have arisen in connection with the case of Sp.3c. William F. Girard, it would be most helpful if you would provide specific answers to the following three questions:

1. Is it true that paragraph 3 of article XVII of the administrative agreement entered into between the Governments of the United States of America and Japan subsequent to the security treaty between these two nations provides that, with respect to cases where the right to exercise jurisdiction is concurrent, the military authorities of the United States shall have the primary right to exercise jurisdiction over members of the United States Armed Forces or the civilian components in relation to offenses arising out of any act or omission done in the performance of official duty?

2. Is it true that paragraph 3c of article XVII if the administrative agreement referred to above provides: "If the state having the primary right decides not to exercise

jurisdiction, it shall notify the authorities of the other state as soon as practicable. The authorities of the state having the primary right shall give sympathetic consideration to a request from the authorities of the other state for a waiver of its right in cases where that other state considers such waiver to be of particular importance"?

3. Is it true that provisions similar to those contained in questions 1 and 2 are also contained in the Status of Forces agreements and other existing arrangements with foreign nations?

It will be of assistance to me if your Department can expedite a response to my request for this information.

Respectfully,

GEORGE SMATHERS,
United States Senator.

DEPARTMENT OF STATE,
Washington, July 10, 1957.

The Honorable GEORGE SMATHERS,
United States Senate.

DEAR SENATOR SMATHERS: With reference to your letter of July 2, 1957, concerning your interest in the problems which have risen in connection with the Girard case, the answers to your three questions are as follows.

With regard to questions Nos. 1 and 2: Paragraph 3 of article XVII of the administrative agreement between the United States and Japan, as amended, does provide as indicated in paragraphs 1 and 2 of your letter of July 2. The full texts of the relevant agreements were published as Treaties and Other International Acts Series 2492 and 2848. (These documents also appear in 3 U. S. T. 3341 and 4 U. S. T. 1846.)

With regard to question No. 3: The text of the agreement with Japan is identical in this respect to the text of the NATO Status of Forces Treaty, which treaty is in effect between the United States and 12 other nations. See Treaties and Other International Acts Series 2846 (4 U. S. T. 1792).

A copy of each of the above-mentioned agreements is enclosed.

Sincerely yours,

JOHN S. HOGHLAND II,
Acting Assistant Secretary for Congressional Relations
(For the Secretary of State).

Enclosures: 1. TIAS 2492; 2. TIAS 2848; 3. TIAS 2846.

Mr. SMATHERS. Mr. President, since, in the opinion of the Supreme Court, the legislative branch has some responsibility in this matter, in my opinion it would be extremely helpful for the Senate of the United States officially to notify the President of the views of the Senate of the United States on the question of waiving primary jurisdiction in alleged offenses of this nature. It is with this in mind that I submit and urge support of the resolution I send forward.

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

Resolved, That it is the sense of the Senate that—

(a) Whenever any provision of a treaty or international agreement to which the United States is a party confers primary jurisdiction on the United States over a criminal offense allegedly committed by a member of the Armed Forces in a foreign country, the United States shall exercise its primary right to try such member by a court-martial and shall not waive such primary jurisdiction or surrender such member to any authority of such foreign country for trial; and

(b) The President be requested to notify all military and civilian officers of the United States who are charged with the administration of any such treaty or international agreement to take such action as may be required to carry into effect the policy set forth in subsection (a).

Mr. SMATHERS. Mr. President, I ask unanimous consent that the resolution lie on the table for 3 days in order that those of my colleagues who desire to do so may include their names as cosponsors, after which I trust that the committee to which it is referred will act promptly and favorably on it.

The VICE PRESIDENT. The resolution will be received and appropriately referred; and, without objection, the resolution will lie on the desk as requested by the Senator from Florida.

The resolution (S. Res. 163) was referred to the Committee on Foreign Relations.

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD an article entitled "The Status of Forces Treaty," written by George E. Sokolsky, and published in the Washington Post and Times Herald of July 15, 1957; and also an editorial entitled "Remedies for Muddled Rights," published in the Wall Street Journal of July 15, 1957.

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

[From the Washington Post of July 15, 1957]

THE STATUS OF FORCES TREATY

(By George E. Sokolsky)

In 1951, the United States entered upon treaties with 13 countries—NATO countries—by which the constitutional rights of American soldiers were canceled while they were stationed in those countries. The treaties are reciprocal, but as no foreign troops are stationed in the United States, except for a rare visit of foreign men-of-war to our ports, the reciprocity is fictitious and was so expected to be by the signatories.

There is no such treaty with Japan and all references to such a treaty are false. What does exist is an administrative agreement. Its provisions are similar to those of the Status of Forces Treaty, but they contain an additional provision, namely, that Japanese courts shall have prior right of trial over American soldiers for injuries caused to a Japaneses citizen, unless such injury is one "arising out of any act or omission done in the performance of official duty."

Although no agency of Government may deprive an American citizen of his constitutional rights, it actually can be done by the President, Congress, any official, even a policeman, unless the Supreme Court, by due process, declares the act unconstitutional. Senator ROMAN HRUSKA, of Nebraska, has compiled a list of specific rights which an American soldier can lose under the Status of Forces Treaty:

"1. A right to bail.

"2. The right to be tried by a fair and impartial court.

"3. Reasonable time to prepare defense after being informed of charges made against him.

"4. The right to be present at his trial.

"5. The right to be presumed innocent until proven guilty.

"6. The burden of proof on the Government in all criminal cases to prove guilt beyond reasonable doubt.

"7. The right not to have involuntary confessions used against him.

"8. The right not to be compelled to testify against himself.

"9. The right to cross-examine the witnesses against him.

"10. Protection against double jeopardy.

"11. Protection against ex post facto laws.

"12. Protection against bills of attainder."

This round dozen of rights reflects some of the most important in our lives and liberties. The Girard case brought this matter to a head, but the significance of the problem transcends Girard personally, who probably can get a better deal out of a Japanese court than out of an American court-martial. What is important are the constitutional rights of an American.

These rights were intended to be limitations upon the Government in the interest of the individual. And while it may be true that it would be more convenient for this or any government that these rights were not so specific, it is also true that the Founding Fathers intended that we should have them and established an orderly government of law based on them. They did not give consideration to the convenience of Government nor to the difficulties which might be encountered in stationing American troops in foreign countries. Weak as they then were, hardly an organized nation, they built strong and effectively because they adhered to a philosophic idea; namely, the natural rights and the dignity of man.

The American people were not aware of the Status of Forces Treaty or its implications when it was ratified. Gradually the meaning of the treaty has become clear and offensive.

[From the Wall Street Journal of July 15, 1957]

REMEDIES FOR MUDDLED RIGHTS

In its unanimous decision in the Girard case, the United States Supreme Court did not only turn over the soldier to answer to a Japanese court on charges of manslaughter arising from the death of a woman on an Army firing range, the Court did some other things as well.

By its ruling, the Supreme Court again placed treaties and executive agreements above the individual rights of citizens that are embodied in the United States Constitution.

And it ruled that the United States Government has the power to waive military jurisdiction and turn its servicemen over to foreign courts.

During the hearings before Judge McGarraghy, of the United States District Court of the District of Columbia, about the middle of last month, the following colloquy took place:

The COURT. The court understands the concessions by the Government to be that at the time of the alleged offense by the petitioner [Girard], it arose out of an act or omission done in the performance of official duty. Is that correct?

Mr. GASCH (United States attorney). That is correct.

The question, therefore, whether Girard was on duty was not at issue. The Government conceded that point. Judge McGarraghy, therefore, ruled that Girard, since he was on official duty at the time, should be tried by an Army court-martial as provided for by the Constitution and as authorized by Congress. And he ruled that:

"The proposed delivery of petitioner [Girard] to the Japanese Government would violate rights of the petitioner guaranteed by the Constitution of the United States." So Judge McGarraghy said, "No."

But the Supreme Court said, "Yes." It ruled that the Government had a right to turn over Girard to the Japanese inasmuch as the Status of Forces Agreement permitted the Government to do so in cases of particular importance. And the Court ruled that since the agreement was patterned after the NATO Status of Forces agreements and was part of the security treaty with Japan, ratified by the United States Senate, Girard did not have the constitutional rights Judge McGarraghy said he had.

There are, fortunately, some remedies for this muddle. One is to make clear that a serviceman on duty is answerable only to a court-martial, and that waivers of individual rights out of sympathetic consideration for the desires of other governments to try Americans ought to be stricken from the agreements. For other governments may ask such waivers for domestic political reasons, just as this Government may grant them for foreign policy reasons. It did just that in this case. Neither reason, we think, is good enough when an American's rights are at issue.

But if amending the agreements is not enough, there is the remedy of amending the Constitution to safeguard constitutional rights from the effects of treaties and executive agreements.

As it is, the Supreme Court has plainly said where the constitutional rights invoked by Judge McGarraghy stand when they come into conflict with treaties and executive agreements.

For a treaty and an agreement gave the Government the right to dispose of Girard's rights as it willed and to use Girard as an instrument of our foreign policy.

And that is more power than any treaty ought to give the Government, and more power than the Government ought to have.

AMENDMENT OF CERTAIN LAWS ADMINISTERED BY SECURITIES AND EXCHANGE COMMISSION

Mr. LAUSCHE. Mr. President, I introduce, for appropriate reference, four bills amending separate laws presently administered by the Securities and Exchange Commission. I am introducing these bills by request, in order that they may become available for public inspection. With each bill I am submitting an explanatory statement. I ask unanimous consent that the bills, together with the explanatory statement on each, may be printed in the RECORD.

The VICE PRESIDENT. The bills will be received and appropriately referred; and, without objection, the bills and explanatory statements will be printed in the RECORD.

The bills, introduced by Mr. LAUSCHE, by request, were received, read twice by their titles, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

S. 2544. A bill to amend certain provisions of the Securities Act of 1933, as amended.

Be it enacted, etc., That paragraph (5) of section 2 of the Securities Act of 1933, as amended, is amended by striking out "Federal Trade Commission" and inserting in lieu thereof "Securities and Exchange Commission."

SEC. 2. Paragraph (6) of section 2 of the Securities Act of 1933, as amended, is amended by striking out "the Philippine Islands,".

SEC. 3. Subsection (c) of section 6 of the Securities Act of 1933, as amended, is amended by adding the following:

"A registration statement or any amendment or exhibit thereto may be withdrawn upon application unless a proceeding or examination pursuant to section 8 is pending at the time such application is filed or is commenced within 15 days thereafter, or unless at the time such application is filed the registration statement is subject to an order under subsection (b) or (d) of section 8: *Provided*, That a registration statement may not be withdrawn if any of the securities as to which such statement has become effective have been sold."

SEC. 4. Subsection (b) of section 8 of the Securities Act of 1933, as amended, is amended to read as follows:

"(b) If it appears to the Commission at any time prior to the effective date of a registration statement that such statement is incomplete or inaccurate in any material respect, the Commission may issue an order which postpones the effective date of the registration statement pending a hearing and gives the issuer notice of and opportunity for hearing (at a time fixed by the Commission) within 15 days after such notice. After such hearing the Commission may issue an order refusing to permit the registration statement to become effective if it finds that such statement is incomplete or inaccurate in any material respect. If the registration statement is thereafter amended in accordance with such order and then appears to the Commission not to be incomplete or inaccurate in any material respect, the Commission shall so declare and such statement shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later."

SEC. 5. Subsection (e) of section 8 of the Securities Act of 1933, as amended, is amended to read as follows:

"(e) The Commission is hereby empowered to make an examination in any case in order to determine whether any order should be issued under subsection (b) or (d). In making such examination the Commission or any officer or officers designated by it shall have access to and may demand the production of any books and papers of, and may administer oaths and affirmations to and examine, the issues, underwriter, or any other person, in respect of any matter relevant to the examination, and may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of the issuer, or its income statement, or both, to be certified to by a public or certified accountant approved by the Commission. If the issuer or underwriter shall fail to cooperate, or shall obstruct or refuse to permit the making of an examination, such conduct shall be proper ground for the issuance of an order under subsection (b) or (d)."

SEC. 6. Subsection (a) of section 9 of the Securities Act of 1933, as amended, is amended by striking out "sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347)" and inserting in lieu thereof "section 1254 of title 28, United States Code."

SEC. 7. Section 12 of the Securities Act of 1933, as amended, is amended to read as follows:

"SEC. 12. (a) Any person who—

"(1) offers or sells a security in violation of section 5, or

"(2) offers or sells a security (whether or not exempted by the provisions of section 3, other than paragraph (2) of subsection (a) thereof), by means of a prospectus or oral communication, which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading (the purchaser not knowing of such untruth or omission), and who shall not sustain the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of such untruth or omission, shall be liable to the person purchasing such security from him, who may sue either at law or in equity in any court of competent juridiction, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if he no longer owns the security: *Provided*, That the provisions of clause (2) of this section shall apply only where the mails or any means or instruments of transportation or communication in interstate commerce is used, directly or indirectly, in connection with or in furtherance of such offer or sale or any related act or transaction.

"(b) In case any statement or document filed with the Commission in connection with an offering of securities pursuant to an exemption under section 3 (b), on the date of such statement or document, contained an untrue statement of a material fact or omitted to state a material fact required by the Commission's rules and regulations to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, any person (not knowing of such untruth or omission) who receives or is shown a copy of such statement or document in connection with a purchase of such securities, or who relies directly or indirectly on such untrue statement or omission in connection with such purchase, may, either at law or in equity, in any court of competent jurisdiction, sue the issuer, any person who signed such statement or document, and any person who made or caused to be made such untrue statement or omission therein, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security to the person sued, or for damages if he no longer owns the security. No person other than the issuer shall be liable as provided herein if he shall sustain the burden of proof that he acted in good faith and did not know of the untruth or omission on which the action is based. Every person who becomes liable to make payment under this subsection may recover contribution as in cases of contract from any person who if sued separately would have been liable to make the same payment, unless the person who has become liable was primarily at fault."

SEC. 8. Section 13 of the Securities Act of 1933, as amended, is amended to read as follows:

"SEC. 13. No action shall be maintained to enforce any liability created under section 11, section 12 (a) (2) or section 12 (b) unless brought within 1 year after the discovery of the untrue statement or the omission, or after such discovery should have been made by the exercise of reasonable diligence, or, if the action is to enforce a liability created under section 12 (a) (1), unless brought within 1 year after the violation upon which it is based. In no event shall any such action be brought to enforce a liability created under section 11, section 12 (a) (1) or section 12 (b) more than 3 years after the security was bona fide offered to the public, or under section 12 (a) (2) more than 3 years after the sale."

SEC. 9. Subsection (b) of section 20 of the Securities Act of 1933, as amended, is amended to read as follows:

"(b) Whenever it shall appear to the Commission that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of the provisions of this title, or of any rule or regulation prescribed under authority thereof, or that any person has failed to comply with the provisions of this title, any rule or regulation prescribed under authority thereof, or any order of the Commission made in pursuance thereof, it may in its discretion, bring an action in any district court of the United States, United States court of any Territory, or the United States District Court for the District of Columbia to enjoin such acts or practices, and to enforce compliance with this title or any such rule, regulation, or order. Upon a proper showing that such person has engaged, is engaged, or is about to engage in any such act or practice, or that he has failed to comply with this title or any such rule, regulation, or order, a permanent or temporary injunction, restraining

order, or other order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may, in his discretion, institute the necessary criminal proceedings under this title. Any such criminal proceeding may be brought either in the district wherein the transmittal of the prospectus or security complained of begins, or in the district wherein such prospectus or security is received."

SEC. 10. Subsection (c) of section 20 of the Securities Act of 1933, as amended, is repealed.

SEC. 11. Subsection (a) of section 22 of the Securities Act of 1933, as amended, is amended by striking out "sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347)" and inserting in lieu thereof "sections 1254, 1291, 1292, and 1293, of title 28, United States Code."

SEC. 12. Section 24 of the Securities Act of 1933, as amended, is amended to read as follows:

"SEC. 24. Any person who willfully violates any of the provisions of this title, or the rules and regulations promulgated by the Commission under authority thereof, or any person who willfully, in a registration statement, application, report, or document filed under this title or any rule or regulation thereunder, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned not more than 5 years, or both."

SEC. 13. The Securities Act of 1933, as amended, is amended by adding the following new section:

"ASSOCIATED PERSONS

"SEC. 29. It shall be unlawful for any person indirectly, or through or by means of any other person, to do any act or thing which it would be unlawful for such person to do directly under the provisions of this title or any rule or regulation thereunder. It shall be unlawful for any person to aid, abet, counsel, command, induce, or procure the violation of any provision of this title or any rule or regulation thereunder by any other person. These provisions shall not constitute a limitation with respect to the applicability to this title of section 2 of title 18, United States Code."

The explanatory statement accompanying Senate bill 2544 is as follows:

PROPOSAL OF THE SECURITIES AND EXCHANGE COMMISSION TO AMEND THE SECURITIES ACT OF 1933, AS AMENDED

The Securities and Exchange Commission recommends the adoption of various amendments to the Securities Act of 1933 which it believes will materially assist it in enforcing the statute, without altering its basic provisions and purposes.

The general objective of this statute, together with others administered by the Commission, is to protect the public and investors against malpractice in the securities and financial markets. The Securities Act of 1933 provides for public disclosure of pertinent facts concerning new securities offerings to the public, and provides civil and criminal remedies for fraudulent and deceptive practices in the sale of securities. The statute contains provisions for enforcement by the Commission through administrative and injunctive actions and for the referral of information concerning violations to the Department of Justice for criminal prosecution.

A substantial number of the proposed amendments are designed to make the Commission's enforcement activities more effective in eliminating or minimizing various technical problems which have come to light in the course of Commission enforcement of the statute over the past two decades. They are proposed to take care of technical loopholes or inadequacies, without altering the general purpose or effect of such provisions. Some of the proposed amendments are designed simply to recognize changes that have taken place since the original adoption of the statute.

Section 1 would amend paragraph (5) of section 2 of the Securities Act of 1933, as amended.

This amendment would remove the obsolete reference to the Federal Trade Commission and substitute instead the Securities and Exchange Commission.

Section 2 would amend paragraph (6) of section 2 of the Securities Act of 1933, as amended.

Since the Philippine Islands are no longer a territory of the United States, the amendment would delete the reference to "the Philippine Islands" in the definition of "Territory."

Section 3 would amend subsection (c) of section 6 of the Securities Act of 1933, as amended. (Withdrawal of registration statements.)

In *Jones* v. *S. E. C.* (298 U. S. 1 (1936)), the Supreme Court held that under the circumstances of that case where no securities had been sold under the registration statement, the registrant could withdraw it prior to effectiveness as a matter of right. The holding in the Jones case has been given a limited construction in subsequent decisions. Cf. *Resources Corporation International* v. *S. E. C.* (103 F. 2d 929 (C. A. D. C. 1939)); *Oklahoma-Texas Trust* v. *S. E. C.* (100 F. 2d 888 (C. A. 10, 1939)); *S. E. C.* v. *Hoover* (25 F. Supp. 484 (N. D. Ill. 1938)).

It is proposed to add an amendment to the present section 6 (c) which recognizes a registrant's right to withdraw a registration statement by application in all cases, except where a proceeding or examination by the Commission is pending or is commenced within 15 days after the application is filed, or where the registration statement is subject to an order of the Commission. Under the proposed amendment an effective registration statement could not be withdrawn after any of the securities covered by it have been sold. However, this provision would not foreclose an amendment to the registration statement, in accordance with existing practice, to reduce the number of shares registered to those which have been sold.

One purpose of the proposed amendment is to prevent unscrupulous persons from filing a false or misleading registration statement with the Commission and then withdrawing it when the Commission institutes or deems it necessary to institute proceedings to ascertain and disclose the false or misleading character of the statement, and to prevent such withdrawal after the Commission has issued an order under subsection (b) or (d) unless the statement is first amended to make adequate disclosure of the facts involved. The purpose of prohibiting the withdrawal of an effective registration statement where part or all of the securities have been sold is to safeguard the rights of the investors who have purchased such securities.

Section 4 would amend subsection (b) of section 8 of the Securities Act of 1933, as amended. (Administrative Procedure in Stop Order Cases.)

Because of the short period of time presently provided in subsection (b) for the issuance of a notice of hearing (within 10 days after the filing of the registration statement), and for the hearing itself (within 10 days after notice), subsection (b) is almost never invoked by the Commission.

Practically all stop order proceedings in recent years have been initiated under subsection (d), which permits the Commission to initiate proceedings "at any time" by a notice setting a hearing within 15 days after the notice. If subsection (b) is amended as suggested, there would be no change in the procedure under subsection (d) for the issuance of stop orders against effective registration statements. The proposed amendment would provide a more workable administrative procedure in stop order cases where the registration statement has not become effective.

The proposed amendment would make subsection (b) more flexible by providing more time within which proceedings may be instituted and conducted and by enabling the Commission to issue an order postponing the effective date of the registration statement pending the completion of proceedings. Such order is in the nature of an ex parte temporary restraining order, and in this connection it may be observed that the Supreme Court has stated that a notice of hearing prior to the effective date of a registration statement looking toward the issuance of a stop order is in itself in the nature of a temporary restraining order. *Jones* v. *S. E. C.* (298 U. S. 1 (1936)).

Section 5 would amend subsection (e) of section 8 of the Securities Act of 1933, as amended. (Examination power.)

Section 8 (e) presently limits the examination power to determining whether a stop order should issue under subsection (d). The proposed amendment would enable the Commission to order an examination period to determine whether to issue an order under subsection (b) prior to the effective date.

Section 6 would amend subsection (a) of section 9 of the Securities Act of 1933, as amended.

The reference to sections of title 28, United States Code, would be changed to reflect modifications in the code; section 1254 consolidates the earlier sections 346 and 347.

Section 7 would amend section 12 of the Securities Act of 1933, as amended. (Civil liability provisions.)

Because of the proposed addition of a new subsection to section 12, the existing provision is to be designated paragraph (a).

Existing section 12 (2), which would not be amended, provides civil liability for misleading statements in any "prospectus or oral communication." It is proposed that the provisions be amended to eliminate a jurisdictional ambiguity. The question arises under the present section as to whether, in order for liability to attach, the mails or interstate facilities must be used in making the misrepresentation or whether the use of mails or interstate facilities in other aspects of the transaction is sufficient to create liability. There is a split on this question between the second and the fifth circuits, on the one hand, and the seventh circuit on the other. In the second circuit, in *Schillner* v. *H. Vaughan, Clarke & Co.* (134 F. 2d 875 (C. A. 2, 1943)), the statute was construed so that delivery of securities through the mails was a sufficient use of the mails to create liability. A similar result was reached in the fifth circuit in *Blackwell* v. *Bentsen* (203 F. 2d 690 (C. A. 5, 1953), cert. dismissed, 347 U. S. 925 (1954)). In the seventh circuit in *Kemper* v. *Lohnes* (173 F. 2d 44 (C. A. 7, 1949)), the court held that in order to create liability under this statute, the misrepresentation complained of must have been transmitted through the mails or interstate facilities. It is proposed that the jurisdictional language be separately stated so as to make it clear that the section would be applicable if there was any use of the mails or interstate facilities. This would conform the jurisdictional requirements to those contained in section 17 (a), which provides the basis for injunctive and criminal actions.

The new paragraph (b) is designed to strengthen investor protection in connection with exempted offerings. The Commission

recommends that the Congress add a new provision to section 12, to be designated as paragraph (b), to provide clear civil liability on the part of those responsible for untrue statements of material facts or omissions to state material facts in any statement or document filed with the Commission in connection with an offering pursuant to an exemption under section 3 (b). As presently enacted, section 11 of the act provides civil liabilities in the event of false or misleading statements or omissions in a registration statement, and section 12 (2) contains civil liability provisions which are applicable to the offer and sale of securities generally, whether they are registered or not. Under section 12 (2), "any person who * * * offers or sells" a security by false or misleading statements is liable (subject to certain defenses) "to the person purchasing such security from him." Where an issuer sells to a dealer and the dealer in turn sells to an investor, for example, it is not clear that the investor, in bringing an action under section 12 (2), can go beyond his immediate seller (the dealer) and recover from the issuer—which may be the person actually responsible for the false or misleading information used in the sale. Moreover, if the dealer or the issuer is an insolvent corporation, for example, so that adequate recovery cannot be obtained from it, the investor cannot necessarily recover directly from the individuals actually responsible for the false or misleading statements. Section 15 provides for the imposition of liability on certain controlling persons, but not on other individuals.

In the opinion of the Commission, persons who sign a document filed with the Commission containing an untrue statement or material omission, any person who makes or causes to be made such untrue statement or material omission, every controlling person and the issuer should be civilly liable to any person (not knowing of such untruth or omission) who receives or is shown a copy of the statement or document in connection with a purchase of such securities, or who relies directly or indirectly on such untrue statement or omission in connection with such purchase. The Commission is of the opinion that, as to the issuer, there should be no defense of lack of knowledge of any untruth or omission in a document filed with the Commission. On the other hand, the Commission recommends that liability for false or misleading statements in an exempted offering should not be imposed on any officer, director or other individual associated with the offering if he sustains the burden of proof that he acted in good faith and did not know of the untruth or omission on which the action is based. Thus, directors and other individuals would not be liable except for actual misconduct or bad faith, but the issuing corporation would have an absolute liability for any false or misleading statements, even if innocently made. The amendment proposed would, in the Commission's view, furnish investors additional protection where securities are sold under the exemptive provisions of section 3 (b).

As previously pointed out, at p. 5, proposed section 12 (b) is embodied in H. R. 173, 85th Congress.

Section 8 would amend section 13 of the Securities Act of 1933, as amended.

The changes here are proposed to reflect the suggested amendments in section 12.

Section 9 would amend subsection (b) of section 20 of the Securities Act of 1933, as amended. (Injunctions.)

Subsection 20 (b) now provides that the Commission may obtain an injunction when it appears that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the act or any rule or regulation. It is proposed that this section be amended so as to authorize injunctions on a showing that a defendant "has engaged" in acts constituting a violation, instead of requiring a showing that the defendant "is" so engaged. Cases frequently arise after the act has been violated. While past violations are considered a sufficient basis for an injunction by the courts since they indicate the possibility of future violation, it would aid the Commission in its enforcement of the act if it were expressly stated that a past violation is a basis for an injunction. This change would conform the provisions of the act to the provisions of the Investment Company Act of 1940 and the Investment Advisers Act of 1940. Any injunctive relief is subject to the general discretionary power of a court of equity and therefore not every past violation would be a basis for an injunction.

Section 10 would repeal subsection (c) of section 20 of the Securities Act of 1933, as amended. (Writs of mandamus.)

It is proposed that the reference to mandamus contained in subsection (c) be eliminated in view of the fact that the Federal Rules of Civil Procedure have abolished the writ as a separate and distinct type of action and provide that the same relief may be obtained by an appropriate order. The substance of the mandamus provisions has been placed in the proposed revision of subsection (b) of section 20, discussed above.

Section 11 would amend subsection (a) of section 22 of the Securities Act of 1933, as amended.

The references to the United States Code are to be changed to reflect modifications made in the numbering of the pertinent provisions.

Section 12 would amend section 24 of the Securities Act of 1933, as amended. (Willful filing of false material.)

Section 24 now makes it a criminal offense for any person willfully in a registration statement filed under the act to make any untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. It is proposed that this section be amended to apply not only to a registration statement but to any application, report or other document filed under the act. Thus, under this amendment the criminal responsibility for false or misleading offering circulars and other documents filed pursuant to the Commission's exemptive regulations promulgated under section 3 (b) would be the same as now exists in the case of registration statements.

Section 13 would amend the Securities Act of 1933, as amended, by adding a new provision to be designated as section 29. (Associated persons.)

This is a new provision, the first sentence of which is in substance the same as the provision in section 20 (b) of the Securities Exchange Act of 1934, which prohibits persons from doing indirectly acts which they are prohibited from doing directly. The second sentence would make it unlawful for any person to aid, abet, or procure a violation by another person, and is intended to remove any doubt that aiders and abettors may be liable in civil and administrative proceedings.

This provision does not in any manner constitute a limitation with respect to the applicability in criminal proceedings of section 2, title 18, United States Code.

S. 2545. A bill to amend certain provisions of the Securities Exchange Act of 1934, as amended.

Be it enacted, etc., That paragraph (3) of section 3 (a) of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(3) The term 'member' when used with respect to an exchange means any firm, organization, corporation or other person permitted either to effect transactions on the exchange without the services of another person acting as broker, or to make use of the facilities of an exchange for transactions thereon without payment of a commission or fee or with the payment of a commission or fee which is less than that charged the general public, and any general partner, officer, or director of any such firm, organization, corporation, or other person."

SEC. 2. Paragraph (16) of section 3 (a) of the Securities Exchange Act of 1934, as amended, is amended by striking out "the Philippine Islands,".

SEC. 3. Subsection (e) of section 6 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(e) The Commission shall enter an order either granting or, after appropriate notice and opportunity for hearing, denying registration as a national securities exchange, unless the exchange applying for registration shall withdraw its application. Amendments to an application may be made upon such terms as the Commission may prescribe."

SEC. 4. Subsection (c) of section 7 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(c) It shall be unlawful for any member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of any such member, or any broker or dealer registered pursuant to section 15 of this title, directly or indirectly to extend or maintain credit or arrange for the extension or maintenance of credit to or for any customer—"

SEC. 5. The introductory paragraph of section 8 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"SEC. 8. It shall be unlawful for any member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of any such member, or any broker or dealer registered pursuant to section 15 of this title, directly or indirectly—"

SEC. 6. Subsection (b) of section 8 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(b) To effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptance or commercial bills) in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors to provide safeguards with respect to the financial responsibility of brokers and dealers."

SEC. 7. Subsection (d) of section 8 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(d) To borrow, lend or hold any securities received or carried for the account of any customer, or any securities substituted therefor, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors to provide safeguards with respect to securities carried for the accounts of customers."

SEC. 8. The introductory paragraph of section 9 (a) of the Securities Exchange Act of 1934, as amended, is amended by striking out ", or for any member of a national securities exchange."

SEC. 9. Clauses (B) and (C) of paragraph (1) of section 9 (a) of the Securities Exchange Act of 1934, as amended, are amended by striking out the words "of substantially the same size."

SEC. 10. Paragraphs (2) and (6) of section 9 (a) of the Securities Exchange Act of 1934, as amended, are amended by striking out "a series of" and inserting in lieu thereof "one or more."

SEC. 11. Subsection (b) of section 10 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(b) To use or employ, in connection with the purchase or sale of, or any attempt to

purchase or sell, any security registered on a national securities exchange or any security not so registered, any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of inventors."

SEC. 12. Subsection (d) of section 11 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(d) It shall be unlawful for a member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of a member, or any broker or dealer registered pursuant to section 15 of this title, to effect (1) any transaction in connection with which, directly or indirectly, he extends or maintains or arranges for the extension or maintenance of credit to or for a customer on any security (other than an exempted security) which was a part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within 30 days prior to such transaction: *Provided*, That credit shall not be deemed extended by reason of a bona fide delayed delivery of any such security against full payment of the entire purchase price thereof upon such delivery within 35 days after such purchase, or (2) any transaction with respect to any security (other than an exempted security) unless, if the transaction is with a customer, he discloses to such customer in writing at or before the completion of the transaction whether he is acting as a dealer for his own account, as a broker for such customer, or as a broker for some other person."

SEC. 13. Subsection (b) of section 14 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(b) It shall be unlawful for any member of a national securities exchange, or any broker or dealer who transacts a business in securities through the medium of any such member, or any broker or dealer registered pursuant to section 15 of this title, to give a proxy, consent, or authorization in respect of any security registered on a national securities exchange and carried for the account of a customer in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

SEC. 14. The fourth paragraph of section 15 (b) of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"The Commission shall, after appropriate notice and opportunity for hearing, by order deny registration to, or suspend for a period not exceeding 12 months or revoke the registration of, any broker or dealer if it finds that such denial, suspension, or revocation is in the public interest and that (1) such broker or dealer whether prior or subsequent to becoming such, or (2) any partner, officer, director, or branch manager of such broker or dealer (or any person occupying a similar status or performing similar functions), or any person directly or indirectly controlling or controlled by such broker or dealer, whether prior or subsequent to becoming such, (A) has willfully made or caused to be made in any application for registration pursuant to this subsection or in any document supplemental thereto or in any proceeding before the Commission with respect to registration pursuant to this subsection any statement which was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact; or (B) has been convicted within 10 years preceding the filing of any such application or at any time thereafter of any felony or misdemeanor which the Commission finds (i) involves the purchase or sale of any security, or (ii) arises out of the conduct of the business of a broker or dealer or investment adviser, or (iii) involves embezzlement, fraudulent conversion, or misappropriation of funds, securities, or other property, or (iv) involves a violation of sections 1341, 1342, or 1343 of title 18, United States Code, as heretofore or hereafter amended; or (C) is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer or investment adviser; or (D) has willfully violated any provision of the Securities Act of 1933 or the Investment Advisers Act of 1940, or of this title, as any of such statutes heretofore have been or hereafter may be amended, or of any rule or regulation thereunder. Pending final determination whether any such registration shall be denied, the Commission may by order postpone the effective date of such registration for a period not to exceed 90 days, but if, after appropriate notice and opportunity for hearing, it shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors to postpone the effective date of such registration until final determination, the Commission shall so order. Pending final determination whether any such registration shall be revoked, the Commission shall by order suspend such registration if, after appropriate notice and opportunity for hearing, such suspension shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors. Any registered broker or dealer may, upon such terms and conditions as the Commission may deem necessary in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. An application for registration may be withdrawn only with the consent of the Commission if the request to withdraw such application is received by the Commission after it has commenced a proceeding to deny registration. If the Commission finds that any registered broker or dealer, or any broker or dealer for whom an application for registration is pending, is no longer in existence or has ceased to do business as a broker or dealer, the Commission shall by order cancel the registration or application of such broker or dealer."

SEC. 15. Paragraph (3) of section 15 (c) of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(3) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) on a 'when issued' or 'when distributed' basis otherwise than on a national securities exchange, in contravention of such rules and regulations with respect to 'when issued' or 'when distributed' trading as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

SEC. 16. Subsection (b) (4) of section 15A of the Securities Exchange Act of 1934, as amended, is amended by adding the following after the semicolon at the end thereof: "in entering any such order, the Commission, association or exchange shall have jurisdiction to determine who was a cause thereof, after appropriate notice and opportunity for hearing;".

SEC. 17. Section 15A of the Securities Exchange Act of 1934, as amended, is amended by adding the following new subsection at the end thereof:

"(o) If any registered securities association (whether national or affiliated) shall, pursuant to rules adopted under this section, take any action against any person associated with a member thereof or prohibit any person from becoming associated with a member thereof, such action shall be subject to review by the Commission in the same manner and to the same extent as action against a member pursuant to subsections (g) and (h) of this section."

SEC. 18. Paragraph (1) of Section 19 (a) of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(1) After appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to withdraw the registration of a national securities exchange if the Commission finds (A) that such exchange is not so organized as to be able to comply with the provisions of this title and the rules and regulations thereunder, or (B) that the rules of such exchange are not just and adequate to insure fair dealing and to protect investors, or (C) that such exchange has violated any provision of this title or of the rules and regulations thereunder or has failed to enforce, so far as is within its power, compliance therewith by a member or by an issuer of a security registered thereon."

SEC. 19. The caption of section 20 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"LIABILITIES OF CONTROLLING AND ASSOCIATED PERSONS"

SEC. 20. Subsection (b) of section 20 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(b) It shall be unlawful for any person indirectly, or through or by means of any other person, to do any act or thing which it would be unlwaful for such person to do directly under the provisions of this title or any rule or regulation thereunder. It shall be unlawful for any person to aid, abet, counsel, command, induce, or procure the violation of any provision of this title or any rule or regulation thereunder by any other person. These provisions shall not constitute a limitation with respect to the applicability to this title of section 2 of title 18, United States Code."

SEC. 21. Subsection (a) of section 21 of the Securities Exchange Act of 1934, as amended, is amended by striking out "has violated or is about to violate" and inserting in lieu thereof "has violated, is violating, or is about to violate."

SEC. 22. Subsection (e) of section 21 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(e) Whenever it shall appear to the Commission that any person has engaged, is engaged, or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule or regulation thereunder, or that any person has failed to comply with the provisions of this title, any rule or regulation thereunder or any order of the Commission made in pursuance thereof or with any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title, it may in its discretion bring an action in the proper district court of the United States, or the proper United States court of any Territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices and to enforce compliance with this title or any rule, regulation, or order thereunder. Upon a proper showing that such person has engaged, is engaged, or is about to engage in any such act or practice, or that he has failed to comply with this title or any such rule, regulation, or order, a permanent or temporary injunction, restraining order, or other order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who may,

in his discretion, institute the necessary criminal proceeding under this title."

SEC. 23. Subsection (f) of section 21 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(f) In any proceeding under subsection (e), the court, upon application of the Commission, may adjudge a broker or dealer a bankrupt if the court finds that the broker or dealer is unable to meet his debts as they mature. The court shall thereupon appoint a qualified trustee in bankruptcy, who may be a receiver theretofore appointed by the court in the proceedings under subsection (e). Thereafter the estate of such broker or dealer shall be administered as provided in the Bankruptcy Act, as now in effect or as it may hereafter be amended. For purposes of adjudging a broker or dealer a bankrupt under this subsection the provisions of section 3 of the Bankruptcy Act shall not apply."

SEC. 24. Subsection (a) of section 25 of the Securities Exchange Act of 1934, as amended, is amended by striking out "sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347)," and inserting in lieu thereof "section 1254 of title 28, United States Code."

SEC. 25. Section 27 of the Securities Exchange Act of 1934, as amended, is amended by striking out "sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347)," and inserting in lieu thereof "sections 1254, 1291, 1292, and 1293 of title 28, United States Code."

SEC. 26. Clause A of section 29 (b) of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(A) That no contract shall be void by reason of this subsection because of any violation of any rule or regulation prescribed pursuant to subsection (b) of section 8 or paragraph (2) of subsection (c) of section 15 of this title; and".

SEC. 27. Subsection (c) of section 32 of the Securities Exchange Act of 1934, as amended, is amended to read as follows:

"(c) The provisions of this section shall not apply in the case of any violation of any rule or regulation prescribed pursuant to subsection (b) of section 8 of this title, except a violation which consists of making, or causing to be made, any statement in any report or document required to be filed under any such rule or regulation, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact."

SEC. 28. The Securities Exchange Act of 1934, as amended, is amend by adding the following new section:

"LARCENY AND EMBEZZLEMENT

"SEC. 35. Whoever steels, unlawfully and willfully converts to his own use or to the use of another, or embezzles any of the moneys, funds or securities of, or entrusted to the custody or care of, any member of a national securities exchange, any broker or dealer who transacts a business in securities through the medium of any such member, or any broker or dealer registered pursuant to section 15 of this title, shall be deemed guilty of a crime, and upon conviction thereof shall be subject to the penalties provided in section 32 of this title."

SEC. 29. The Securities Exchange Act of 1934, as amended is amended by adding the following new section:

"TRANSACTIONS BY CERTAIN MEMBERS, BROKERS, AND DEALERS

"SEC. 36. The various provisions of this title which prohibit acts or transactions involving use of the mails, instrumentalities of interstate commerce or facilities of a national securities exchange (other than section 5 and subsection (a) of section 15 of this title) shall be applicable, irrespective of any such use of the mails or of such instrumentalities or facilities, to a member of a national securities exchange, to any broker or dealer who transacts a business in securities through the medium of any such member, to a broker or dealer registered pursuant to subsection (b) of section 15 of this title, and to any person acting on behalf of any such member, broker, or dealer"

The explanatory statement accompanying Senate bill 2545 is as follows:

PROPOSAL OF THE SECURITIES AND EXCHANGE COMMISSION TO AMEND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

The Securities and Exchange Commission recommends the adoption of various amendments to the Securities Exchange Act of 1934, which it believes will materially assist the Commission in enforcing the statute without altering its basic provisions and purposes.

The general objective of the statute is to protect the public and investors against malpractices in the securities and financial markets. The Securities Exchange Act of 1934 provides for disclosure of information concerning securities listed on exchanges and for the regulation of trading in securities on exchanges and in over-the-counter markets. The statute contains provisions for enforcement by the Commission through administrative and injunctive actions and for the referral of information concerning violations to the Department of Justice for criminal prosecution.

A substantial number of the proposed amendments are designed to make the Commission's enforcement activities more effective by eliminating or minimizing various technical problems which have come to light in the course of Commission enforcement over the past two decades. An important change is made in the provisions relating to the use of the mails and facilities of interstate commerce, which provide the basis for Federal jurisdiction. Under some sections of this statute, Federal jurisdiction is based on the status of a person as a member of a registered securities exchange, as a broker or dealer transacting a business in securities through the medium of a member, or as a registered broker or dealer; it is now proposed to rely on the status of such persons as a basis for Federal jurisdiction under other provisions of the statute as well.

On the basis of its constitutional powers with respect to interstate commerce and the mails, the Congress in the Securities Exchange Act required stock exchanges to register with the Commission as "national securities exchanges" and imposed various prohibitions and requirements on members of such exchanges and on brokers and dealers doing business through the medium of such members. In 1936 the Congress amended section 15 of the Securities Exchange Act to require the registration of over-the-counter brokers and dealers as a condition of their using the mails and facilities of interstate commerce. Most registered over-the-counter brokers and dealers do some business through the medium of stock-exchange members and thus are subject to the provitions adopted in 1934, which are applicable to brokers and dealers who do business through the medium of exchange members. However, in order to eliminate technical questions as to how much business it takes to constitute a business through the medium of a member, it is now proposed to integrate the provisions adopted in 1934 with the 1936 amendment. Specifically, it is proposed to amend sections 7 (c), 8, 11 (d), and 14 (b) of the Securities Exchange Act, which now apply only to members of national securities exchanges and those brokers and dealers who do business through the medium of members, so that they will apply also to registered brokers and dealers.

Most of the provisions of the Securities Exchange Act of 1934 which apply to the public generally (as well as to brokers and dealers) base Federal jurisdiction on the use of the mails or facilities of interstate commerce in the particular transaction which is prohibited. It is proposed to make these sections applicable to members of national securities exchanges, brokers, and dealers who transact a business through the medium of members, and registered brokers and dealers, irrespective of any use of the mails or facilities of interstate commerce in the particular transaction. In short, the status of a person as a member, a broker or dealer doing business through a member, and a registered broker or dealer would be relied upon as one basis for Federal jurisdiction under the provisions of the Securities Exchange Act generally.

Some of the proposed amendments are designed to recognize changes that have taken place since the original adoption of the statute, such as the admission of corporations to membership on stock exchanges and the elimination of the writ of mandamus as a separate legal remedy. A few changes are proposed to take care of technical loopholes or inadequacies in some of the statutory provisions, without altering the general purpose or effect of such provisions.

The specific amendments proposed are described below.

Section 1 would amend paragraph (3) of section 3 (a) of the Securities Exchange Act of 1934, as amended (definition of "member").

The present definition of the term "member" of an exchange expressly includes each partner of a member firm but does not include officers and directors of a member corporation. Since national securities exchanges now provide for corporate memberships, the Commission believes that officers and directors of a member corporation should be required to meet the same standards and be subject to the same sanctions as partners of a member firm. To accomplish this result, it is proposed to amend the definition of the term "member" in section 3 (a) (3) to include any officer or director of any member firm, organization, or corporation. Since stockholders of corporate members are not included within the definition of "member" it is also proposed to exclude limited partners from the definition.

Sectoin 2 would amend paragraph (16) of section 3 (a) of the Securities Exchange Act of 1934, as amended. (Elimination of reference to the Philippine Islands in the definition of "State.")

Since the Philippine Islands are no longer a possession of the United States, the amendmend would delete the reference to the Philippine Islands as a possession.

Section 3 would amend subsection (e) of section 6 of the Securities Exchange Act of 1934, as amended. (Registration of Securities Exchanges.)

Section 6 of the act provides for the registration of securities exchanges. It requires the applicant exchange to file certain agreements and certain information, and it further provides, as a condition of registration, that it must appear to the Commission that the exchange is so organized as to be able to comply with the Act and the Commission's rules thereunder and that the rules of the exchange are just and adequate to insure fair dealing and to protect investors. Subsection (e) provides that the Commission shall enter an order either granting or denying registration within 30 days after the application is filed. Denial of registration must be preceded by appropriate notice and opportunity for hearing.

The requirement that an order denying registration of an exchange must be entered within 30 days after the application is filed has created serious administrative difficulties. It has meant that within that 30-day

period the Commission must examine the application to determine whether the rules of the exchange meet the statutory standards, conduct an investigation, order a hearing (allowing adequate notice), conduct a hearing, review the record, and enter an order, all in accordance with the Administrative Procedure Act; and it must also prepare an opinion where this is appropriate.

Consequently it is proposed to amend subsection (e) of section 6 to delete the requirement that the Commission's order granting or denying registration must be entered within 30 days after the application is filed. As amended, this section would then be consistent with the requirements in section 15A (e) which does not require the Commission to enter its order granting or denying the registration of a national securities association within any limited period of time.

Section 4 would amend subsection (c) of section 7 of the Securities Exchange Act of 1934, as amended. (Margin requirements.)

Section 7 (c), which deals with the extension of credit on securities, now applies to members of national securities exchanges and to brokers and dealers who transact a business in securities through the medium of any such member. For the reasons discussed previously, it is proposed to make this provision applicable also to brokers and dealers registered pursuant to section 15.

Sections 5, 6, and 7 would amend the preamble and subsections (b) and (d), respectively, of section 8 of the Securities Exchange Act of 1934, as amended. (Financial responsibility of members, brokers, and dealers.)

Section 8 deals with borrowings by members, brokers, and dealers, and with other matters pertaining to their financial responsibility. It now applies to members and to brokers and dealers who transact a business in securities through the medium of members. It is proposed to amend the preamble of the section so as to make it apply also to registered brokers and dealers.

Subsection (b) of section 8 is intended to require a broker to limit his aggregate indebtedness so that it will not exceed 2,000 percent of his net capital or such lesser figure as may be prescribed by rules of the Commission. This section is ambiguous and not effective as it stands. It takes into account aggregate indebtedness arising only in the ordinary course of business as a broker (not dealer), and some question has been raised as to the scope of the Commission's rulemaking power under the section.

In 1938 the Congress added section 15 (c) (3) to the statute, which gives the Commission general rulemaking power to provide safeguards with respect to the financial responsibility of over-the-counter brokers and dealers. Pursuant to this section the Commission has adopted rule 15c3-1 (17 CFR 240.15c3-1), which has the same purpose as section 8 (b) but which specifies in detail what is to be included in the concepts of aggregate indebtedness and net capital. Even this rule is not fully adequate, however, because section 15 (c) (3) is applicable only when the broker or dealer is effecting, inducing, or attempting to induce a transaction in the over-the-counter market. The rule cannot be made applicable when a broker or dealer effects a transaction on a national securities exchange. Thus, in a recent case, the Commission found that an injunction under rule 15c3-1 against a nonmember broker or dealer who was in financial distress was not effective in preventing him from selling listed securities on an exchange. *SEC* v. *Buford* (D. C., W. D. Va., civil action No. 391 (1954)). It is, therefore, proposed to transfer to section 8 (b) the provision relating to the financial responsibility of brokers and dealers which now appears in section 15 (c) (3) of the act, so that regulations under the new section could be applicable no matter where the transaction is effected.

The Commission's rule 15c3-1 now exempts the members of all exchanges whose rules have been found by the Commission to impose requirements more comprehensive than the Commission's requirements, and no change in this regard is contemplated.

Section 8 (d) makes it unlawful for a member, broker, or dealer to lend a customer's security without the written consent of such customer. It does not provide for the segregation of customers' fully paid securities or excess collateral. Some stock exchanges have rules which require members to segregate customers' fully paid securities and excess collateral, but they do not apply to brokers or dealers who are not members of such exchanges. It is therefore proposed to amend subsection (d) so as to make it unlawful for members, brokers, and dealers to borrow, lend, or hold customers' securities in contravention of rules and regulations prescribed by the Commission to provide safeguards with respect to securities carried for the accounts of customers.

Sections 8, 9, and 10 would amend the introductory paragraph, clauses (B) and (C) of paragraph (1), and paragraphs (2) and (6), respectively, of section 9 (a) of the Securities Exchange Act of 1934, as amended (manipulation of securities prices).

Section 9 (a) deals with the manipulation and stabilization of the prices of securities which are registered on national securities exchanges. It is proposed to make certain minor changes in these provisions without altering their general purpose or effect.

The prohibitions of section 9 (a) now apply to any person who uses the mails, the instrumentalities of interstate commerce, or the facilities of a national securities exchange in effecting transactions which violate the standards of the section. It applies to members of a national securities exchange, because of their status as members, whether or not they use the mails or interstate commerce or exchange facilities. This latter provision is proposed to be deleted from the preamble of section 9 (a) for the reason that it will be covered by a proposed new section discussed below, which makes members of national securities exchanges subject to the act generally without regard to use of the mails or facilities of interstate commerce. Thus the change is purely a technical one.

Clauses (B) and (C) of section 9 (a) (1) prohibit manipulation by the use of what are commonly known as matched orders. It is designed to prohibit manipulation by arrangements, perhaps among confederates or coconspirators, to enter buy and sell orders at substantially the same time for the purpose of creating a false appearance of activity and influencing the price. In order to come within the prohibition, however, the section now requires that the orders must be of substantially the same size, entered at substantially the same time, and at substantially the same price. It is proposed to delete the phrase "of substantially the same size," without changing the other requirements just referred to, or the requirement that activity, in order to constitute a violation, must be for the purpose of creating a false or misleading apperance of active trading in the security or a false or misleading appearance with respect to its market. In *Wright* v. *S. E. C.* (112 F. 2d 89 (1940)), the court of appeals for the second circuit gave a restrictive interpretation to the phrase "of substantially the same size," which has precluded subsequent reliance on the statutory prohibitions against manipulation by matched orders. In view of the fact that stock exchanges rules and practices normally result in orders being executed in 100-share lots, the overall size of the buy and sell orders placed by a manipulator at a given time does not determine the effectiveness or misleading character of the manipulation by matched orders.

Subsection (a) (2) of section 9 contains the more general antimanipulative provisions of the section. Subsection (a) (6) authorizes the Commission by rule to regulate the related problem of stabilization of securities registered on national securities exchanges. As they stand, each of these subsections now requires proof of a series of transactions. The more detailed rules of the Commission with reference to manipulation and stabilization which have been adopted pursuant to section 10 (b) of the act apply to individual manipulative or stabilizing transactions, without requiring proof of a series of such transactions. Experience has shown that, where the price at which a large distribution of securities is going to be made is keyed to the market price existing at the commencement of the distribution, as is commonly the case, even one manipulative transaction can affect the overall price paid by the public and received by the distributors by many thousands of dollars. It is therefore proposed to make sections 9 (a) (2) and 9 (a) (6) applicable where one or more manipulative or stabilizing transactions is effected. The proposal merely involves the codification in the statute of a principle already in effect under the Commission's rules relating to manipulation and stabilization.

Section 11 would amend subsection (b) of section 10 of the Securities Exchange Act of 1934, as amended. (Antifraud provisions of sec. 10.)

Section 10 contains prohibitions against effecting short sales and against engaging in manipulative or deceptive activities in the purchase or sale of securities, in contravention of Commission rules. Subsection (b) now applies to manipulative or deceptive activities "in connection with the purchase or sale of any security." It is proposed to make subsection (b) applicable to such activities "in connection with the purchase or sale of, or any attempt to purchase or sell, any security." One of the purposes of this change is to make it entirely clear that the section covers the so-called "front money racket," that is, obtaining money from an issuer for alleged services in arranging an underwriting or financing for the issuer, without actually intending to or being in a position to arrange the proposed underwriting or financing. It would also reach manipulative and deceptive activities in connection with attempts to buy or sell securities as well as in connection with consummated transactions.

Section 12 would amend subsection (d) of section 11 of the Securities Exchange Act of 1934, as amended. (Extension of credit by members, brokers, and dealers on new issues of securities.)

Section 11 (d) (1) of the act prohibits a person who is a broker and a dealer from extending credit to a customer on any security which is part of a new issue where, within 30 days, he participated in the distribution of such issue as a member of a selling syndicate or group.

The requirement that the prohibition be applicable only to persons engaged in business both as a broker and a dealer was written into section 11 because it appeared that the combination of the broker and dealer functions in the same person made it possible for a dealer who has undertaken to distribute securities to the public to induce his brokerage customers to buy the securities by offering to extend credit on them; see House Report No. 1383, April 27, 1934, to accompany H. R. 9323, 73d Congress, 2d session, page 22. At that time the Congress contemplated the possibility of complete segregation of the broker and dealer functions and directed the Commission, in subsection (e), to make a study of the problem.

In 1936 the Commission submitted its report to the Congress on the feasibility and advisability of the complete segregation of the functions of dealer and broker, in which

it advised against a requirement of complete segregation of such functions. Since separation of functions no longer appears to be pertinent to the problem of extension of credit on new issues of securities, it is proposed in the amended section to make such section applicable to members, dealers, and brokers whether or not they combine the two functions.

It is also proposed to revise the jurisdictional language to make the section applicable to brokers and dealers who do business through members, or who are registered pursuant to section 15, whether or not they use the mails, any means or instrumentality of interstate commerce, or any facility of interstate commerce in connection with the particular transaction.

Section 13 would amend subsection (b) of section 14 of the Securities Exchange Act of 1934, as amended. (Proxies given by members, brokers, and dealers.)

This section relates to the giving of proxies in respect of customers' securities by members of national securities exchanges and brokers and dealers transacting business through such members. Here, as elsewhere, it is proposed to make the prohibition applicable also to registered brokers and dealers.

Section 14 would amend the fourth paragraph of section 15 (b) of the Securities Exchange Act of 1934, as amended. (Denial or revocation of registration of brokers and dealers.)

In general, section 15 (b) of the act provides for the registration of brokers and dealers and for the denial, revocation, withdrawal, and cancellation of such registration.

The fourth paragraph of section 15 (b) provides that the Commission shall, after appropriate notice and opportunity for hearing, deny or revoke the registration of any broker or dealer if it finds that such denial or revocation is in the public interest and that such broker or dealer, or any person directly or indirectly controlling or controlled by such broker or dealer, is subject to certain specified disqualifications. Procedurally it also provides, among other things, that pending final determination whether any registration shall be denied, the Commission may by order postpone the effective date of registration for a period not to exceed 15 days, but if, after appropriate notice and opportunity for hearing, it appears to the Commission to be necessary or appropriate in the public interest or for the protection of investors to postpone the effective date of registration until final determination, the Commission shall so order.

The Commission's proposed amendments relate to the basis on which registration may be denied or revoked, the sanction which the Commission may impose, the conditions under which an application for registration may be withdrawn, and the postponement of the effectiveness of a registration where it appears to be necessary to institute proceedings to deny registration.

The disqualifications which are the basis for denial or revocation of registration are contained in clauses (A) to (D), inclusive. Clause (B) sets out a disqualification consisting of conviction within 10 years of a felony or misdemeanor "involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer." The Commission recommends that this be amended so that conviction of any felony or misdemeanor which the Commission finds involves embezzlement, fraudulent conversion or misappropriation of funds, securities or other property, or involves a violation of the mail fraud statute, shall also be a basis for denial or revocation of registration. Persons convicted of such crimes as embezzlement, fraudulent conversion, misappropriation of funds or securities or of "front money rackets" should be ineligible for registration when the Commission finds it is in the public interest to deny or revoke registration.

The Commission recommends that clause (C), which makes certain injunctoins a basis for denial or revocation, be expanded so that it includes an injunction arising out of the conduct of the business of a broker, dealer, or investment adviser. This would conform clause (C) to clause (B) in this respect.

The Commission also believes that section 15 (b) should be revised so that the Commission may impose a sanction of suspension where it believes that the more drastic sanction of revocation of registration is not necessary. Section 15 (b) now provides for suspension only pending final determination in certain situations. Sections 15A (1) (2) and 19 (a) (3) authorize the Commission to impose a sanction of suspension (as an alternative to expulsion) upon a member of a registered securities association or national securities exchange under certain conditions. It is believed that if a similar flexibility in the imposition of sanctions is provided for in section 15 (b) the purposes and provisions of the section could be more effectively enforced.

Another amendment proposed under this section relates to the provision with respect to the temporary postponement of effectiveness of a registration when the Commission proposes to institute proceedings to deny registration. The present provisions have proved administratively unworkable. When the Commission institutes a proceeding to deny registration, it now can postpone effectiveness until final determination only if, within 45 days after the filing of the application, it issues a notice and order for hearing, conducts the hearing, reviews the record, and issues its order of postponement. it frequently becomes a practical, impossibility to give adequate notice of the hearing, conduct the hearing, review the record, and enter an order within this limited period. Furthermore, if such an effort were undertaken it would ordinarily be necessary to duplicate the conduct of hearings and the taking of evidence on both the postponement question and the ultimate denial question.

Under the proposed amendment the Commission would be authorized to postpone the effective date of registration for a period not to exceed 90 days, during which it could ordinarily conduct its proceeding to determine whether registration should be denied; and the amendment would further provide that if, after notice and opportunity for hearing, it appeared to be necessary or appropriate in the public interest or for the protection of investors to postpone effectiveness until final determination, it could so order.

Section 15 (b) authorizes the Commission to subject withdrawal of registration to terms and conditions deemed necessary in the public interest or for the protection of investors. It does not provide the conditions under which an application for registration may be withdrawn. The proposed amendment would provide that an application for registration may be withdrawn only with the consent of the Commission if the request to withdraw the application is received by the Commission after it has commenced a proceeding to deny registration. It would ordinarily be important for the Commission to be able to complete its administrative proceedings to determine whether registration should be denied. Aside from the wasted administrative energies and expense involved when an application for registration is withdrawn after a proceeding is begun, it is usually important to complete the proceeding and make a determination as to whether a statutory disqualification exists because it may be impossible at a later date, when a new application is filed, to obtain the witnesses or evidence to establish the disqualification.

The need for control over withdrawal of applications for registration is illustrated by a recent case. A broker-dealer applied for registration. As a result of an investigation, the staff concluded that he had been guilty of willful violations of the Securities Act of 1933 in the offer and sale of unregistered securities by means of fraudulent representations, and that, in addition, he had been engaged in business as a broker-dealer in securities in violation of the registration requirements of the Securities Exchange Act of 1934. A hearing was scheduled at Los Angeles, Calif. A hearing officer traveled from Washington to the West Coast to conduct the hearing. On the day before the hearing the applicant wired the Washington office withdrawing his application for registration and the proceedings were discontinued. About 3 months later the same individual filed another application for registration. Another hearing had to be held. This resulted in an order of the Commission denying registration to him. Considerable time and money would have been saved the Government if it had been clear that the Commission could have refused to accept the notice of withdrawal and gone forward with the first hearing so that the violations charged in the order for hearing could have been established in that proceeding.

Section 15 would add a new paragraph (3) to section 15 (c) of the Securities Exchange Act of 1934, as amended. (When-issued trading.)

Section 12 (d) gives the Commission authority to deal by rule with the problems of so-called when-issued trading (trading in a security prior to its issuance under contracts providing for delivery and settlement "when, as and if" the security is issued), but this provision applies only to trading on an exchange. It is proposed that the Commission be given similar authority with respect to "when-issued" and "when-distributed" trading in the over-the-counter markets. This would be done in a new section 15 (c) (3).

The present section 15 (c) (3), which relates to the financial responsibility of brokers and dealers, would no longer be necessary as a separate provision since it is now proposed to deal with that subject matter in section 8 (b), as explained earlier.

Section 16 would amend subsection (b) (4) of section 15A of the Securities Exchange Act of 1934, as amended. (Determinations of responsibility for violations in administrative proceedings.)

This section now provides in general, that a person who was the cause of the entry of an order of suspension, expulsion, denial, or revocation, against a broker or dealer, shall be ineligible for membership in a national securities association, and shall be barred from employment by such a member in certain capacities, unless the Commission otherwise directs, in the public interest. The statute is silent as to when, how, and by whom this determination of causation is to be made, and the decision in *Wallach v. S. E. C.* (202 F. 2d 462 (C. A. D. C. 1953)), has raised some doubt as to the proper course to be followed in determining this issue. It is therefore proposed to provide expressly in section 15A (b) (4) that the Commission, or the association or exchange, entering the order in question shall have jurisdiction to determine who was a cause of its order, and to provide for appropriate notice and hearing on the question of causation.

Section 17 would amend section 15A of the Securities Exchange Act of 1934, as amended, by adding a new subsection to be designated as subsection (o). (Review of action by a national securities association against registered representatives.)

Sections 15A (g) and (h) provide for review by the Commission of disciplinary action taken by a national securities association

against its members and of denial of membership in such association. The National Association of Securities Dealers, Inc., the only national securities association, has provided in its rules, adopted pursuant to section 15A, for the registration with it as registered representatives of certain individuals employed by or associated with its members. Where the association takes disciplinary action against both a member and one or more of its registered representatives, its action may now be reviewed by the Commission under subsections (g) and (h) of section 15A. It is proposed to add a new subsection (o), however, to make certain that registered representatives are afforded full rights of review in all cases, whether or not related action is taken against a member.

Section 18 would amend paragraph (1) of section 19 (a) of the Securities Exchange Act of 1934, as amended. (Power to enforce compliance with exchange rules.)

Under section 6 of the act the registration of a national securities exchange may be granted only if its rules contain specified provisions, it is so organized as to be able to comply with the act and the Commission's rules thereunder, and the rules of the exchange are just and adequate to insure fair dealing and to protect investors. Section 19 (a) (1) of the act, however, authorizes the Commission to suspend or withdraw the registration of a national securities exchange only for violation of the act or the Commission's rules thereunder, or for failure of the exchange to enforce compliance therewith by a member or by an issuer of a security registered thereon. It is recommended that section 19 (a) (1) be expanded so that the Commission would be authorized, after appropriate notice and opportunity for hearing, to suspend or withdraw the registration of a national securities exchange when the exchange has ceased to meet the requirements for original registration.

Section 19 would amend the caption of section 20 of the Securities Exchange Act of 1934, as amended. (Liabilities of controlling and associated persons.)

Section 20 would amend subsection (b) of section 20 of the Securities Exchange Act of 1934, as amended. (Associated persons.)

Section 20 (b) is ambiguous, but is apparently intended to provide that it is unlawful to do indirectly what one may not do directly. It is proposed to clarify the present langauge of the section.

In addition, it is proposed to add a provision which would make it unlawful for any person to aid, abet or procure a violation by another person. The purpose of this addition is to remove any possible doubt as to the Commission's authority to obtain an injunction, or impose administrative sanctions, against persons aiding or abetting violations of the act.

This provision does not in any manner constitute a limitation with respect to the applicability in criminal proceedings of section 2, title 18, United States Code.

Section 21 would amend subsection (a) of section 21 of the Securities Exchange Act of 1934, as amended. (Investigations and injunctions.)

Section 21 (a) authorizes the Commission to investigate to determine whether any person "has violated or is about to violate." It is proposed to add, also, the phrase "is violating," in order to make this provision symmetrical with subsection (e) of section 21.

Sections 22 and 23 would amend subsections (e) and (f), respectively, of section 21 of the Securities Exchange Act of 1934, as amended. (Investigations and Injunctions.)

Section 21 (e) authorizes the Commission to institute action in court to enjoin violations upon a showing that any person "is engaged or about to engage" in unlawful activities. Section 21 (f) provides for the issuance of writs of mandamus commanding any person to comply with the act. For the reasons set forth in connection with the proposed change of the corresponding provisions (sections 20 (b) and (c) of the Securities Act of 1933), it is proposed to combine sections 21 (e) and 21 (f) and to add in section 21 (e) the phrase "has engaged." to insure that an injunction may be obtained in an appropriate case upon a showing that the defendant has violated the act, even though he may have discontinued his violations, as often occurs when the Commission discovers them.

Where the Commission institutes an injunctive action under section 21 (e) against an insolvent broker or dealer, the court may appoint a receiver under its inherent powers as a court of equity. As the law now stands, however, such a receivership may be governed by State law, rather than by the standards which the Congress has written into the Federal Bankruptcy Act with reference to bankrupt stockbrokers. It is amomalous for State law, rather than Federal law, to be applicable in a proceeding of this type instituted by a Federal agency in a Federal court, particularly in view of the fact that the Congress has dealt specifically and in detail with the problems of bankrupt stockbrokers in section 60e of the Bankruptcy Act. It is, therefore, proposed to provide in subsection (f) that if the court has jurisdiction over an insolvent broker or dealer in an injunctive action under subsection (e), it may upon application of the Commission adjudge such broker or dealer a bankrupt if it finds that he is unable to meet his debts as they mature.

Sections 24 and 25 would amend subsection (a) of section 25, and section 27, of the Securities Exchange Act of 1934, as amended.

The references to the United States Code are to be changed to reflect modifications made in the numbering of the pertinent provisions.

Section 26 would amend clause A of section 29 (b) of the Securities Exchange Act of 1934, as amended. (Validity of contracts.)

Section 29 provides that contracts made in violation of the act shall be void in certain respects. It contains exceptions, one being that no contract shall be void because of violation of any rule under section 15 (c) (3), which authorizes the Commission to adopt rules to provide safeguards with respect to the financial responsibility of brokers and dealers. It does not provide any such exception for contracts in violation of section 8 (b), the other provision of the act dealing generally with financial responsibility. As has been indicated, it is proposed to consolidate sections 8 (b) and 15 (c) (3) and to designate the consolidated provisions as section 8 (b). Since the consolidated provision may be more closely akin to the present section 15 (c) (3) than the present section 8 (b), it is proposed to adhere to the policy already indicated by the Congress in section 29 and to provide that no contract shall be void because of violation of any rule under section 8 (b).

Section 27 would amend subsection (c) of section 32 of the Securities Exchange Act of 1934, as amended. (Penalties.)

Subsection (c) of section 32 provides that the criminal penalties prescribed therein shall not apply to violations of the Commission's rules regarding financial responsibility of brokers and dealers under section 15 (c) (3) with certain stated exceptions. In view of the consolidation of the provisions regarding financial responsibility in section 8 (b), referred to above, it is proposed to make this exception apply to section 8 (b).

Section 28 would amend the Securities Exchange Act of 1934, as amended, by adding a new section to be designated as section 35 larceny and embezzlement).

This is a new section which would prohibit the wrongful taking or the embezzlement of money or securities of, or entrusted to the care of, any member of a national securities exchange, any broker or dealer who transacts business through the medium of such member, or any registered broker-dealer. A somewhat similar provision now appears in the Investment Company Act of 1940. The distinction between fraudulently obtaining customers' funds or securities (which is prohibited by the Securities Exchange Act) and embezzling or converting them (which is not expressly prohibited in that act) is a thin and technical one. It may depend upon whether the defendant is assumed to have had a wrongful intent at the time when he induced a customer to entrust securities to him in connection with a securities transaction or whether the idea of converting the securities first occurred to him after he got possession. The proposal is intended to minimize these technical problems, particularly in criminal cases. The proposed language is based on section 37 of the Investment Company Act and on Title 18, United States Code, section 656, relating to banks.

Section 29 would amend the Securities Exchange Act of 1934, as amended, by adding a new section to be designated as section 36. (Federal jurisdiction based on status of person as a member of a national securities exchange, a broker or dealer transacting a business in securities through the medium of a member, or a registered broker-dealer.

As pointed out above, under some sections of the act applicable to members of national securities exchanges, and brokers and dealers who transact a business in securities through the medium of members, the status of such persons is the basis for Federal jurisdiction. On the other hand, provisions of the act which apply to the public generally as well as to members, brokers and dealers, base Federal jurisdiction on the use of the mails or facilities of interstate commerce in the particular transaction prohibited. The proposed new section 36 would make these latter sections applicable to members of national securities exchanges, brokers and dealers who transact a business in securities through the medium of members, and registered brokers and dealers irrespective of any use of the mails or facilities of interstate commerce in the particular transaction. In short, the status of a person as a member, broker or dealer doing business through a member, and a registered broker or dealer would be relied upon as one basis for Federal jurisdiction under the provisions of the Securities Exchange Act generally.

This change will simplify materially the Commission's investigative and enforcement work by making it unnecessary to collect legal evidence of the use of the mails or the facilities of interestate commerce by such members, brokers or dealers in the particular transactions under investigation and will avoid occasional situations where such persons escape responsibility altogether for fraudulent or unlawful acts because jurisdictional evidence is unavailable.

S. 2546. A bill to amend certain provisions of the Investment Advisers Act of 1940, as amended.

Be it enacted, etc., That paragraph (18) of section 202 (a) of the Investment Advisers Act of 1940, as amended is amended by striking out "the Philippine Islands."

SEC. 2. Clause (F) of paragraph (1) of section 203 (c) of the Investment Advisers Act of 1940, as amended, is amended to read as follows: "(F) whether such investment adviser; any partner, officer, director, or person performing similar functions, or any person directly or indirectly controlling or controlled by such investment adviser, is subject to any disqualification which would be a basis for denial, suspension, or revocation of registration of such investment adviser under the provisions of subsection (d); and"

SEC. 3. Subsection (d) of section 203 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"(d) The Commission shall, after appropriate notice and opportunity for hearing, by order deny registration or suspend for a period not exceeding 12 months or revoke the registration of an investment adviser, if it finds that such denial, suspension or revocation is in the public interest and that (1) such investment adviser, whether prior or subsequent to becoming such, or (2) any partner, officer, or director (or any person performing similar functions), or any person directly or indirectly controlling or controlled by such investment adviser, whether prior or subsequent to becoming such (A) has willfully made of caused to be made in any application for registration or report filed with the Commission under this title, or in any proceeding before the Commission with respect to registration, any statement which was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or who has omitted to state in any such application or report any material fact which is required to be stated therein; or (B) has been convicted within 10 years preceding the filing of the application or at any time thereafter of any felony or misdemeanor which the Commission finds (i) involves the purchase or sale of any security, (ii) arises out of the conduct of the business of a broker, dealer or investment adviser, (iii) involves embezzlement, fraudulent conversion or misappropriation of funds or securities, or (iv) involves the violation of section 1341, 1342 or 1343 of title 18, United States Code, as heretofore or hereafter amended; or (C) is permanently or temporarily enjoined by order, judgment or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker or dealer, or as an affiliated person or employee of any investment company, bank or insurance company, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security; or (D) has wilfully violated any provision of the Securities Act of 1933, or of the Securities Exchange Act of 1934, or of this title, as any of such statutes heretofore have been or hereafter may be amended, or of any rule or regulation under any of such statutes."

SEC. 4. Subsection (e) of section 203 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"(e) The commencement of a proceeding to deny registration under this section shall operate to postpone the effective date of registration for a period of 90 days, or until final determination whether such registration shall be denied if that determination is made within such 90-day period; but if, after appropriate notice and opportunity for hearing, it shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors to postpone the effective date of such registration beyond such 90-day period and until final determination of whether such registration shall be denied, the Commission shall so order."

SEC. 5. Subsection (g) of section 203 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"(g) Any person registered under this section may, upon such terms and conditions as the Commission finds necessary in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. An application for registration under this section may be withdrawn only with the consent of the Commission if the request to withdraw such application is received by the Commission after it has commenced a proceeding to deny registration. If the Commission finds that any person registered under this section, or who has pending an application for registration filed under this section, is no longer in existence or is not engaged in business as an investment adviser, the Commission shall by order cancel the registration of such person."

SEC. 6. Section 204 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"SEC. 204. Every investment adviser who makes use of the mails or of any means or instrumentality of interstate commerce in connection with his or its business as an investment adviser (other than one specifically exempted from registration pursuant to section 203 (b)), shall make, keep, and preserve for such periods, such accounts, correspondence, memorandums, papers, books, and other records, and make such reports, as the Commission by its rules and regulations may prescribe as necessary or appropriate in the public interest or for the protection of investors. Such accounts, correspondence, memorandums, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the Commission as the Commission may deem necessary or appropriate in the public interest or for the protection of investors."

SEC. 7. The introductory paragraph of section 205 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"SEC. 205. No investment adviser, unless exempt from registration pursuant to section 203 (b), shall make use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, to enter into, extend, or renew any investment advisory contract, or in any way to perform any investment advisory contract entered into, extended, or renewed on or after the effective date of this title if such contract—"

SEC. 8. The introductory paragraph of section 206 of the Investment Advisers Act of 1940, as amended, is amended by striking out "registered under section 203."

SEC. 9. Section 206 of the Investment Advisers Act of 1940, as amended, is amended by adding the following new clause:

"(4) to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative. The Commission shall, for the purposes of this paragraph (4) by rules and regulations define, and prescribe means reasonably designed to prevent, such acts, practices, and courses of business as are fraudulent, deceptive, or manipulative."

SEC. 10. The caption of section 208 of the Investment Advisers Act of 1940, as amended, is amended by striking out "Unlawful Representations" and inserting in lieu thereof "General Prohibitions."

SEC. 11. Section 208 of the Investment Advisers Act of 1940, as amended, is amended by adding the following new subsection:

"(d) It shall be unlawful for any person indirectly, or through or by any other person, to do any act or thing which it would be unlawful for such person to do directly under the provisions of this title or any rule or regulation thereunder. It shall be unlawful for any person to aid, abet, counsel, command, induce, or procure the violation of any provision of this title or any rule or regulation thereunder by any other person. These provisions shall not constitute a limitation with respect to the applicability to this title of section 2 of title 18, United States Code."

SEC. 12. Subsection (e) of section 209 of the Investment Advisers Act of 1940, as amended, is amended by striking out "has engaged or is about to engage" in the first and in the second sentences and inserting in lieu thereof "has engaged, is engaged or is about to engage."

SEC. 13. Subsection (b) of section 210 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"(b) Subject to the provisions of subsections (c) and (e), of section 209, the Commission, or any member, officer or employee thereof, shall not make public the fact that any examination or investigation under this title, is being conducted, or the results of or any facts ascertained during any such examination or investigation; and no member, officer or employee of the Commission shall disclose to any person other than a member, officer, or employee of the Commission any information obtained as a result of any such examination or investigation except with the approval of the Commission. The provisions of this subsection shall not apply—

"(1) in the case of any hearing which is public under the provisions of section 212; or

"(2) in the case of a resolution or request from either House of Congress."

SEC. 14. Subsection (a) of section 211 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"(a) The Commission shall have authority from time to time to make, issue, amend, and rescind such rules and regulations and such orders as are necessary or appropriate to the exercise of the functions and powers conferred upon the Commission elsewhere in this title. For the purpose of its rules or regulations the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters."

SEC. 15. Section 217 of the Investment Advisers Act of 1940, as amended, is amended to read as follows:

"SEC. 217. Any person who willfully violates any provision of this title, or any rule, regulation, or order promulgated by the Commission under authority thereof, shall, upon conviction, be fined not more than $10,000, imprisoned for not more than 2 years, or both."

SEC. 16. The Investment Advisers Act of 1940, as amended, is amended by adding the following new section:

"STATE CONTROL OF INVESTMENT ADVISERS

"SEC. 222. Nothing in this title shall affect the jurisdiction of the securities commissioner (or any agency or officer performing like functions) of any State over any security or any person insofar as it does not conflict with the provisions of this title or the rules and regulations thereunder."

The explanatory statement accompanying Senate bill 2546 is as follows:

PROPOSAL OF THE SECURITIES AND EXCHANGE COMMISSION TO AMEND THE INVESTMENT ADVISERS ACT OF 1940

Administration of the Investment Advisers Act since its adoption in 1940 has indicated to the Commission that it is inadequate in many respects and does not afford the necessary protection to clients of investment advisers and other members of the investing public. The Commission has no authority under the act to inspect the books and records of investment advisers and cannot even require investment advisers to maintain books and records. It has no adequate means of determining whether investment advisers are engaging in fraudulent or deceptive practices in connection with their business.

The present statute provides for the registration of most investment advisers who use the mails or instrumentalities of interstate commerce in connection with their business. The basis for denial or revocation of registration is very narrow and limited, however, and this makes it possible for undesirable persons to engage in the investment advisory business, essential elements of which are

trust and confidence by the client and scrupulously honest dealing by the adviser.

The provisions of the act prohibiting fraudulent practices apply only to investment advisers who happen to be registered. The investment adviser who evades registration or is exempt from it is not subject to these provisions. The act is inadequate also because it does not give the Commission the power to adopt rules and regulations defining acts and practices which are fraudulent, deceptive, or manipulative, or prescribing means designed to prevent such acts and practices.

Section 1 would amend paragraph (18) of section 202 (a) of the Investment Advisers Act of 1940, as amended.

Since the Philippine Islands are no longer a possession of the United States, the amendment would delete the reference to the Philippine Islands as a possession.

Section 2 would amend clause (F) of paragraph (1) of section 203 (c) of the Investment Advisers Act of 1940, as amended.

This amendment is necessary to obtain the information necessary to determine whether there is a basis for denying registration under section 203 (d), as proposed to be amended.

Section 3 would amend subsection (d) of section 203 of the Investment Advisers Act of 1940, as amended. (Basis for denial or revocation. Suspension as a sanction.)

Under existing provisions of section 203 (d), absent a false statement in an application or report required to be filed, registration can be denied or revoked only because of (1) conviction for a felony or misdemeanor involving the purchase or sale of a security, or arising out of activities as an investment adviser, underwriter, broker, or dealer, or as an affiliated person or employee of an investment company, bank, or insurance company; or (2) the existence of an injunction based upon similar conduct or activity. The proposed amendment would make it possible for the Commission to keep out of the investment advisory business not only persons who would be barred under the above standards, but also any person who has been convicted of embezzlement, fraudulent conversion, or misappropriation of funds or securities; or who has violated the mail fraud statute; or who is subject to an injunction based upon such improper activities. In addition, a willful violation of the Securities Act, the Securities Exchange Act, or the Investment Advisers Act could operate as a basis for denial or revocation of the registration of an investment adviser.

A recent case demonstrates the weakness of the Investment Advisers Act. Information was obtain by the staff indicating that a certain individual was engaged in the securities business relying upon an exemption from registration available to persons doing business entirely within one State. Investigation disclosed that this individual actually was engaged in an interstate business, and that the exemption was not available. Upon being advised that registration as a broker-dealer was required, applications for registration were filed not only as a broker-dealer, but also as an investment adviser. The investigation revealed several serious violations of the Securities Act and the Securities Exchange Act. A report of financial condition filed as a part of the broker-dealer application falsely set forth his financial condition. Proceedings were instituted to determine whether an order of denial should be entered with respect to the application for a broker-dealer registration, but since there was no statutory bar to registration as an investment adviser, that registration became effective. The applicant, before the date for hearing on the broker-dealer matter, filed a petition in bankruptcy. From documents filed in that proceeding it appeared that customers and other broker-dealers would sustain substantial losses. In connection with a stipulation of facts in the broker-dealer denial proceeding, the staff succeeded in obtaining a withdrawal of the investment adviser registration. It is an anomalous situation that permits the Commission to deny registration to a broker-dealer applicant based upon willful violations of the Securities Act and the Securities Exchange Act, but leaves it without authority to deny an application for registration as an investment adviser simultaneously filed by the same person.

The Commission also believes section 203 (d) should be revised so that the Commission can impose a sanction of suspension where it believes that the more drastic sanction of revocation is not necessary.

Section 4 would amend subsection (e) of section 203 of the Investment Advisers Act of 1940, as amended. (Postponement of effectiveness of registration when denial proceedings are instituted.)

Under the proposed amendment to section 203 (e), the commencement of a proceeding to deny registration would postpone effectiveness of an application for registration for a period of 90 days, or until final determination in the denial proceeding if that occurs sooner; and if the proceeding extends beyond 90 days, the Commission could postpone effectiveness beyond the 90-day period after a hearing on the question of further postponement.

Section 203 (e) now provides that the effectiveness of an application for registration is not postponed by the commencement of a proceeding to determine whether an order of denial should be entered, unless the Commission finds that such postponement is in the public interest.

Under section 211 (c) such order postponing effectiveness of registration can be entered only after notice and opportunity for hearing, and this procedure has proved administratively unworkable because such an order generally has to be entered within 30 days after the application is filed or the application will become effective under section 203 (c). It would ordinarily be a practical impossibility within that limited period, to give adequate notice of a hearing, conduct the hearing, review the record, and enter an order, all in compliance with the Administrative Procedure Act. Furthermore, if such an effort were undertaken it would usually be necessary to duplicate the conduct of hearings and the taking of evidence on both the postponement question and the denial question.

Section 5 would amend subsection (g) of section 203 of the Investment Advisers Act of 1940, as amended. (Right to withdraw an application for registration.)

Section 203 (g) provides that a registered investment adviser may withdraw from registration only upon such terms and conditions as the Commission may impose in the public interest or for the protection of investors. The statute does not contain any provision with respect to the withdrawal of an application for registration.

Upon receipt of an application for registration, inquiry is made to determine whether there is any bar to such person becoming registered, and whether it is in the public interest to deny the registration. This necessitates investigation concerning many factors, including identity, past history, business experience, and affiliations. Frequently it is necessary to obtain evidence on these matters from various parts of the United States, as well as from outside the country. If the applicant has the right to withdraw after a proceeding has been instituted to deny his registration, the Commission may be in a position where it will be unable to prove a disqualification at a later date if a new application is filed. When much time and effort have been devoted to the matter, and expense has been incurred, it is appropriate that a hearing be held so that a determination can be made as to whether or not there is a statutory bar and whether it is in the public interest to enter an order of denial. If an applicant is permitted to withdraw under such circumstances, the Commission at a later date may be required to conduct a new investigation to try to find available evidence under circumstances which may make it much more difficult to make the necessary findings.

Sections 6 and 13 would amend section 204 and subsection (b) of section 210, respectively, of the Investment Advisers Act of 1940, as amended. (Maintenance of books and records and power to inspect.)

The Investment Advisers Act now contains no grant of power to inspect the books and records of investment advisers; in fact, there is no requirement that they maintain any books or records. The act authorizes investigations concerning violations of the act only when it appears that its provisions have been or are about to be violated. Unless the Commission has sufficient information to bring its investigative powers into play, it has no authority to examine the books and records of investment advisers to determine whether they are engaging in fraudulent, deceptive, or other unlawful practices. The proposed amendment to section 204 would require investment advisers subject to registration to maintain the books and records prescribed by Commission rules and regulations and would authorize the Commission to conduct routine inspections of investment advisers. The Commission has similar authority with respect to brokers and dealers under section 17 (a) of the Securities Exchange Act of 1934.

This power of inspection would be limited, however, by section 210 (c) of the act, which provides that the Commission cannot require an investment adviser engaged in rendering investment supervisory services to disclose the identity, investments, or affairs of any client except in a particular proceeding or investigation. Many investment advisers rendering investment supervisory services have in their records some very personal information about their clients and their clients' families, and there is some question as to whether information concerning the investments or affairs of clients should have to be disclosed except in a formal investigation or proceeding. If a routine inspection of the adviser's books and records should indicate possible fraudulent or other improper practices with respect to the affairs of any client, the Commission could order a formal investigation to obtain information concerning the adviser's handling of clients' accounts.

The Commission is also proposing an amendment to section 210 (b) to make it clear that neither the Commission, nor any member, officer, or employee may make public the fact that it is conducting any particular inspection or investigation, or the results thereof, except in connection with a public administrative proceeding or some court action. This amendment would also make it clear that the information gathered in an inspection or investigation could be disclosed in certain circumstances (as, for example, to some State prosecuting officer), but only with the approval of the Commission itself.

Section 7 would amend the introductory paragraph of section 205 of the Investment Advisers Act of 1940, as amended.

This amendment is a technical language change to make this section, now applicable to registered investment advisers, applicable to investment advisers subject to registration, whether or not they have registered.

Sections 8 and 9 would amend the introductory paragraph of section 206, and add a new clause to the section, respectively, of the Investment Advisers Act of 1940, as amended. (Antifraud provisions.)

Section 206 of the act prohibits certain fraudulent and deceptive practices by invest-

ment advisers. In its present form, however, this section is applicable only to registered investment advisers. The proposed amendment would apply the antifraud provisions of section 206 to all investment advisers, whether registered or not. Fraud is no less vicious because it is perpetrated by an unregistered investment adviser. Just as the antifraud provisions of the Securities Exchange Act of 1934 are applicable to brokers and dealers irrespective of registration, so should the antifraud provisions of this act be applicable to all investment advisers.

Because of the general language of sections 206 (1) and (2), and the absence of express rulemaking power in section 206, there has always been a question as to the scope of the fraudulent and deceptive activities which are prohibited and the extent to which the Commission is limited in this area by common law concepts of fraud and deceit. In order to overcome this difficulty, the Commission is proposing a new paragraph (4) to be added to section 206 which would empower the Commission, by rules and regulations to define, and prescribe means reasonably designed to prevent acts, practices, and courses of business which are fraudulent, deceptive or manipulative. This is comparable to section 15 (c) (2) of the Securities Exchange Act of 1934 which applies to brokers and dealers.

Section 10 would amend the caption of section 208 of the Investment Advisers Act of 1940, as amended.

In view of the proposed addition of new subsection (d) to this section, the Commission believes that the caption "General Prohibitions" would be more descriptive of the content of the section than "Unlawful Representations."

Section 11 would amend section 208 of the Investment Advisers Act of 1940, as amended, by adding a new subsection to be designated as subsection (d). (General prohibitions.)

This is a new subsection which would make it unlawful for a person to do indirectly what he cannot do directly, and would also make it unlawful for any person to aid, abet, or procure a violation by another person. It is designed to make it clear that persons associated with an investment adviser may be liable in civil and administrative proceedings for violation of the prohibitions which by their terms apply only to investment advisers. This provision does not in any manner constitute a limitation with respect to the applicability in criminal proceedings of section 2, title 18, United States Code.

Section 12 would amend subsection (e) of section 209 of the Investment Advisers Act of 1940, as amended. (Injunctions.)

This subsection now provides that the Commission may bring an action to enjoin certain practices when it appears to the Commission that any "person has engaged or is about to engage" in such acts or practices. The proposed amendment is a technical one, and would modify the quoted clause to read "has engaged, is engaged or is about to engage."

Section 14 would amend subsection (a) of section 211 of the Investment Advisers Act of 1940, as amended.

This section contains a more or less narrow delegation of rulemaking power, limiting the Commission to the promulgation of "such rules and regulations and such orders as are necessary or appropriate to the exercise of the powers conferred upon the Commission elsewhere in this title." The proposed amendment would permit the Commission also to adopt rules and regulations necessary for the Commission to carry out its functions under the act. Section 19 (a) of the Securities Act gives the Commission the right to adopt rules and regulations "necessary to carry out the provisions" of the act; section 23 (a) of the Securities Exchange Act gives the Commission the right "to make such rules and regulations as may be necessary for the execution of the functions vested" in it by the act. The power of the Commission under the Investment Advisers Act should be as broad as it is under the other two acts if the Commission is to be able to carry out its powers and functions under this act.

Section 15 would amend section 217 of the Investment Advisers Act of 1940, as amended.

The amendment would make the penalty provisions also applicable to willful violations of any rule, regulation, or order promulgated by the Commission under the authority of the statute.

Section 16 would amend the Investment Advisers Act of 1940, as amended, by adding a new section to be designated as section 222. (State control).

This new section would provide that the jurisdiction of a State securities commissioner or similar officer would not be affected by provisions of the Investment Advisers Act so long as there was no conflict with its provisions. Similar provisions are now contained in the Securities Act of 1933 and the Securities Exchange Act of 1934.

S. 2547. A bill to amend certain provisions of the Trust Indenture Act of 1939, as amended.

Be it enacted, etc., That paragraph (8) of section 304 (a) of the Trust Indenture Act of 1939, as amended, is amended by striking out "250,000" and inserting in lieu thereof "500,000."

SEC. 2 Subsection (c) of section 304 of the Trust Indenture Act of 1939, as amended, is amended to read as follows:

"(c) The Commission shall, on application by the issuer and after opportunity for hearing thereon, by order exempt from any one or more provisions of this title any security issued or proposed to be issued under any indenture under which, at the time such application is filed, securities referred to in paragraph (3) of subsection (a) of this section are outstanding or on July 1, 1956, such securities were outstanding, if and to the extent that the Commission finds that compliance with such provision or provisions, through the execution of a supplemental indenture or otherwise—

"(1) would require, by reason of the provisions of such indenture, or the provisions of any other indenture or agreement made prior to the enactment of this title, or the provisions of any applicable law, the consent of the holders of securities outstanding under any such indenture or agreement; or

"(2) would impose an undue burden on the issuer, having due regard to the public interest and the interests of investors."

SEC. 3. Subsection (b) of section 305 of the Trust Indenture Act of 1939, as amended, is amended to read as follows:

"(b) If prior to the effective date of a registration statement the Commission finds that—

"(1) the security to which such registration statement relates has not been or is not to be issued under an indenture;

"(2) such indenture does not conform to the requirements of sections 310 to 318, inclusive; or

"(3) any person designated as trustee under such indenture is not eligible to act as such under subsection (a) of section 310 or has any conflicting interest as defined in subsection (b) of section 310;

the Commission shall, after notice and opportunity for hearing (at a time fixed by the Commission) within 15 days after such notice, issue an order, refusing to permit the registration statement to become effective. The Commission may issue an order postponing the effective date of such statement pending such hearing. If and when the Commission deems that the objections on which such refusal order was based have been met, the Commission shall so declare and the registration statement shall become effective at the time provided in subsection (a) of section 8 of the Securities Act of 1933, or upon the date of such declaration, whichever date is the later."

The explanatory statement accompanying Senate bill 2547 is as follows:

PROPOSAL OF THE SECURITIES AND EXCHANGE COMMISSION TO AMEND THE TRUST INDENTURE ACT OF 1939, AS AMENDED

Section 1 would amend paragraph (8) of section 304 (a) of the Trust Indenture Act of 1939, as amended. (Increasing from $250,000 to $500,000 offerings exempt from qualification.)

This section provides an exemption from the qualification requirements of the act for any security not issued under an indenture, if the amount issued within any 12-month period does not exceed $250,000. It is proposed to change this small-issues exemption to $500,000, in order to be consistent with the proposed amendment to section 3 (b) of the Securities Act of 1933, authorizing exemption of small issues from registration. This is appropriate since the two statutes are, and should be, closely related in their operation.

Section 2 would amend subsection (c) of section 304 of the Trust Indenture Act of 1939, as amended. (Exemption of certain securities issued under indentures created prior to effective date of act.)

This section provides that under certain conditions the Commission may exempt from provisions of the act securities issued under an indenture if at the time the application is filed, securities of the type described in in section 304 (a) (3), which refers to securities issued prior to or within 6 months after the enactment of the act, are outstanding. It is proposed that the Commission's exemptive authority be increased slightly by granting the Commission authority to exempt securities if securities of the type described in section 304 (a) (3) are outstanding on July 1, 1956. This provision would allow the Commission to continue to grant exemptions, where appropriate, to securities issued under trust indentures created before the act went into effect where such securities are issued in series even though the series outstanding at the time the act took effect have been retired.

Section 3 would amend subsection (b) of section 305 of the Trust Indenture Act of 1939, as amended. (Administrative procedure in refusal order cases.)

This section as presently written provides for a refusal order procedure similar to the present provisions of section 8 (b) of the Securities Act of 1933. The Commission is proposing that section 8 (b) be amended to provide a more workable and understandable administrative procedure in refusal order cases. Section 305 (b) of the Trust Indenture Act should be amended to accord with the proposed amendment to section 8 (b) since the two statutes are interrelated and are administered cojointly.

CIVIL RIGHTS—AMENDMENT

Mr. MUNDT submitted an amendment, in the nature of a substitute, intended to be proposed by him, to the bill (H. R. 6127) to provide means of further securing and protecting the civil rights of persons within the jurisdiction of the United States, which was ordered to lie on the table and to be printed.

DEPARTMENT OF DEFENSE APPROPRIATIONS—CHANGE OF CONFEREE

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Senator from New Hampshire [Mr. BRIDGES] be

excused from further service as a conferee on the bill (H. R. 7665) making appropriations for the Department of Defense for the fiscal year ending June 30, 1958, and for other purposes, and that the Senator from California [Mr. KNOWLAND] be appointed in his stead.

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

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

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

By Mr. MARTIN of Pennsylvania:

Address delivered by him at the 38th national encampment of the Department of Pennsylvania, Veterans of Foreign Wars, at Harrisburg, Pa., on July 12, 1957.

CALL OF THE ROLL

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 called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McNamara
Allott	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Hayden	Mundt
Bennett	Hickenlooper	Murray
Bible	Hill	Neuberger
Bricker	Holland	O'Mahoney
Bush	Humphrey	Potter
Butler	Ives	Purtell
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Tex.	Saltonstall
Carroll	Jonhston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Church	Knowland	Sparkman
Cooper	Kuchel	Stennis
Cotton	Langer	Symington
Curtis	Lausche	Talmadge
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Mansfield	Wiley
Ellender	Martin, Iowa	Williams
Ervin	Martin, Pa.	Yarborough
Flanders	McClellan	

Mr. MANSFIELD. I announce that, the Senator from Delaware [Mr. FREAR], the Senator from Rhode Island [Mr. GREEN] the Senator from West Virginia [Mr. NEELY], the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from Pennsylvania [Mr. CLARK] is absent because of a death in his family.

The Senator from Missouri [Mr. HENNINGS] is absent by leave of the Senate because of illness.

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Kentucky [Mr. MORTON] and the Senator from West Virginia [Mr. REVERCOMB] are absent on official business.

The Senator from Kansas [Mr. SCHOEPPEL] is necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate.

The Senator from Nebraska [Mr. HRUSKA], and the Senator from New York [Mr. JAVITS] are detained on official business.

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). A quorum is present.

CIVIL RIGHTS

Mr. JOHNSTON of South Carolina. Mr. President, I hold in my hand an editorial entitled "Civil Rights That Breed Civil Wrongs," written by David Lawrence, editor of U. S. News & World Report.

This editorial is one of the most sensible pieces published in any national magazine lately on this subject. I wish to pay tribute to Mr. Lawrence and the editorials and articles which his magazine has carried on the subject of civil rights. U. S. News & World Report is one of the very few responsible national publications which have taken a legal approach to this problem and warned the country of the evils behind the proposed legislation on civil rights.

I recommend that everyone read this editorial. The editorial reads as follows:

CIVIL RIGHTS THAT BREED CIVIL WRONGS

(By David Lawrence)

What is being proposed in Congress these days in the name of civil rights and what is being decreed by the Supreme Court makes a mockery of a written Constitution.

For, under our Constitution as written, there has always been reserved to the States of the Union the right to determine the qualifications of the voters. But now the Federal Government, without the slightest sanction from the same written Constitution, is trying to deprive States of the right they have always exercised—to specify by law the qualifications for eligible voters. To take away this right is a civil wrong.

Every State has restrictions on the voting privilege. Some require educational tests. Some specify property ownership. Others fix the time of residence within a State. All States fix the age limits. An article on pages 45–47 of this issue gives a summary of such laws.

The right of each State to pass its own laws governing qualifications for voting is not challenged anywhere in the Constitution, except that the right to vote cannot be abridged because of race, color, or sex.

But it is alleged that, under cover of educational or literacy tests, there are some denials of voting rights in the South because of race or color. So the Federal Government, through a civil-rights bill, now is proposing to become a policeman and psychology expert—to inquire into the motives of the State officials everywhere and to harass them by the investigative process of a national Commission set up for the purpose.

It is a fact that more than 1,500,000 Negroes do qualify for voting in the South and that in 3 southern cities, Negroes have recently been elected to city councils. The issue, therefore, is not whether any Negroes are being permitted to vote, but whether the Federal Government shall review in each case the actions of a State election board on the suspicion that the State's requirements have not been or will not in the future be uniformly applied.

If election boards can be punished, the Federal Government can coerce the governors and the members of the State legislatures and the mayors of our cities and the governments of our counties.

Is there any limit, then, to the Federal power? Are we to have an era of civil wrongs perpetrated in the name of civil rights—a return to the tragic follies of the reconstruction years of 1866 to 1880?

The civil-rights legislation now proposed would enable the Federal Government—by force of arms, if necessary—to compel the integration of races in the public schools. This is a civil wrong.

Furthermore, the proposed law would set up a system whereby suits would be filed in the name of the United States instead of by individual complainants. Thus automatically would trial by jury be prohibited. This is a civil wrong.

But where is there any concern shown by the President and the majority of Congress for the civil rights taken away from white and Negro citizens alike throughout the United States when, against their will, they are obliged to join labor unions to keep from being dismissed by an employer acting under the duress of a labor contract? This is a civil wrong.

Where is there any concern for the civil rights of the tens of millions of citizens who wish to be protected against the enemy's infiltration of our institutions but who now see the Supreme Court of the United States rewriting the first amendment to the Constitution to permit Communists and Communist sympathizers to be immunized from Congressional inquiries? This is a civil wrong.

Where is there any concern for the civil rights of Congress itself when it wishes to obtain by investigation the necessary information for the law-making process but now is impeded by the fiat of a reckless Supreme Court? This is a civil wrong.

Where is there any concern for the civil rights of the American people as a whole when the Supreme Court rules that it is lawful now to advocate publicly the forcible overthrow of the Government of the United States?

The establishment of a judicial oligarchy and a Federal despotism is not the way to assure civil rights. It is the way to inflict more civil wrongs.

It is a deliberate defiance of everybody's civil rights, particularly the rights of the people themselves and of the several States as guaranteed to them heretofore by the 10th amendment.

It is the way to disunity and national frustration.

It is the way to a breakdown of the spirit and letter of the Constitution itself.

It is the age-old way of coercion and tyranny that leads inevitably to violence. It is not the way of volition, the way of patient persuasion, the way of reason.

Mr. President, this is one of the best editorials that I have read in a long time.

FLOOD DISASTER AREAS IN MINNESOTA

Mr. THYE. Mr. President, following the flood in western Minnesota and also along the Minnesota River, which has caused great loss of property and devastation in many areas of Minnesota, I was in constant communication with the Department of Agriculture, requesting that certain counties in Minnesota be declared disaster areas.

I received a letter from the Department under date of July 12, 1957, signed by Mr. M. H. Holliday, Jr., Acting Administrator of the Farmers Home Administration, dealing with this subject. It is a very informative letter, and in it Mr. Holliday informs me that certain counties in Minnesota have been declared disaster areas.

I ask unanimous consent that the letter of Mr. Holliday be printed in the body of the RECORD, as a part of my remarks.

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

UNITED STATES DEPARTMENT OF AGRICULTURE,
FARMERS HOME ADMINISTRATION,
Washington, D. C., July 12, 1957.

Hon. EDWARD J. THYE,
United States Senate.

DEAR SENATOR THYE: This will confirm our telephone call informing you that the Acting Secretary of Agriculture, Mr. True D. Morse, has authorized the making of production emergency loans pursuant to section 2 (a) of Public Law 38, as amended, through June 30, 1958, to eligible farmers in the following counties of Minnesota because of damage and losses to crops and farm buildings resulting from hail, heavy rains or floods: Blue Earth, Carver, Chippewa, Clearwater, Dakota, Hennepin, Kandiyohi, Kittson, Le Sueur, Lac Qui Parle, Lincoln, Marshall, Nicollet, Pennington, Pipestone, Polk, Red Lake, Renville, Roseau, Scott, Sibley, Swift, Wright.

A leaflet outlining the purposes, terms, and eligibility requirements for production emergency loans is enclosed.

Farmers desiring further information about these loans or other types of assistance available through this agency should get in touch with the local office of the Farmers Home Administration serving their county.

Please call on us whenever we can be of service.

Sincerely yours,
M. H. HOLLIDAY, Jr.,
Acting Administrator.

EFFECTS OF EXCESSIVE CIGARETTE SMOKING

Mr. NEUBERGER. Mr. President, on July 12 the United States Public Health Service issued an official pronouncement declaring "that there is an increasing and consistent body of evidence that excessive cigarette smoking is one of the causative factors in lung cancer."

Surgeon General Leroy E. Burney's statement announced that the Public Health Service intends to publicize the facts regarding the relationship between smoking and lung cancer by sending copies of two recent studies in this field to State health officers and the American Medical Association with a request that they consider distributing this material to local health officers, medical societies, and other health groups.

Mr. President, I wish to commend publicly Dr. Burney's action. I believe that it is the responsibility of our Government to warn the American people of the risks involved in the use of tobacco. Dr. Burney's statement and the follow-up campaign which he has planned will permit Americans to become more fully aware of the data linking smoking and lung cancer, facts which have great personal significance and urgency to smokers.

This move by the Public Health Service follows closely a similar decision by the ministry of health in Great Britain—a decision which I brought to the Senate's attention on July 1. At that time I suggested that the Department of Health, Education, and Welfare should also undertake a program of information designed to acquaint Americans with the perils to health attendant on the use of cigarettes. I am happy that the Department, through the Public Health Service, has now seen fit to embark on such a campaign.

Mr. President, I ask unanimous consent that a news story from the New York Times of July 13 discussing Dr. Burney's announcement and the reaction of tobacco industry researchers, appear in the body of the RECORD following my remarks, together with the complete texts of Dr. Burney's statement and the reply of Dr. Clarence Cook Little, chairman of the scientific advisory board to the tobacco industry research committee.

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

UNITED STATES LINKS CANCER WITH CIGARETTES—HEALTH SERVICE CITES DATA—INDUSTRY UNIT CONTENDS PROOF IS STILL LACKING

(By Bess Furman)

WASHINGTON, July 12.—The Public Health Service took the official position today that there was "increasing and consistent evidence" that "excessive cigarette smoking is one of the causative factors of lung cancer."

This changed an official pronouncement in 1954 that cited some evidence of statistical association between the two, but left open the question of cause-and-effect relationship.

Leroy E. Burney, the Surgeon General, simultaneously began a nationwide informational campaign on the subject. He sent to the public-health officers of all States and to the American Medical Association copies of his announcement and of two recent scientific reports in the United States that showed extremely high association between heavy smoking and lung cancer.

The Surgeon General's statement was challenged immediately by Dr. Clarence Cook Little, chairman of the scientific advisory board to the tobacco industry research committee. He said that 3 years of research by his group "has produced no evidence that cigarette smoking or other tobacco use contributes to the origin of lung cancer."

FOLLOWS BRITISH REPORT

The action of Surgeon General Burney followed a similar move taken recently by the Ministry of Health in Britain. The British Medical Council reported a high statistical link between smoking and lung cancer on the basis of 19 studies in 7 countries.

The British Government brought these views to the attention of local authorities responsible for health education.

Dr. Burney asked the State health officers and the American Medical Association to consider distributing copies of the United States reports to local health officers, medical societies, and other health groups.

The two studies are:

1. A report of the study group on smoking and health, made public March 23, which evaluated 18 independent studies. It found a high degree of statistical association between lung cancer and heavy and prolonged smoking. The Public Health Service was one of the sponsoring agencies of this study.

2. A report by Dr. E. C. Hammond and Dr. Daniel Horn, of the American Cancer Society to the American Medical Association, published June 5. This report found extremely high associations between smoking and lung-cancer deaths and between smoking and deaths from cancer of the larynx and esophagus and from gastric ulcers. It also raised the question of a link with heart disease.

In his statement today, Dr. Burney recommended further research:

To identify, isolate, and try to eliminate the factors in excessive cigarette smoking that can cause cancer.

To ascertain the role of air pollution and other factors that also may be the cause of lung cancer in man.

To determine the meaning and significance of any statistical association between smoking and heart disease.

This research would form a basis for a possible further cause-and-effect pronouncement by the Public Health Service.

Dr. Burney stated that while the evidence suggesting cigarette smoking as a cause of cancer was largely epidemiological some laboratory studies on animals had provided contributory information.

FIVE STUDIES CITED

A least five independent studies, he said, have produced malignancies by tobacco-smoke concentrates. It also has been reported that biological changes similar to those that take place in the genesis of cancer had been observed in the lungs of heavy smokers.

Dr. Little said that the Surgeon General's statement had added nothing new to cancer knowledge, and had reflected views of the relatively few experimental scientists who have actively charged that cigarette smoking is the cause of lung cancer.

"Many experiments on inhalation of cigarette smoke in animals have failed to produce a single cancer similar to the most prevalent type of lung cancer in humans," he declared.

Officials at the National Cancer Institute said that since 1930 the death rate for lung cancer had increased between 5 and 6 times for males and between 2 and 3 times for females—a more rapid increase than for deaths for cancer in any other part of the body. These figures were adjusted for increasing population.

Lung-cancer deaths total about 25,000 a year, or about one-tenth of the total cancer death rate. There are about 1,600,000 deaths a year from all causes in this country.

CONTRADICTORY FINDINGS CITED

Timothy V. Hartnett, chairman of the tobacco industry research committee, charged yesterday that the Surgeon General's report failed to acknowledge that many doctors and scientists have publicly expressed their doubts or disbelief in the theory that smoking causes lung cancer.

In a statement issued shortly after the release of the Public Health Service's pronouncement, Dr. Hartnett cited five independent research projects that tended to refute the theory.

He quoted Dr. Joseph Berkson, head of the section of biometry and medical statistics of the Mayo Clinic, as saying:

"It is my personal opinion, and I know as much about it as anyone else, that smoking does not cause cancer of the lung."

Dr. Berkson published a paper on July 27, 1955, questioning the validity of the American Cancer Society's view.

Dr. Hartnett also cited the recently published book, Science Looks at Smoking, by Dr. Harry S. N. Greene, chairman of the department of pathology at the Yale University School of Medicine. Dr. Greene said his experiments with tobacco tar and embryonic human tissue had established no causal relationship between smoking and lung cancer.

TEXAN'S WORK NOTED

Another work mentioned was an article by Dr. R. H. Rigdon, director of the laboratory of experimental pathology at the University of Texas Medical Branch. Dr. Rigdon wrote:

"A demonstration of carcinogen (a cancer-producing agent) in cigarette tars for the skin of a mouse and a rabbit cannot be

accepted scientifically as a carcinogen for the lung of man."

Drs. Milton Rosenblatt and James Lisa, in their book, Cancer of the Lung, published in 1956, were quoted by Dr. Hartnett as saying that the relationship between the increased incidence of lung cancer and the rise in cigarette consumption is purely speculative. They contended that the death rate from lung cancer has increased at a far greater pace than has the consumption of tobacco.

Finally, Dr. Hartnett cited a study conducted in 1954 by Edward A. Lew, actuary and statistician for the Metropolitan Life Insurance Co. Mr. Lew wrote that approximately half of the increase in respiratory cancer deaths from 1930 to 1953 reflects merely the growth and aging of the population, and a considerable part of the remainder represents improved diagnosis and more complete case finding. * * * Data are not available to show how much of it can reasonably be attributed to the effect of specific factors.

UNITED STATES STATEMENT AND REPLY ON CIGARETTE-CANCER LINK

WASHINGTON, July 12.—Following are the texts of a statement by Leroy E. Burney, the Surgeon General, on the effects of excessive cigarette smoking on health, and of a statement in reply by Dr. Clarence Cook Little, chairman of the scientific advisory board to the Tobacco Industry Research Committee:

STATEMENT BY DR. BURNEY

"The Public Health Service is, of course, concerned with broad factors which substantially affect the health of the American people.

"The Service also has a responsibility to bring health facts to the attention of the health professions and the public.

"In June 1956 units of the Public Health Service joined with two private voluntary health organizations to establish a scientific study group to appraise the available data on smoking and health. We have now reviewed the report of this study group and other recent data, including the report of Dr. E. C. Hammond and Dr. Daniel Horn on June 5 to the American Medical Association in New York.

"In the light of these studies, it is clear that there is an increasing and consistent body of evidence that excessive cigarette smoking is one of the causative factors in lung cancer.

"Relationship found

"The study group, appraising 18 independent studies, reported that lung cancer occurs much more frequently among cigarette smokers than among nonsmokers, and there is a direct relationship between the incidence of lung cancer and the amount smoked. This finding was reinforced by the more recent report to the AMA by Drs. Hammond and Horn.

"Many independent studies thus have confirmed beyond reasonable doubt that there is a high degree of statistical association between lung cancer and heavy and prolonged cigarette smoking.

"Such evidence, of course, is largely epidemiological in nature. It should be noted, however, that many important public health advances in the past have been developed upon the basis of statistical or epidemiological information. The study group also reported that in laboratory studies on animals at least five independent investigators have produced malignancies by tobacco-smoke condensates. It also reported that biological changes similar to those which take place in the genesis of cancer have been observed in the lungs of heavy smokers. Thus, some laboratory and biological data provide contributory evidence to support the concept that excessive smoking is one of the causative factors in the increasing incidence of lung cancer.

"Not sole cause of ailment

"At the same time, it is clear that heavy and prolonged cigarette smoking is not the only cause of lung cancer. Lung cancer occurs among nonsmokers, and the incidence of lung cancer among various population groups does not always coincide with the amount of cigarette smoking.

"The precise nature of the factors in heavy and prolonged cigarette smoking which can cause lung cancer is not known. The Public Health Service supports the recommendation of the study group that more research is needed to identify, isolate, and try to eliminate the factors in excessive cigarette smoking which can cause cancer.

"The service also supports the recommendation that more research is needed into the role of air pollution and other factors which may also be causes of lung cancer in man.

"To help disseminate the facts, the Public Health Service is sending copies of this statement, the study group report and the report of Drs. Hammond and Horn to State health officers and to the American Medical Association with the request that they consider distributing copies to local health officers, medical societies, and other health groups.

"While there are naturally differences of opinion in interpreting the data on lung cancer and cigarette smoking, the Public Health Service feels the weight of the evidence is increasingly pointing in one direction: That excessive smoking is one of the causative factors in lung cancer.

"The Service notes that the study group found that more study is needed to determine the meaning and significance of any statistical association between smoking and heart disease. The study group reported there is no convincing biological or clinical evidence to date to indicate that smoking per se is one of the causative factors in heart disease. Although the report by Drs. Hammond and Horn since provided additional data on this subject, the Service feels that more statistical and biological data is needed to establish a definite position on this matter."

STATEMENT BY DR. LITTLE

"The statement issued today by the Surgeon General adds nothing new to what has been known about the cause of lung cancer. It reflects the opinions of some statisticians and the relatively few experimental scientists who have actively charged that cigarette smoking is a cause of lung cancer.

"No new evidence has been produced since the scientific advisory board to the Tobacco Industry Research Committee last stated its position on this question on May 1, 1957. At that time I said that, although anyone has the right to state an opinion on cancer causation, 'the scientific advisory board questions the existence of sufficient definitive evidence to establish a simple cause-and-effect explanation of the complex problem of lung cancer.'

"That is most definitely our position today.

"The Surgeon General's own statement makes clear that lung cancer occurs among nonsmokers and the incidence of lung cancer among various population groups does not always coincide with the amount of cigarette smoking.

"Calls for more research

"The Public Health Service also supports the recommendation that more research is needed into the role of air pollution and other factors.

"For the past 3 years the scientific advisory board has had the matter of tobacco use and human health under continuous review and consideration, both in the board's regular meetings and in individual endeavors. We have had the responsibility of guiding a research program through which the Tobacco Industry Research Committee already has provided $2,200,000 for grants to independent scientists working in the fields of cancer and other challengers of human survival.

"This research thus far has produced no evidence that cigarette smoking or other tobacco use contributes to the origin of lung cancer.

"Many experiments on inhalation of cigarette smoke in animals have failed to produce a single cancer similar to the most prevalent type of lung cancer in humans. This and other facts show the need for continued unbiased research into the causes of cancer and other diseases.

"Cites other factors

"Statisticians have so far failed to consider adequately many variables in human habits, environments, and constitution, such as biological susceptibility to cancer, the effects of previous lung disease, hormonal influences, and many other factors. It should be remembered that statistical association does not prove cause and effect.

"In advising and educating the public, the scientific advisory board believes that one should be as cautious in accepting a claim that a cause has been found for cancer as they have found it wise to be in the past in accepting a claim of a cure for cancer.

"The scientific advisory board intends to continue expansion of its program of making grants-in-aid to qualified scientists who propose to explore those areas of human health where the basic research problems appear most compelling and the prospect of results most promising."

THE EUROPEAN COMMON MARKET AREA AND ATOMIC POWER POOL

Mr. SMITH of New Jersey. Mr. President, in the New York Times of Sunday, July 14, the leading editorial is entitled "The Shape of the Future," and emphasizes particularly the situation abroad as evidenced by the action of the French National Assembly endorsing two treaties calling respectively for a common market area and atomic power pool in six European nations.

This editorial implements further the thinking that is going on in Western Europe and in the world, particularly because the NATO countries are getting closer together.

I ask unanimous consent that the editorial to which I refer be printed in full in the body of the RECORD in connection with my remarks.

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

THE SHAPE OF THE FUTURE

An ancient dream came a little nearer realization last week when the French National Assembly endorsed two treaties calling respectively for a common market area and an atomic power pool in 6 European nations: France itself, West Germany, Belgium, the Netherlands, Luxembourg, and Italy. The common market area, within which all tariffs will be abolished in the course of the next decade and a half, will be called Euromarket. The corresponding atomic power pool area will be called Euratom. Within a decade atomic power in Western Europe may reach the remarkable total of 15 million kilowatts, or somewhere near one-eighth of the total electric energy now available in the United States.

These plans have already been accepted in the West German Parliament, and a vote on Thursday showed that they have a large majority in the Italian Chamber of Deputies. In France as in Italy the enemies of these steps toward union were the Communists, in addition to a scattering of 15th century

mentalities on the extreme right. Moscow has of course denounced the two agreements as increasing the danger of war and adding to the profits of American and West German monopolists.

These and other movements toward a more highly coordinated Europe have their beginnings deep in history. All the conquerors dreamed of European unity: Caesar, Charlemagne, Napoleon, Bismarck, Kaiser Wilhelm, and Hitler. Nobler and more intelligent thinkers moved toward this same end. Something of this nature was in the mind of the great Dutch advocate of peace, Grotius. In the 1920's European union had an eloquent advocate in Aristide Briand, though he could not, of course, foresee atomic power.

What we have now, at least in rudimentary form, is a project for government. In time it is expected that there will be a central agency with a legislature, an executive department, and a judicial system. Each member nation will thus lose some of its sovereignty in protecting European civilization from chaos and stagnation. But if the highly nationalistic French can authorize this sacrifice by a majority vote of approximately 3 to 2, it will be made by all the countries concerned. And we may well expect the first steps to be taken by the effective date of January 1, 1958.

We may hope that we see in these constructive proposals the shape of the future—or, as the late H. G. Wells put it, the shape of things to come. In some ways the future, particularly as regards the uses and abuses of the atom, is not right. In London the United Nations Disarmament Subcommittee seems to be bogged down in its effort to bring out an understanding between Russia and the western nations. The reported details of difference sometimes borders on absurdity, but the real difference is tragic; how shall enough mutual trust be built up to make it safe for us to stop making and stop testing any kind of atomic weapons? The spirit of Euratom is not evident in these discussions.

In the chill and fog of a Nova Scotian community with the improbable name of Pugwash another conference has been going on at which there were present atomic scientists and other scientists not only from the free countries but from Communist China and Russia. Even the Communists in this gathering seem to have come out from behind their masks far enough to agree with their colleagues on the absolute necessity of preventing atomic war. Yet the Russians among them, at least, must go home to report to the Soviet Union's Academy of Science, which is responsible to the Moscow political policymakers.

The shape of things to come is hidden in fog, just as the steamship lines of the North Atlantic have been in recent days by the southward drift of an abnormal field of icebergs. We look from Paris, where sanity seems for once to rule, to London, where the old weary arguments continue, and then to Pugwash, where science considers bleakly but not hopelessly the future of our race and civilization.

Like children being read to in the nursery, we cannot believe in an unhappy ending. But the happy ending cannot be taken for granted. It will take sweat of the body and sweat of the brow for long years to come.

DISCLOSURE OF FBI FILES

Mr. McNAMARA. Mr. President, it is difficult for me to find any advantages in the protracted and repetitious debate designed to delay action on the civil-rights bill.

But it has served to forestall what might have been panicky adoption of S. 2377—the bill relating to disclosure of FBI files in court cases.

I do not wish to be misunderstood. I have no objection to debate on S. 2377 or any other bill on its merits.

But this hastily conceived proposed legislation, for a time, threatened to slip through the Senate without the careful study and consideration it should have.

In this regard, I ask unanimous consent that an editorial on the bill appearing in the Washington Post of July 13 be printed in the RECORD at the conclusion of my remarks.

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

SUPPRESSING EVIDENCE

If the civil-rights filibuster keeps the Senate from blind and hasty action on the bill designed to upset the Supreme Court's decision in the Jencks case, it will have served at least one useful purpose. The problems the Jencks decision poses for the Government are serious, and some legislation may be required. But the bill as approved by the House and Senate Judiciary Committees, without granting a hearing to anyone in opposition, is so loose in its language and so sweeping in its application that its sponsors could hardly have intended the consequences it would bring about. One of those sponsors, Senator O'MAHONEY, has now, fortunately offered a drastically revised version. The changes he recommends reveal how mischievous the bill is in its original form.

One of Senator O'MAHONEY's amendments would correct the bill's probably unintended radical revision of the Federal rules of criminal procedure. The sloppy draftsmanship of the original bill would have denied to defendants in income tax and antitrust cases books and records seized by the Government which would be indispensable to the preparation of a defense. Mr. O'MAHONEY now proposes what he must have had in mind in the first place, that the legislation apply only to a "statement or report of a prospective witness." This was, of course, all the Supreme Court dealt with in its Jencks decision. In conformity with the Court's ruling, Senator O'MAHONEY would now have the Government produce "for delivery directly to the defendant" relevant portions of reports or statements made by a Government witness touching on his testimony at the trial.

Unfortunately, the Senator's amendment proceeds to qualify this by providing that when the United States claims that relevant reports or statements contain privileged information the disclosure of which would be prejudicial to national security, the court shall examine these in camera and excise what is irrelevant. The trouble here is that the Supreme Court and Senator O'MAHONEY's revised bill already provide that only material related to the testimony of the witness be produced in the first place, and privilege has nothing to do with the case. As soon as the Government elects to put a witness on the stand, previous reports or statements by him touching on his testimony cease to be privileged. As the Court observed, "It is unconscionable to allow it [the Government] to undertake prosecution and then invoke its governmental privileges to deprive the accused of anything which might be material to the defense."

We think Senator O'MAHONEY's revised version is still sadly defective in other respects. It would keep relevant reports or statements of a Government witness from the defense until after the witness has testified. No interest of justice or national security is served by taking defendants by surprise. Since the Government knows in advance what its witnesses are going to say, the relevant material ought to be made available to the defense in advance of trial in order to facilitate effective and prompt cross-examination. Situations may arise when the Government is in genuine doubt as to the relevancy of portions of previous reports or statements by its witnesses or when excisions made by the Government are challenged by the defense. It is in such contingencies alone that examination by the court in camera is justified in order to determine whether the questioned material is in fact related to the testimony of the witness.

It is even more deplorable that the revised version of the bill retains the original provision that when the Government declines to comply with a court order to produce relevant material, the court "shall strike from the record the testimony of the witness and the trial shall proceed unless the court in its discretion shall determine that the interests of justice require that a mistrial be declared." This is simply an invitation to governmental irresponsibility. Once the Government chooses to use a witness, it is under a clear obligation to give the defense a full chance to impeach his credibility.

When the Senate debates this hurriedly drafted and redrafted bill, there is one consideration which it ought to keep clearly in mind. The confidentiality of FBI files is important. But in the United States the right of an accused person to a fair trial has always been regarded as at least equally important.

CIVIL RIGHTS

Mr. ERVIN. Mr. President, in lieu of making any comments of my own, I ask unanimous consent to have printed in the RECORD a very sound editorial published in the Cleveland Plain Dealer of July 10, 1957, entitled "Civil Rights by Bayonet?"

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

CIVIL RIGHTS BY BAYONET?

The civil-rights bill which has been passed by the House of Representatives and is now being debated in the Senate is not by any means the mild measure that President Eisenhower has been led to believe it is. It is about as tough a bill as could be drafted, carrying the possibility, remote though it may be, that some President could employ Federal troops to enforce racial integration in any State of the Union.

This matter has been discussed at length by Senator RUSSELL, Democrat, of Georgia, who thinks there is a conspiracy among some of the larger newspapers in the East to suppress information regarding the harshness of the bill and to make it appear that it is intended merely to protect the voting rights of Negroes in the South.

One part of the bill does refer to voting rights. It would give the Attorney General the power to seek an injunction against anyone who attempts to prevent any other person from voting. A violation of such an injunction would be punishable as contempt of court, without a jury trial.

However, another part of the bill goes further than that. It would give the Attorney General the right to seek injunctions against persons who conspire to deprive others of their civil rights, defined as equal protection of the law, equal privileges or immunities, or any right or privilege of a citizen of the United States.

But that is not all. This part of the bill is attached to a section of the statutes which is referred to in an old reconstruction law under which the President has the right to use the Armed Forces to aid in the execution of court orders. Thus, court orders for the desegregation of the schools, or injunctions against any other form of racial discrimination held by the Supreme Court to be unconstitutional, could be enforced by Federal troops if a President so desired.

We do not believe it is the intention of Congress, of the Supreme Court, or of the President to try to end racial discrimination in the South, or anywhere else, at the point of a bayonet. But whoever drafted the civil-rights bill apparently wanted to make that possible, and that is one reason the South is ready to "rise again," in defense of its social order.

The Plain Dealer does not condone racial discrimination. We recognize that it is practiced in the North, as well as the South. But we do not think it can be ended by force. Persuasion, education, understanding, and conciliation are the tools that should be employed.

It seems logical, therefore, that the bill now before the Senate should be amended. If the intention of Congress is merely to assure Negroes of the right to vote in the South, it might well try to breathe some life into the long-neglected 14th amendment.

This provides that when the right to vote is denied in any State, that State's representation in Congress shall be reduced in the same proportion that the numbers of those excluded from voting bear to the total population of voting age. Under this amendment, if one-third of a State's population were excluded from voting, the State would lose one-third of its representation in Congress.

Resort to this amendment would penalize the States which discriminated against Negroes in voting. To be sure, some States might accept the penalty rather than comply. But it would be an affirmation of States rights, and recognition of the 10th amendment, which reserves to the States the powers not delegated to the Federal Government by the Constitution nor prohibited by it to the States. This amendment, too, is in danger of being repealed by neglect and decisions of the Supreme Court.

NATIONAL DEFENSE AND INTER-AMERICAN DEFENSE BOARD

Mr. WILEY. Mr. President, on Saturday I made a few remarks, not in relation to the civil-rights bill, but in relation to our ability to take care of our own national defense, and I should like to bring to the attention of my colleagues today a memorandum on an important defense organization to which I have already referred. It is the Inter-American Defense Board, the coordinating body for multilateral defense planning in the Western Hemisphere.

I do so for the basic reason which I stated on June 26, 1957, when I had printed in the CONGRESSIONAL RECORD a thought-provoking address which had been delivered by Gen. Lemuel C. Shepherd, former Commandant of the United States Marine Corps, and now the Chairman of the Inter-American Defense Board, namely, that the greatest challenges to the American Republic in this atomic age is to survive. There is no need of our becoming complacent and unalert. Self-preservation is still the first law of nature, and it is the first law of nations, as well.

If we expect to survive, we must have allies. We must have strong allies, pledged to the common defense. Particularly in our own backyard, here in the Western Hemisphere, we must have allies. They must be strong allies, dedicated to mutual security.

Toward that end I shall comment a little later concerning the issue of the 12 significant mutual-assistance agreements which the United States has negotiated with allied countries in this hemisphere.

Mr. President, when others are seeking unknowingly or knowingly to separate us, they may find that they are functioning in effect almost like agents of the Kremlin.

Whatever their motives, they are endeavoring to put splinters of differences between us and our friends to the south, simply because their governments may not be exactly the same as ours, and because they think differently politically. Still, despite such provocations and divisive tendencies, we must keep our eye on the ball, which is national self-preservation and hemispheric self-preservation.

Mr. President, I ask unanimous consent to have printed in the RECORD the memorandum concerning the Inter-American Defense Board.

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

THE INTER-AMERICAN DEFENSE BOARD

The Inter-American Defense Board, as a symbol of Western Hemisphere solidarity and as an agency of Western Hemisphere defense, is a somewhat silent partner in the maintenance of world peace, silent at least as far as the daily press is concerned. The concentration of public attention at the current focal points of East-West contacts in Europe, Africa, and Asia is quite natural. The contribution of the silent partner to the ultimate democratic goal of peace and security is, however, no less significant.

As is true in the case of the sturdy oak, the Inter-American Defense Board has deep roots. They reach back into the history of our people and have their origin in the many struggles for freedom in the Western Hemisphere. These roots antedate all of the grand alliances which seem to be occupying the center of the stage in popular attention today.

The development of solidarity among the 21 American Republics was a natural outgrowth of the indomitable spirit of the great leaders who made possible the independence of those Republics. After having achieved freedom from colonial servitude, they turned their thoughts toward winning international respect and consideration. They took positive steps to forge bonds among themselves to assure the continuation of their newly won liberty and individual sovereignity.

Inter-American cooperation was manifested for the first time in 1826 when Simón Bolívar, the great liberator, convoked the first meeting of representatives of the young American countries at the Congress of Panama. It was not, however, until 1889 that the International Union of American Republics was created in Washington. This was the forerunner of the Pan American Union and of the Organization of American States, which, in turn, spawned the military agency of which we write, the Junta Interamericana de Defensa.

In the early days of Western Hemisphere collaboration, the problems were fundamentally economic. In a military sense, we rested securely behind the natural barriers of two great oceans, buttressed as they were by the Monroe Doctrine and its announced divorcement from the conflicts of the Old World. Consequently, the requirement for close military collaboration did not exist, primarily because there was no immediate or foreseeable threat to our individual or collective security.

As the war clouds gathered in the 1930's, however, it was evident to all that the so-called advances of civilization prevented a likely conflict from being confined to the Continent of Europe. Modern warfare required more than men and rifles. It required a more extensive base of raw materials, industrial capacity and political support. It followed, then, that the belligerent parties would seek the recognition and collaboration of the world's uncommitted balance.

When war finally began in 1939, the vast potentials of the Western Hemisphere as a source of urgent supplies became increasingly obvious. The American nations were faced with a choice of ideologies. They had to choose a course of action which would guarantee for them the liberties their ancestors had struggled so hard to achieve They had to make their decision realistically and then undertake steps to insure the validity of this decision.

In July of 1940, the foreign ministers of the American Republics meeting in Habana declared that an attack by a non-American state against any American state would be considered an attack against all the signatory nations. This first wartime decision pledged all to a common objective and announced to the world that the hemisphere must be regarded as an entity by any aggressor. Then, as a result of the Japanese attack on Pearl Harbor in 1941, the foreign ministers met at Rio de Janeiro in January 1942 and drafted agreements now generally referred to as the Rio treaty. Among their recommendations to their respective governments was "* * * the immediate meeting in Washington of a commission of military and naval technicians appointed by each of the governments to study and to recommend to them the measures necessary for the defense of the continent." Thus was born the Inter-American Defense Board which held its inaugural session in the Pan American Union Building in Washington, D. C., on March 30, 1942.

The appointed delegates of the 21 American Republics were organized as a board on democratic principles. Each national delegation was treated as a unit whose size and composition was determined by the government it represented. Decisions were to be made by majority vote, each delegation being entitled to one vote, with no provision for a veto.

During the years of World War II, the Board made recommendations on such subjects as the elimination of clandestine telecommunication stations, procedures to facilitate the transit of military aircraft, security against sabotage, production of strategic materials, naval and air bases, antisubmarine defense, standardization (of materiel, training, and organization) and utilization of manpower. By the end of the war, the Inter-American Defense Board had established itself as a valuable agency for coordinating defense measures and as a focal point for the interchange of ideas on hemispheric military matters. Except for submarine warfare conducted in its coastal waters, the American continent was never threatened by the ravages of war. However, the groundwork for full-scale military collaboration was firmly laid.

An inter-American conference met in Mexico City in 1945 to evaluate the work done by the Board and to plan its future. The delegates recognized the Board's value as an international agency. They resolved that the Board as then constituted should continue its function until a permanent agency should be established.

At a conference held in Bogotá in 1948, the Organization of American States was created with a charter in harmony with that of the United Nations. The Organization of American States charter provided that the Inter-American Defense Board should continue to act as the organ of preparation for collective defense against aggression. The participating nations agreed that the Board would undertake to develop plans for the security of the hemisphere in addition to continuing its role as a collective advisory body.

The next step in expanding the mission of the Inter-American Defense Board was

taken at the Fourth Meeting of Consultation of Ministers of Foreign Affairs, held in Washington in April of 1951. Meeting * * * "because of the need for prompt action by the republics of this hemisphere for common defense against the aggressive activities of international communism * * *," the ministers drafted a resolution of inter-American military cooperation and charged the Inter-American Defense Board with preparing and keeping up to date the military planning for the common defense. Plans formulated by the Board were to be submitted to the several governments for their consideration and decision.

Since that time the Board has carried on its work in the field of progressive planning. Recognizing the ever-changing developments in modern warfare, the Board is constantly projecting its thoughts so as to maintain balance with reality. The documents developed by the Board are, of course, highly classified and cannot be discussed in greater detail here. It in sufficient to say that the task the Board has accomplished in this field is vital to the security of every American country.

In its present organization, the Board consists of a Council of Delegates, a technical staff, and a secretariat. The senior position is that of Chairman of the Council of Delegates. The regulations of the Board require that the Chairman be "an officer of the armed forces of the country in which the Board functions." The Chairman is assisted by a Vice Chairman who, by regulation, must be of a nation other than that of the Chairman.

The Council of Delegates is the deliberative and governing body. Each member nation may appoint such officers of its armed forces as it desires as delegates and advisers. Moreover, each delegation has but one vote. Meetings of the Council are conducted in accordance with normal democratic parliamentary procedures. Each delegation has the right to unlimited debate and has equal vote, regardless of size of country, delegation, or the seniority of its members. The Chairman presides at all meetings of the Council of Delegates but does not have a vote.

The Staff is the technical body of the Board. It consists of a series of committees which operate under the supervision of a Director, who, in turn, is assisted by a Vice Director. The Director and Vice Director are chosen in the same manner as are the Chairman and Vice Chairman respectively. Committee members are appointed by the individual States. At present 12 countries are represented on the Staff.

The Secretairat consists of the Secretary, Vice Secretary, and several sections. Here again nationality of the Secretary and Vice Secretary is determined as described for the Chairman and Vice Chairman. The Secretariat provides the administrative and secretarial service for the various other organs of the Board.

The Board operates on a modest budget. Its funds are provided by the Organization of American States, to which all the member nations contribute in accordance with an equitable formula. Like all modern military establishments, it is constantly plagued by problems of economy. It is constantly fighting the battle of maximum output at minimum cost.

As indicated earlier, the free nations of the Western Hemisphere have never before been subject to a threat from abroad to the extent which world communism is threatening today. Because of the often insidious nature of the threat, there has been a reluctance or an inability on the part of some peoples to appreciate fully its true significance and the requirements for counteraction. Fortunately though, the broad-minded and objectively analytical leaders of the member nations have a complete understanding of the dangers. They have reflected their concern for these dangers as well as their confidence in a Board as an instrument of collective security by their interest in the Board's work and in their assignment of officers to represent their respective nations in the Council and to serve as members of the Board's international staff and secretariat.

It was never intended that the Inter-American Defense Board should exercise direct detailed control over the armed forces engaged in the defense of the Western Hemisphere. The many complex factors of hemisphere geography and the diverse nature of the direct threats which are involved have a marked influence on the Board's organization. As a result, the Board has deliberately confined its technical and professional activities to the broad principles of hemispheric defense with emphasis on standardization of doctrine, training, and organization to the extent that the common purpose can best be served. The detailed planning is considered to be a unilateral or regional function within the broad framework of the Board's coordinating role. The passage of time, reflecting as it does the tremendous progress being made in the field of military development, has given an increased tempo to the Board's activity and to the significance of the Board's actions. Intensification of the Board's planning role is evident on all sides. Similarly, the increased requirement for the formulation of detailed subsidiary plans on an integrated basis is encouraging the investigation and development of improved military defense measures throughout the hemisphere.

Although there have been developed many unilateral defense plans and some bilateral measures for joint action, the future value of more extensive multilateral planning on a regional basis is becoming more and more apparent. The importance of regional planning was the keynote of the recent conference held at Buenos Aires between May 15 and May 30 when representatives of the armed forces of Argentina, Brazil, Uruguay, and Paraguay met to discuss problems involved in the defense of the South Atlantic.

The Board was represented by the Chairman. This meeting was conducted within the broad scope of the Inter-American Defense Board plans and doctrine and proved to be an unqualified success. The participating representatives achieved complete understanding of the common objective within their sphere of specific interest. They were quick to realize the impact of their efforts on the entire inter-American defense program. They climaxed their meeting with the adoption of 18 fundamental and foresighted resolutions which will serve as an inspiring precedent for the many other regional arrangements which will follow in time. Of particular significance was the adoption of a resolution expressing the conferees' recognition of the need for curtailing armament costs so that the basic economies of the participating member nations could prosper and expand.

In summary, it can be said that the Board is the natural product of evolution. It is a development of time and circumstance. Its original mission has been expanded and the internal organization has undergone changes. In 1949 it was defined as "* * * a military international agency, subordinate to the Governments of the American States, for consultation and preparation in matters of collective self-defense." Fundamentally, though, the essential character of the Board has remained the same. The keynote has always been, and continues to be, solidarity and cooperation among the armed forces of the 21 sister republics.

For more than a century the Western Hemisphere has been the most secure region on earth. The Inter-American Defense Board is making its contribution toward preserving this security, based on principles of solidarity through mutual understanding and mutual appreciation. The Board is attempting to provide the coordination of objectives and the harmony of action which transforms dreams into realities.

But above all else, the Inter-American Defense Board is a school of continental good will. It is a melting pot where technical knowledge and traditional concepts are fused for the common good. It is an organization in which the military men of the continent learn to understand one another, to work together, and to devote themselves to the achievement of the ideal of a modern New World, confident of its peaceful and orderly development in an atmosphere of collective security.

LOSS OF VOTING RIGHTS AT TUSKEGEE INSTITUTE, ALABAMA

Mr. DOUGLAS. Mr. President, one of the most famous educational institutions in the country is Tuskegee Institute, located at Tuskegee, Ala. It was founded by Booker T. Washington. Tuskegee has made a distinguished record during the past 60 or 70 years.

Among the faculty members of Tuskegee Institute was the famous George Washington Carver, who contributed so much to the agricultural life, not only of the South, but also of other sections of the country. Following the death of Booker T. Washington, other eminent men became president of Tuskegee, including Robert R. Moton and Frederick D. Patterson.

The work of Tuskegee Institute has been magnificent. Tuskegee has assembled a very able and cultured faculty, highly educated and highly competent. During the passage of time, a hospital, also, has been erected at Tuskegee, and both the staff of Tuskegee Institute and the Tuskegee Hospital are comprised almost entirely of Negroes. These men and women and their families are highly educated and cultured, and have, on the whole, made a very fine record.

I was deeply disturbed to read in the New York Times of Sunday, July 14, that the Alabama Legislature has now passed a law, which the Governor permitted to become effective without his signature, which gerrymanders the districts of the municipal boundaries of Tuskegee, so that in the future the Negroes on the staff of Tuskegee Institute and of the Veterans' Hospital will be disqualified from taking part in any of the municipal elections of that city. There is a move underway to eliminate Macon County, in which Tuskegee Institute is located, from the boundaries, and to distribute the voting territory of Macon County and those voters who reside in Macon County into the five surrounding counties. It appears that in Macon County there is a considerable majority of Negroes, while in the five surrounding counties there is a very considerable majority of whites. The effect of the plan, if it is consummated, will be to eliminate any possible Negro influence which might in the future exist in the political life of Macon County.

The article points out that within the new boundaries which have been delineated for the city of Tuskegee, there will be 600 white voters and only a dozen or so Negroes, and that 400 Negroes will

be disfranchised from taking part in municipal affairs by reason of the redistricting.

It should also be noted that the sponsor of the legislation is Alabama State Senator Engelhardt. He introduced the bill which will make it unlawful for disinterested parties to institute legal proceedings or to give money or to render service in support of the litigation, under penalty of a maximum term in jail of 6 months and a fine of $1,000.

The article states:

Senator Engelhardt said the bill was aimed at the National Association for the Advancement of Colored People, the Tuskegee Civic Association, the Montgomery Improvement Association, and similar pro-Negro groups.

There is a growing tendency in the South, as I think will be pointed out later in the week, for State legislatures to pass laws which will prevent voluntary associations from coming to the legal and financial aid of individuals, so that in the future any individuals who may start a suit or who may wish to finance suits themselves, may not do so, if they come from outside the area. When this is joined to the opposition to the Federal Government taking part in these suits, to protect the rights of individuals, it can be seen that if both of these measures are successful, the people who are weak, who are poor, and who are, in some cases, ignorant, will be thrown upon their own resources to carry their cases to the courts.

Mr. President, I ask unanimous consent that the article entitled "Four Hundred Negroes Lose Vote in Tuskegee," published in the New York Times of Sunday, July 14, 1957, be printed at this point in my remarks.

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

FOUR HUNDRED NEGROES LOSE VOTE IN TUSKEGEE—BILL PARING CITY BOUNDARIES ALLOWED TO BECOME LAW BY ALABAMA GOVERNOR

MONTGOMERY, ALA., July 13.—About 400 Negroes were eliminated yesterday from participation in future municipal elections in Tuskegee.

Gov. James E. Folsom did not sign or veto a bill designed to maintain white superiority in the predominantly Negro city. It thus became law.

The act was sponsored by State Senator Sam Engelhardt, of Macon County, of which Tuskegee is the seat. It reduces the city limits, eliminating the Negro district from its boundaries.

Senator Engelhardt, executive secretary of the Alabama Association of Citizens Councils, also has revealed a plan to eliminate Macon County and to have it absorbed into five surrounding counties that do not have a sizable number of Negroes.

REQUIRES REFERENDUM

The Senator hopes to get the bill passed at this session of the legislature to offset the coming civil-rights legislation in Washington. However, it would require a constitutional amendment and a statewide referendum before taking effect.

In Tuskegee's new boundaries there will be 600 white voters and a dozen or so Negroes.

Senator Engelhardt's bill touched off a Negro boycott against white merchants on June 26. But it did not gain enough momentum to affect business seriously.

Yesterday was the deadline for Governor Folsom to sign or veto the measure. He allowed it to become law without doing either. Had he vetoed it, he undoubtedly would have been overridden by the legislature, which passed the bill unanimously in both houses.

Negroes outnumber whites by 6 to 1 in Macon County and by 7 to 3 in Tuskegee, site of Tuskegee Institute, the Negro school. However, white voters outnumber Negroes in the county by 2,600 to 1,100.

BILL PROHIBITS BARRATRY

Shortly after the bill became law, Senator Engelhardt introduced a bill to prohibit the crime of barratry, defined in the measure as the offense of stirring litigation.

It would make it unlawful for disinterested parties to institute legal proceedings, to give money, or to render services in support of such litigation.

Individuals convicted of barratry would face a maximum penalty of 6 months in jail and a fine of $1,000. Corporations, partnerships, or associations could be fined $10,000.

Senator Engelhardt said the bill was aimed at the National Association for the Advancement of Colored People, the Tuskegee Civic Association, the Montgomery Improvement Association, and similar pro-Negro groups.

Mr. DOUGLAS. Mr. President, I also ask unanimous consent that an editorial entitled "Man's Hope in Upsurge of Tyranny," published in the Norfolk (Va.) Journal and Guide of July 13, 1957, be printed at this point in the RECORD.

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

MAN'S HOPE IN UPSURGE OF TYRANNY

The cartoon in the adjoining column (not shown) carries a significant quotation from Mr. J. Edgar Hoover, Chief of the Federal Bureau of Investigation. It brings to mind lessons which everyone needs to learn in these days.

Booker Washington was to the South, and to the Nation, a symbol of human worth in the building of friendly relationships between the races, on the bases of education, character, achievement, and devotion to Christian principles.

He established a private school in Macon County, Ala., in the black belt where there were no schools provided by the State or by Macon County.

He realized the South—and particularly Alabama—was limited in what the region could do for education from the public treasury.

So, Mr. Washington went outside of the South and solicited funds for a school that would train the head, the heart, and the hands.

It was not Washington's fault that he was invited to locate his school in a county where members of his race outnumbered members of the white race. He thought, as almost everyone else in his day, that education would bring understanding and good will.

He gave to Alabama in all but title to the property a school worth $25 million in physical plant, land, and other assets. He did this without a dollar's help from Alabama.

Then death claimed a tired and weary Booker Washington, in the prime of his life.

He was succeeded by Robert Russa Moton a native Virginian, who in turn was succeeded by Frederick D. Patterson. When the latter was called to other important work he was succeeded by another Virginian, Luther H. Foster, Jr.

Moton, Patterson, and Foster have carried on in the tradition of Washington. Any difference in them and Booker T. Washington has been a difference in time. Time has not stood still for anyone in America—for anyone in the world. Each generation has been new, and it has been confronted with new opportunities growing out of world changes. They have been presented new problems because they have been swept forward by the irresistible tide of scientific and social change. Tuskegee has been affected like all other colleges and communities in the world.

Now Tuskegee is in trouble. Not trouble of its own making, but trouble that grew out of fear by the people who were not reached by the cultural, intellectual influence of Tuskegee, because the laws raised a barrier between some people and the great institution founded by Washington and the only effective well-spring of education in the county.

The result has been a political gerrymander of the city of Tuskegee which wiped out all but 10 of the 400 qualified colored voters in the city. This brought resentment on the part of the people who were gerrymandered out of their right to vote, and some of them have withheld their trade from the white merchants in the city, who received 75 percent of their support from colored residents.

It happens that years after Mr. Washington's death the State of Alabama was persuaded, on the grounds of service rendered the State, to start appropriating $35,000 a year to the college. This amount was a mere drop of water in the school's budget.

Later, when the Southern Regional Education Board entered the field with a plan to subsidize certain courses at a few Negro colleges in order to keep colored students out of white State colleges, the biennial appropriation has gradually increased to $350,000.

Now that the State senator representing Macon County and Tuskegee, the county seat, has learned that the pride and dignity of the educated colored people in Tuskegee were hurt by the gerrymander, and some of them decided to trade elsewhere, the senator, Mr. Sam Engelhardt, who is executive secretary of the white citizens council, has a plan for cutting off the $350,000 the State appropriates to Tuskegee Institute, and besides he proposes to cut Macon County into four parts, annexing each part to a separate adjoing county, eliminating Macon County altogether.

This should be news for those who are trying to get through the United States Senate a moderate civil-rights measure designed to protect the voting rights of all citizens.

No word of protest has come from any white Alabama citizen or public official. It is so routine in the Deep South that it is not news. It is not immoral to the callous and frightened professional politicians like Sam Engelhardt. Tuskegee can get along without Alabama's $350,000, but Alabama will find that if it destroys that dynamic philosophy which sparked our freedom, the State will pay a much higher price to try to repair the damage to its moral fiber, to its political integrity, and its economic structure.

LIBERALIZED DOWNPAYMENT REQUIREMENT FOR FHA INSURED HOME LOANS

Mr. NEUBERGER. Mr. President, on July 5, 1957, the Washington Evening Star reported that the administration may not put into effect the new, liberalized downpayment requirements for FHA-insured home loans, on the ground that this may contribute to inflation.

This would mean a deliberate decision to let American families who need better homes, and the industries which provide these homes, continue to carry a disproportionate burden of the administration's deflationary efforts.

Let us recall, as the article in the Washington Star points out, that housing has been in a decline for almost 2 years now, with the rate of new home starts way below 1 million annually. That is at least one-third below our national needs, Mr. President. The purpose of the liberalized provisions written into the housing bill by the Congress was to make it possible for more families to purchase homes, even at today's higher prices and interest rates, and to come closer to meeting this national need. The purpose of refusing to put the lower downpayment requirements into effect, if the administration decides to do so, will be to thwart this Congressional objective, to prevent more families from buying or building homes, to keep the clamps on housing.

Mr. President, at the same time that this possible Executive action is suggested as an anti-inflation measure, the national housing conference has pointed out what price rises and high-interest rates have already done to the chance of American families to purchase decent housing at prices within their incomes. A summary of the findings contained in the report of the national housing conference on this point, including a very significant chart, appeared in the Wall Street Journal for July 8, 1957.

This article shows that, to get the housing they need, American families are today forced to put into housing financial resources far beyond a reasonable proportion of their incomes. According to the experts of the national housing conference, for instance, the purchase of a $14,000 3-bedroom home—certainly a modest home in most communities in this country—means a total monthly cost of almost $140—a cost which should not be assumed by families with incomes less than $8,000 a year. Yet this means that, today, less than 10 percent of the population can afford to buy a $14,000 home without straining their family incomes and finances to a dangerous point.

The same administration policies that contribute to the costs of home financing and restrict housing construction also have caused substantial economic hardship in Oregon. The wood-products industry, which furnishes so much plywood and structural lumber to the construction industry, is the mainstay of our Oregon economy. Whatever fears the administration may have that adequate housing construction would be inflationary, the opposite economic effect has certainly been brought about in Oregon by drastic curtailment of housing starts through the tight-money policies. We may hope, therefore, that the administration will not decide to torpedo even the slight ameliorative measures which Congress provided in the housing bill, as reported in the Washington Star.

I ask unanimous consent, in conclusion, that the article from the Wall Street Journal and the article from the Star be printed in the RECORD.

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

[From the Wall Street Journal of July 8, 1957]

MOST MIDDLE-INCOME FAMILIES CAN'T AFFORD EVEN CHEAPEST HOMES TODAY, SURVEY SHOWS

WASHINGTON.—"How much should we spend on a new house?"

That question has plagued millions of American families since the end of World War II and the answer these days is worrying builders of private homes.

Fewer families are greeting builders' lures of the glamour-packed ranch set in an environment of natural beauty on a huge one-quarter acre estate for only $15,990 with the impulse to buy.

The reason for the fall off of sales (and construction) of new homes has occupied thinkers from top Government policymakers down to the smallest builder. One answer, suggests the national housing conference, is simply money. Most middle-income, city-dwelling families can't afford to buy even the cheapest houses offered for sale, the group concludes.

NONPROFIT RESEARCH GROUP

The national housing conference is a private, nonprofit organization which conducts research on housing for low- and middle-income families.

In a survey of low-price, one-family dwellings in and near 11 large cities, the group found minimum prices for new 3-bedroom houses ranged from $8,490 for a row house in Philadelphia to $13,900 for a detached house in Milwaukee. The median price was $11,450 which would take an income of $7,156 a year to finance and maintain.

Only one family in six could do it, the group says in its 1957 housing yearbook. And low-priced homes are not plentiful, it adds.

And the relatively modest $16,000 ranch-house is priced too high for over 80 percent of the Nation's families, the conference figures.

To pay for the mortgage, taxes, utilities, heat and maintenance the family would need $156.38 a month. On the theory that housing costs should be one-fifth of a family's pretax income, it would have to earn $9,383 a year, which the group said included just 6.6 percent of the Nation's families, according to 1955 Government figures.

How much should a family spend for a new house? The conference report says present-day costs contradict the popular idea a family may safely buy a house costing two or two-and-a-half times the family annual income. Actually the ratio should be 1.6 for a $10,000 house, 1.7 for a $15,000 house and 1.8 for a $25,000 house.

Here is a table showing the annual income required to finance and maintain a one-family house and the percentage of American families able to do it:

Selling price	Total monthly cost	Annual income required	Percent of families able to buy
$10,000	105.32	6,319	21.2
$11,000	113.83	6,830	17.2
$12,000	122.34	7,340	14.0
$13,000	130.85	7,851	11.5
$14,000	139.36	8,361	9.6
$15,000	147.87	8,872	7.9
$16,000	156.38	9,383	6.6
$17,000	164.89	9,893	5.7
$18,000	173.40	10,404	4.8
$19,000	181.91	10,915	4.1
$20,000	190.42	11,425	3.5
$21,000	198.93	11,936	3.0
$22,000	207.44	12,446	2.6
$23,000	215.95	12,957	2.2
$24,000	224.16	13,468	1.9
$25,000	232.97	13,978	1.7

In computing the monthly costs, the National Housing Conference figured amortization on a maximum mortgage (95 percent of the first $9,000 value and 75 percent of the balance) for 30 years at an interest rate of 5½ percent. Taxes are estimated at 1.7 percent of value annually, insurance at 0.2 percent of value and maintenance at 2 percent of value. The estimate for utilities and heat is arbitrary, ranging from $20 a month for the $10,000 house to $35 for the $25,000 house and may vary according to climate.

"It is nonetheless true," the report concedes, "that many thousands of families with incomes of $7,000, $6,000, $5,000 and even less" have been buying houses priced at $12,000 and higher.

EIGHT WAYS TO GO OVERBOARD

Among "eight ways to go overboard" the conference study notes families have been using savings to make large downpayments, thus reducing mortgage expense, putting members of the family to work, spending 30 percent or more of their income for housing, postponing repairs and "enjoying the advantage of inflation."

"Obviously it is easier to amortize a 1947 mortgage with 1957 dollars than with 1947 dollars," the survey says. "There is no doubt inflation has been a major factor in holding down foreclosures. Deflation would be disastrous to the marginal house buyers."

Included in the National Housing Conference survey were the cities of Baltimore, Dallas, Detroit, Houston, Kansas City, Mo., Milwaukee, Minneapolis, Philadelphia, Pittsburgh, San Antonio, and Seattle.

In northern cities, the median price of new low-cost homes was $12,500; in the South the median was $9,000.

[From the Washington Evening Star of July 5, 1957]

INFLATION FEAR MAY BAR CUT IN HOME PAYMENTS

Government officials say there is a serious question whether the low downpayments permitted in the new housing bill will be ordered into effect even after President Eisenhower signs the measure.

The housing agencies favor the liberalized terms on home loans insured by the Federal Housing Administration, it was reported. But some top administration advisers were said to oppose them for anti-inflationary reasons.

Officially the FHA was silent. The bill authorizes—but does not direct—FHA commissioner Norman P. Mason to reduce the downpayment to 3 percent on the first $10,000 of an FHA-insured mortgage.

Administration sources disclosed privately yesterday that some agencies now reviewing the bill find two grounds for opposition to the downpayment terms.

FEAR INFLATIONARY SPIRAL

These agencies argue that easier mortgage credit could add a little more spin to the inflationary spiral, and that some building has perked up recently without any help.

The home builders are jittery, nevertheless, and are aware of the contrary sentiment in some Government quarters. President George S. Goodyear of the National Association of Home Builders issued a statement calling on President Eisenhower not only to sign the bill but to direct FHA to adopt the new terms.

"There should be no delay in making these terms available to the many thousands of American families who have been squeezed out of the housing market because they could not afford the large downpayments under the old law," he said.

Lenders take the view generally that the bill could increase the demand for new housing but would do very little to increase the

available supply of loan money. A spokesman for the National Savings and Loan League predicted the bill will do little if anything to raise the level of mortgage lending this year regardless of the final decision on downpayments.

HANDS NOT FREE

Mr. Mason does not have a free hand in making his decision. The bill directs him to take into consideration the effect on the national economy and on conditions in the home-building industry.

This obliges him to consult with Federal officials responsible for economic policy. From the President on down, the officials are alarmed over the steady rise of prices and are opposed in principle to any Government action that would intensify price pressures.

Housing has been in a decline for 21 months, but there are signs of improvement. New home starts, down to an annual rate of 840,000 in February, rose to 990,000 in May.

If, as Secretary of the Treasury Humphrey estimated earlier this week, housing starts hit a million-a-year rate in June the argument for lower downpayments has lost some force.

WISCONSIN ACTS TO SUPERVISE PENSION FUNDS

Mr. WILEY. Mr. President, I am pleased to report that my State is one of the first in the Union to act to regulate virtually all labor-management welfare funds, so as to prevent fraud and waste.

Our very competent State insurance department has been given this responsibility, and we know it will discharge its role faithfully and well.

Meanwhile, here in Washington, we of the Congress must still discharge our responsibility, in turn, to provide for national inspection and regulation. Our aim is to prevent not only corruption, but mismanagement which results in draining away of funds from beneficiaries.

I send to the desk an article on Wisconsin regulation as published in last Friday's Janesville Gazette. I ask unanimous consent that it be printed in the body of the Record.

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

STATE THIRD TO ADOPT LAW GOVERNING PENSION FUNDS

MADISON.—This State is about to establish a new program of governmental supervision and regulation of private economics affairs in a prospective law that will require State insurance department auditing of all employee welfare funds.

Both houses of the legislature have endorsed, with strong votes, an agreed proposal of labor and management spokesmen that puts under State inspection virtually all of such welfare funds, whether administered jointly by employees and management, or separately by labor organizations or employers. Is is expected that Gov. Vernon W. Thomson will approve the statute, when it is presented to him in about a fortnight.

Such a regulatory system is not wholly new. New York and Washington now have such laws. But the Wisconsin program will have national interest, nevertheless, say officials of the insurance department.

PERIODIC EXAMINATIONS

The bill requires periodical examination and authorizes the State agency to call for special information on organization, operation, and other affairs.

The examination function was handed to the insurance department because it has the technical staff, already devoted to insurance examinations, for the auditing of the assets and operations of such programs. Technicians are already engaged in the examination of companies to determine their ability to make the pledged benefit payments from income and reserves, it was pointed out.

The legislature did not have precise estimates of the asset volume of welfare funds in Wisconsin, but nationally such programs are calculated to have a worth of more than $33 billion. Thus the Wisconsin programs might have a worth of up to $1 billion, according to one business organization representative here.

PROPOSED BY KOHLER

The idea of State supervision of such funds was broached to the legislature 2 years ago in a message by former Gov. Walter J. Kohler, but struck up no interest. Impetus to such legislation was given this year by some of the revelations by Congressional investigators of frauds in the management of such welfare funds in other parts of the country. Originally labor spokesmen in the legislature objected to such State regulation, but they withdrew their objections when legislators agreed to cover management funds as well as those run jointly or by labor organizations independently.

Sponsoring legislators point to the Wisconsin-approved bill as an example of the ability and willingness of a State to take responsibility in such fields, and as proof that Federal intervention is not needed. Proposals for a Federal supervision law have been filed in the United States Congress.

All Wisconsin welfare funds with more than 25 members or with annual incomes of more than $2,000 from investments would be covered by the new law.

Its general purpose is to prevent the deception of beneficiaries as to the condition of such welfare funds, and to protect them against faulty or dishonest management, the sponsoring legislators said.

THE IMPORTANCE OF CORRECT RELATIONS WITH WESTERN HEMISPHERE

Mr. WILEY. Mr. President, as the 1958 mutual security appropriations bill comes up for Senate action, I trust that my colleagues will take a close look—yes, a sympathetic look—at those of its provisions affecting our own Western Hemisphere.

Too often in the past we have tended to lose sight of the tremendous diplomatic, military, economic, and technical challenges facing us right here in the New World, with our 20 sister Republics. We should not remember Latin America simply on Pan-American Day, April 14, or Columbus Day, October 12, as important as those anniversaries are.

MANY MISCONCEPTIONS ABOUT UNITED STATES-LATIN RELATIONS

Too often the other 363 days of the year there has been a tendency to underestimate or even completely to misunderstand our relations with these friendly countries. For example:

First. Some few people tend to think of Latin America as relatively immune from the Communist peril—the peril which cost America 110,000 casualties and 33,000 dead in far-off Korea.

Actually, however, right in our own backyard, we have seen communism rise—and fortunately fall in Guatemala; we have seen communism in British Guiana, communism in Latin American trade unions, and elsewhere.

AVOID MEDDLING IN INTERNAL AFFAIRS

Second. Another mistake is that some Americans fail to appreciate the need for correct diplomatic relations with these proud, sensitive lands.

These Americans seem to think that we can or should bully and interfere in internal Latin American politics.

They seem to think that we should become embroiled with this or that dissident exiled group, and should oppose some of the established governments there—Cuba, Venezuela, the Dominican Republic, for example, or other friendly governments.

Actually, any such interference, any such meddling on our part, would be both intolerable and self-defeating. And it would be utterly contrary to our policy of a good neighbor.

SOUND LETTER FROM ASSISTANT SECRETARY RUBOTTOM

I should like to cite now extracts of a letter to me from Assistant Secretary of State Rubottom reiterating this matter of noninterference as our official policy. His message is, I believe, a brief but very good exposition of our historical United States position.

His letter reads:

DEPARTMENT OF STATE,
Washington, June 24, 1957.

DEAR SENATOR WILEY: I want to thank you for sending me, with your note of June 17, 1957, a copy of your weekly newsletter dated the 13th.

I was particularly interested in the item entitled "Dealing Fairly With Many Kinds of Governments." The principle of nonintervention in the internal affairs of other countries is fundamental in our foreign policy and is the only one which is consistent with the principle of equality of sovereign states as set forth in the Convention on Rights and Duties of States, which was ratified by the United States on June 29, 1934, and the additional protocol relative to nonintervention ratified July 15, 1937.

Under these instruments, the 21 American Republics declared inadmissible the intervention of any one of them, directly or indirectly, in the internal or external affairs of any other. In the event of a breakdown of law and order in any country which affects the other nations of the continent, it becomes their joint concern and they are pledged to consult with one another as to a common course of action.

Secretary of State James F. Byrnes said on October 31, 1945:

"The world system which we seek to create must be based on the principle of the sovereign equality of nations. This does not mean that all nations are equal in power and influence any more than all men are equal in power and influence. But it does mean equal respect for the individuality of sovereignty of nations, large and small. Nations, like individuals, should be equal before the law.

"That principle is the cornerstone of our inter-American system as it is of the U. N."

Any deviation from these principles would not only violate our international commitments and solemn treaty obligations, but would have a devastating effect on our overall relations with foreign countries.

Your paper wisely says that we cannot expect to make over the world in our own image. We prize our national freedom and the individual freedom which our people enjoy under our own particular system of government, and believe other countries would be well advised to follow the same general system, but it is only by setting an example of unwavering rectitude and faith-

ful compliance with our international as well as our domestic obligations that we can expect other nations and peoples to see and appreciate the real value of our way of life and government.

Sincerely yours,

R. R. RUBOTTOM, Jr.,
Assistant Secretary.

LOOSE ADVICE FROM SOME QUARTERS

I trust that we will remember this sound United States position when and if we hear loose advice from some unthinking quarters to break diplomatic relations with this or that country because of some dispute, or some ill-considered advice to give aid to some revolutionary exile group, or other unsound advice to mess in internal Latin affairs.

LET NOT LEGISLATIVE BRANCH USURP EXECUTIVE RIGHTS

Let us remember this fact always. It is the United States State Department which has the continuous responsibility, on behalf of our President, to conduct our diplomatic relations. Let us in the Congress not attempt to usurp that executive function.

For the Senate to give or withhold its advice and consent is a most important constitutional function, but it does not imply meddlesome or arbitrary interference with the day-to-day operations of the State Department in the Latin American or any other area.

Nor does the House of Representatives' necessary right to share in control of the pursestrings give it the right to interference in day-to-day executive functions. In effect, let each branch of Government fulfill its own responsibilities correctly and carefully.

Now let me turn to a third phase of frequent misunderstanding or lack of comprehension concerning the Western Hemisphere.

MILITARY SIGNIFICANCE OF LATIN AMERICA

Third. There are those Americans who fail to realize the military significance of Latin America—the importance of its naval and air patrols in direct defense of the hemisphere, of its limited but significant ground forces, its guided missile tracking facilities, the importance of the Panama Canal, and other New World defense facilities.

All of these military resources are strengthened by virtue of the Inter-American Defense Board, which I have commented upon separately today.

MY PAST COMMENTS ON INTER-AMERICAN RELATIONS

I have tried, over a period of time, to highlight some of our principal military, raw material, and mineral problems with various countries.

Last Saturday, for example, I stressed the issue of the need for continued United States oil imports from Venezuela. I did so, not in the primary interest of Venezuela, although I am glad of the friendship between our two countries; rather, I did so in the primary interest of our own United States which needs oil for civilian industry and for our military services.

In today's July 15 issue of the Journal of Commerce, side by side, appeared two articles. One is entitled "WILEY Warns Against Oil Import Bars." It describes my efforts in opposition to arbitrary restrictions against Venezuelan oil imports.

Another article is a continuation of a piece from page 1, which describes America's continued and increasing dependence on overseas oil imports.

There follows now the text of this article by Mr. Louis Bley in the Journal of Commerce:

OIL NEEDS OF UNITED STATES TO RISE SHARPLY

(By Louis Bley)

The United States will need all of the Western Hemisphere's surplus oil production—and then some—to meet its petroleum requirements in 1965.

This is the conclusion of a petroleum economist in close touch with developments in the industry. It is generally recognized by officials in many oil companies.

MAJOR IMPACT ON TRADE

And since oil now accounts for some 40 percent of world trade, it will have a major impact on the 10-year trade and shipping outlook.

The prediction is that United States oil needs in 10 years will far outstrip the substantial production rise forecast for the Western Hemisphere. This includes reasonable evaluation of the expected rise in production in Latin America, the United States, and Canada.

It will mean three things:

1. The Western Hemisphere—and especially the United States—will become an oil-deficit area, forced to import about 500,000 barrels a day from the Eastern Hemisphere, specifically the Middle East.

2. Western Europe, whose oil consumption, is growing at a greater rate than ours, will import only insignificant quantities of crude oil and fuels from the West. The Caribbean is currently supplying Europe with nearly $600 million worth of crude and oil products annually.

3. Any moves made by the United States to hold down the flow of imports will be reflected in prices rather than curbs. The development of United States fuel needs can not be quenched by import controls. It can only be rendered more costly to satisfy.

Here is the economist's 1965 oil forecast of supply and demand for Western Hemisphere:

The United States will need 12.9 million barrels of oil daily, against a domestic supply of 9.7 million, for a net deficit of 3.2 million.

Canada will need 1.3 million barrels daily, against a home supply of 1.4 million, for a net surplus of 100,000 barrels a day.

The rest of the Western Hemisphere demands in 1965 will thus amount to 16.7 million barrels daily, against an area supply of 16.2 million—for an overall deficit of 500,000 barrels a day.

To the extent that some Caribbean crude or products may be exported to Europe, the Western Hemisphere's net oil deficit would rise. And greater imports from the Eastern Hemisphere would then be needed to bridge the widened imbalance.

Here is the forecast for the Eastern Hemisphere's 1965 supply and demand position:

Western Europe: 4.8 million barrel-a-day needs, against supply of 400,000, for a deficit of 4.4 million daily.

Middle East: 700,000 barrels a day requirements, compared with a supply of 7.5 million, for a surplus of 6.8 million a day.

Rest of the Eastern Hemisphere: 3.2 million barrels daily demand, against 1.3 million production, for a 1.9 million barrel daily deficit.

NET SURPLUS FORESEEN

The Eastern Hemisphere's 8.7 million barrel daily requirements would be surpassed by 9.2 million barrels daily supply. This would result in a net surplus for the area of 500,000 barrels a day, the amount that would be needed in the West.

Last year the United States produced less than 7.2 million barrels of crude oil daily. The 9.7 million here forecast for 1965 is some 200,000 barrels higher than a recent Chase Manhattan Bank estimate for 1966. It represents a potential peak domestic output which might be held for a few years before the likely decline would set in.

The 12.9 million barrels a day United States 1956 requirements are more than 3 million barrels over last year. They compare with an estimate of almost 13 million barrels per day made Friday by Ed Warren, senior vice president, the First National City Bank of New York.

EXPORTS TO EUROPE

In 1956, Latin American exports to Western Europe—mostly shipments from the Caribbean (Venezuela and Netherlands West Indies)—amounted to some 250,000 barrels per day of crude oil and 305,000 barrels daily of oil products, mostly industrial fuel oil and diesel fuel.

Computed at a rounded off f. o. b. price of $2.50 for crude and $3 for products, this comes to $625,000 a day for crude exports and $915,000 a day for oil products.

Thus more than $560 million of annual Western Hemisphere-European oil trade will be eliminated to be replaced ultimately by supplies from the Middle East.

In other words, we will need far more, rather than less, foreign oil in time to come.

VENEZUELA OIL, IRON ORE NECESSARY FOR DEFENSE

We do not have a mutual-assistance agreement with Venezuela, although we have enjoyed excellent military cooperation with her. And I am sure that everyone would agree that the oil which we import from Venezuela or the iron ore which we get from there represent crucial components of our national defense.

But Venezuela is not the only country on which we are heavily reliant for military needs.

ROLES OF PANAMA, COLOMBIA

I need heardly reiterate the importance of the Panama Canal—to which I made reference the other day on the floor of the Senate.

And the other countries of the hemisphere, while they may not all be powerful, they may not be vast in population or area or resources, they may not have huge forces to commit to Western Hemisphere defense, still, can play a role and are willing to play a defense role for the common good.

As a case in point, I cite the valiant achievements of the Colombian troops which served with distinction in Korea.

These, then, are but a few instances of the need for a common defense effort.

DON'T PERMIT "DIVIDE AND CONQUER" TACTIC AGAINST US

These facts underline why we cannot allow anyone to follow the classic technique of "divide and conquer."

We must not permit our Kremlin enemies to divide and conquer the Western Hemisphere.

Nor must we permit those of our friends who inadvertently want to divide us from some of the Latin American lands to be successful in their efforts. These friends do not intend to harm our country. They love this country, as do all of us. But, inadvertently, unknowingly, and, I must say, somewhat blindly,

they recommend destructive policies which, as I said earlier today, in the Senate, tend to divide us from our friends, cause splinters to form which irritate and injure.

Wherever there are disputes within this hemisphere, I say, let us work them out within the Organization of American States, and by a bilateral basis, as may be necessary.

But let us not tear assunder the whole fabric of inter-American cooperation. Let us not "go off the deep end" in our desire to clear up any specific dispute.

But now let us see how our military cooperation works, very specifically.

OUR 12 MUTUAL-ASSISTANCE AGREEMENTS

Since 1951, the United States has wisely signed 12 mutual-assistance agreements with a dozen of our sister Republics of the New World. These agreements enable us to help these countries defend themselves and share in the common defense. We have signed these agreements with Brazil, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Peru, and Uruguay.

Remember, too, that these agreements were signed pursuant to the law we ourselves enacted—the Mutual Assistance Act of 1951. They were signed because officials of the United States, including military officers, who had surveyed the local situations, determined that each of these respective countries could and would contribute to the common defense.

I see no reason to dispute the sound judgment of the military men who determined the necessity for these agreements.

I see no reason to scoff—as some people unfortunately do—at our military leaders' work, or assume that they did not know what they were doing.

These various countries—small or large—do not lightly take the commitments under the mutual-assistance agreement, and we, in turn, should not lightly take their commitments, or our own commitments to them.

BRAZIL OR DOMINICAN REPUBLIC—LARGE OR SMALL—TAKE PLEDGES SERIOUSLY

Just because we have signed agreements with countries which are relatively small in population or in area, does not depreciate the value of the agreement.

Brazil, for example, is the largest country on the South American Continent, larger than the continental United States, with 3.288 million square miles, and a population of over 53 million.

By contrast, close by in the Caribbean, the Dominican Republic, occupying the eastern part of the island discovered by Columbus, has but 19,300 square miles. It has a population of around 2,200,000. But it regards its responsibilities no less significantly than do our friends of Brazil of any of the other larger American States.

The same is true with our friends of Cuba, a nation of 44,200 square miles, and a little under 6 million population; or relatively small Nicaragua or Honduras.

When we signed agreements with these countries, we meant what we said and I know that they meant what they said, as well.

MUTUAL-DEFENSE AGREEMENT WITH DOMINICANS

Our mutual-assistance agreement with the Dominican Republic begins:

> The Governments of the United States of America and of the Dominican Republic, in accordance with the commitment which they made in the Inter-American Treaty of Mutual Assistance and in other international instruments to assist any American State that is the victim of an armed attack and to act jointly in the common defense and in the maintenance of the peace and security of the American Continents.

This agreement was signed on March 6, 1953, in Washington. It entered into force on June 10, 1953.

It is not a mere scrap of paper.

MUTUAL-DEFENSE AGREEMENT WITH CUBANS

Our mutual-assistance agreement with Cuba begins:

> Conscious of their pledges under the Inter-American Treaty of Reciprocal Assistance and other international instruments to assist any American State subjected to an armed attack and to act together for the common defense and for the maintenance of peace and security of the Western Hemisphere.

This agreement was signed in Habana on March 7, 1913, and entered into force the same day.

Yet, there are those Americans who seem to want to abrogate these and other agreements. There are those who would ignore this fact: If once we were to start the dangerous pattern of violating or canceling an agreement simply because we had some differences with a government, we could start a pattern which would have the most serious worldwide repercussions for us.

REDS WOULD LIKE TO SEE AGREEMENTS ABROGATED

The Soviet Union would be delighted to exploit such a situation.

It would be delighted to see our network of worldwide mutual-assistance agreements disintegrated. It would be delighted to see us cause a wide-open split in the work of the Inter-American Defense Board.

The Kremlin would love to stir things up in Latin America still more, as I am sure our Central Intelligence Agency is well aware.

CARIBBEAN AREA—A HOTBED OF RED INTRIGUE

Remember, Communist infiltration of trade-union movements has been rampant. The Caribbean area has long been a hotbed of Communist intrigue.

There has long been in this area, too, groups of armed mercenaries, revolutionaries available for hire—individuals ready, willing, and eager to work with the forces of international communism for the purpose of subverting an independent, religious country which is anti-Communist.

Countries adjacent to us would naturally be ideal target areas for the Reds to take over, as centers for espionage against us. We learned that when the Reds took over Guatemala and when the so-called People's Progressive Party temporarily took over British Guiana.

Current instability on the island of Haiti—another land with which we have a mutual-assistance agreement—makes it especially ripe for Communist intrigue.

These are facts which we cannot ignore.

HELP, DO NOT HINDER, OUR MILITARY

That is why I say we must strengthen the hands of those who are seeking to strengthen the shield of Western Hemisphere defense.

We must help the Inter-American Defense Board to be still more effective. We must help our United States delegation to the Board to carry out its mission.

Our United States delegation to the Board is headed by Maj. Gen. J. H. Trapnell, Assistant Deputy Chief of Staff for Operations—International Affairs, Department of the Army. He reports through the chain of command to the Joint Chiefs of Staff.

The Joint Chiefs of Staff in turn are responsible for the military protection of this Republic.

CONCLUSION

I do not say that military cooperation is the only test of relations between countries. Obviously, it is not. Yet, it is one of many important tests in this age, when our very survival is at stake.

I trust, therefore, that we will bear facts such as the above in mind when the Latin American phases of the 1958 mutual security appropriation bill comes up for study in the Senate.

These, like other phases of the bill, are in our own self-interest, our enlightened self-interest as a nation.

America is the torchbearer of freedom in the world. Let us continue to raise a standard to which the wise and honest may repair. That means setting a fine example; it does not mean meddling.

THE WEBER BASIN WATER CONSERVANCY DISTRICT

Mr. WATKINS. Mr. President, here in the humid East, the acquisition of a new water supply by a community or a group of communities is not much of a news item. Usually the community merely has to build a small diversion dam on a nearby stream and a reasonably small storage reservoir. Such a project frequently can be financed without bonding.

This is not the case out in the semi-arid West. Most communities there have utilized the normally meager, nearby sources of water, and now are obliged to bring in water from great distances and frequently at heavy expense.

In many parts of the West, annual precipitation is only a third or less of the national average of 30 inches of moisture a year. Much of this western moisture is precipitated in the winter, in the form of snow. Hence, streams are not a dependable source of year-round water, unless spring floods are trapped by storage and utilized throughout the dry season.

Consequently, the acquisition of a new or supplementary water supply is headline news in the mountain-desert country. Such headlines have been appearing throughout the Weber Basin in Utah in recent days, as the first water was delivered to communities in Davis

County from the half-completed Weber Basin reclamation project, authorized by Congress in 1949.

This spate of headlines was characterized in a recent editorial of the Ogden (Utah) Standard-Examiner as "Glorious Water News." And it is glorious news to report that life-giving water is flowing from the storage reservoirs into community culinary water systems and into agricultural canal networks in the semiarid West. I request unanimous consent to introduce into the RECORD at this point the Standard-Examiner's editorial recognizing this memorable event.

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

GLORIOUS WATER NEWS

About the most glorious news that can be written about a community out here in the semiarid West is the news that the community has been supplied with a new and abundant source of water for farm, household, and industrial use.

Such news has just been written and printed under big headlines, not about one community, but about several in Weber and Davis Counties, as a result of stored water gushing from the new Wanship Dam to flow through the new waterways, including the purification works to supply consumers over a wide area.

All of the citizens served by the Weber Basin Water Conservancy District, including Ogden, which is one of the larger subscribers, are entitled to rejoice over the delivery of the new water supplies which permit the communities to advance with their expected growth without worries as to where the water is to come from to serve the increased population and expanded industries.

Mr. WATKINS. Mr President, in the brief time I have available, I wish to point out what the residents of these communities had to do to obtain delivery of this water.

In the first place, they had to recognize in the 1940's the long-range need of water and take steps to augment their present supplies. The tremendous size of the problem was quickly apparent, and these far-sighted local officials called upon State and Federal agencies for assistance. Many groups began talking up the importance of water requirements in the coming half century, and actively supporting planning efforts.

These groups included the Ogden Chamber of Commerce, the Associated Civic Clubs of Northern Utah, the Davis County Water Users Association, the Weber County Water Users Association, the Davis-Weber Counties Municipal Water Development Association, the Weber and Davis County Commissions and other groups.

After extensive investigation, the Bureau of Reclamation recommended that the municipalities join with the agricultural interests of the area in completely developing the water potential of the Weber River, the largest stream in the area. This survey work produced the plans for the largest reclamation project ever proposed in the State of Utah. Total cost of the project was estimated at $70 million. The municipalities and farmers in the area were told they must be prepared to repay $60 million of this investment, as well as finance water distribution facilities. Such a requirement at first appeared of staggering size to an area which today has a population of only 143,000.

However, the people of the Weber Basin became sold on the necessity for, and the ultimate economy of, this proposed undertaking and the required local support was given to an authorization bill which I first introduced into Congress on February 9, 1948.

After some stenuous efforts, a bill was approved by the Congress and signed by the President on August 29, 1949.

The people of the area promptly organized the Weber Basin Water Conservancy District, a State legal entity that was authorized to levy taxes and enter into formal repayment contracts with the Federal Government. On December 12, 1952, this organization contracted to repay the Federal Government $60 million over the amortization period, much of it with interest. At that time, this was the largest repayment contract entered into under the reclamation program. Construction of the project was launched in December 1952 and major units were completed early this year.

Meanwhile, the conservancy district exhibited in 1956 the courage and business soundness required to successfully finance $5,400,000 in general obligation bonds to build the facilities required to treat and deliver the municipal water produced in the big comprehensive project. Some 40,000 acre-feet of water will be provided annually by this project for municipal and industrial use by 21 communities and 3 permanent military bases.

This is only a part of the background story of the Weber Basin project. On future occasions, I will review other aspects of this impressive comprehensive water resource development project, which has many other important public benefits.

At this time, however, I wish to salute the officials of the municipalities, the counties, and the public organizations involved in the Weber Basin. They have shown the vision, the courage, and the persistence required to develop water in a semiarid area. I commend these hard-working, never-say-die people, with whom I have been so closely associated since 1946, and I believe that the Federal Government will always be proud of the part it has played in making this achievement possible.

RECENT DIVIDED SUPREME COURT DECISIONS ON SUBJECTS OF MAJOR NATIONAL CONCERN

Mr. WATKINS. Mr. President, the recent divided Supreme Court decisions on subjects of major national concern has led to considerable public confusion and a searching new study of our highest Court and its decisions.

By recognizing this confusion and concern, and acknowledging that the searchlight of public opinion has been focused upon the Supreme Court, I am not being critical of the Court as an institution nor admitting that there has been any weakening of public support for it as our highest tribunal.

Regardless of what personal opinion we may hold of the Court or its decisions, it is still the Supreme Court of the United States, and merits the deepest respect of all the people as one of the great departments of government.

The Court is a democratic institution, and even though we appoint the Federal judges to serve for their lifetime, we as citizens and members of our republican form of government retain an interest in the functioning of the Court.

For this reason, it is wholly proper for Members of Congress, the citizenry, the bar associations, and the press of this country to analyze and comment upon the decisions of the Supreme Court that may reflect a new trend in basic decisions on important public questions. As a former jurist and a member of the Senate Judiciary Committee, I welcome such analysis of our Supreme Court and the nature of its many decisions. Such an inquiry, if conducted with respect for the Court as an institution, certainly contributes to the stability of our democratic processes and to the passage of complementary corrective legislation, the need for which may have been shown by judicial interpretation of existing laws enacted by the Congress.

In this current analysis of our Supreme Court, I am pleased that the major newspapers of my home State have shown an active interest in this subject. Frequently, we in the interior of the country are criticized as being less aware of these national crosscurrents than are the residents of the great metropolitan areas here in the East and Widwest. However, I believe that serious reading of our major newspapers will dispel that myth for anyone who approaches the task objectively.

This past week, two of the Utah daily newspapers carried editorials on the subject of the recent Supreme Court decisions. Both editorials are well written and make a contribution of serious, grassroots thought to this subject of widespread concern.

In view of the importance of this general subject, I request unanimous consent to introduce these editorials from Utah newspapers into the RECORD at this point as a contribution to the continuing need for analysis of the results of recent Supreme Court decisions.

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

[From the Salt Lake Tribune of June 28, 1957]

HIGH COURT DECISIONS HARD TO RECONCILE

When lawyers and judges are as widely and sharply divided as they are on the series of decisions handed down by the United States Supreme Court preparatory to winding up its current term it would be surprising if laymen did not feel throughly confused.

If the Court was operating in the policy-making legislative field, which it is supposed to shun but which critics say it has invaded to an unprecedented degree, the 180-degree divergence of views would be easier to reconcile. For Americans have long accepted the idea that intelligent, reasonable, and informed men can in all sincerity hold extremely different views in ideological matters.

But the layman has also been conditioned to the idea that in the law there are verities (based upon principles and precedent) which preclude one competent legal mind from seeing black where an equally competent mind sees pure white.

But that comforting idea is being badly shaken by the recent decisions and the repercussions they are arousing.

One year ago, for example, the Supreme Court upheld the conviction of two women charged with killing their husbands, ruling that military court trials of civilians charged with capital offenses overseas were constitutional. This June the Court held that such trials are unconstitutional. There were changes in the makeup of the Court during the year but the same Constitution was applied to both cases.

In the Du Pont case decision prevailing and dissenting Justices were about as far apart, both as to their appraisal of evidence and points of law, as a conservative and a liberal Senator could be on a controversial piece of legislation.

The majority found the evidence sufficient to sustain the Government's case. The dissenters and the trial judge found it wholly insufficient. The dissenters concluded that the Clayton Act, under which the case was brought, did not prohibit vertical stock acquisitions (where one company buys stock in another company not a competitor) but only to horizontal acquisitions (where one company buys stock in a competitor company). This interpretation rested in part on past decisions and in part on the fact that the Congress amended the act to cover vertical acquisitions in 1950.

But the majority reached the contrary conclusion that the prohibition against "vertical" acquisitions extended to stock purchases forty-odd years ago and to a case brought in 1949, a year before the act was amended.

The decision freeing 5 California Communist Party members and directing retrials for 9 others turned on such matters as sufficiency of evidence, instructions to the jury and the meaning of the word "organize" in the Smith Act. Certainly no one but a lawyer or a judge thoroughly acquainted with all the details of the case could have a valid opinion on such issues as the evidence or the jury instructions. But the majority's interpretation of the word "organize" struck many people, including lawyers and one Supreme Court Justice, as being unreasonably "narrow."

It is difficult to believe that Representative SMITH, the author of the act, or its Congressional supporters intended the meaning given to the word by the majority—that organization of a conspiracy to advocate overthrow of the Government by force or violence ends with the initial step of forming an organization. Surely the Congressional majority which passed the act did not intend to make it a crime to plant a seditious seed in 1945 and not make it a crime to cultivate, tend and seek to multiply the crop springing from that seed in 1951 (after expiration of the 3-year statute of limitations). The public hears too much about "organizers" working for movements and associations formed years ago to associate the term only with birth or rebirth in the case of the Communist Party.

But the confusion arising from the decisions and the Court dissents is intensified by the outside repercussions.

The head of the National Association of Attorneys General declaims that the Constitution is "being tortured out of all rational historical proportions." Another participant in the same convention brands that assertion as an "angry, unwarranted and hysterical attack on the Court."

Reputable lawyers assert that the decision in one of the civil-rights cases will open the secret files of the FBI to seditious conspirators and other types of law violators and make their detection and prosecution next to impossible. President Eisenhower was reportedly infuriated by this protective blanket which the Court threw over so-called civil rights. Two southern Senators have proposed a constitutional amendment to require reconfirmation of Supreme Court Justices every 4 years. This would most assuredly toss the Justices into a cauldron of political pressures if they are not now in the political arena—and set up a political counterbalance if they are.

All this is not a layman's attempt to prove that the Supreme Court has been wrong in its most recent decisions. It might be "right as rain." But the confusing fact remains that if it is right now, it has been wrong in the past, unless the idea is accepted that legal interpretation, like legislative policy, should and must accommodate itself to changing times, conditions and viewpoints. In any event the hue and cry for retaining the legal "verities"; for curbing the powers of the Court to break with the past and precedent; to prevent it from reinterpreting the Constitution and the laws is rising to a level which the Nation has not experienced since the days of the late President Roosevelt's Court-packing proposal.

[From the Salt Lake City Deseret News of June 24, 1957]

NEW, SENSIBLE VOICE ON SECURITY

The long-awaited report released Sunday by the Commission on Government Security could not have come at a better time.

Recent decisions of the United States Supreme Court on security cases have thrown the country into confusion. The FBI, the courts, Congressional committees all have been challenged in their handling of security matters. Anticourt reaction has been sharp and specific. The ground has been laid for a hot political fight over security that could do the country considerable harm.

Into this picture, the Commission on Government Security has now interjected a report that is thoughtful, calm, and constructive. It does not deal with all the questions the Supreme Court has raised, but it deals with some of them. It does so in a way that should lead to fair compromises between the two demanding goals of public safety and individual rights.

The Commission was appointed almost 2 years ago under chairmanship of Loyd Wright, former president of the American Bar Association. Its 12 members include Members of Congress, key executive department officials, and leaders in educational and legal fields.

Some of its basic recommendations are:

1. Creation of a Central Security Office within the executive branch to screen new and present employees. This office would (1) cut down delays in security decisions that now run a year or more, (2) provide an avenue of appeal on loyalty cases, (3) correlate the security requirements of the many Government agencies, eliminating a great deal of duplication and confusion, and saving an estimated "millions of dollars" a year.

2. Consolidate Department of Defense security programs so that a plant working on separate contracts for Army, Navy, and Air Force could follow a single set of security regulations instead of two or three.

3. Distinguish disloyalty from other kinds of security risks. The much-criticized numbers game stemmed from lumping the man who was given to talking in his cups, and was therefore a security risk, in the same category as the man who was a security risk because of disloyalty. The Commission recommends that the Central Security Office handle disloyalty cases and that others be handled as general matters of job suitability. This would appear to be a sensible solution, so long as the drunk or the pervert is still recognized as a security risk and no bars are let down.

4. Persons accused of disloyalty should have the right to confront and cross-examine the witnesses against them, whenever it may be done without harm to the national security. This exception is extremely important. In elaborating it, the Commission makes it clear that secret Government security agents should not be identified, thereby destroying their usefulness. For the same reason, FBI files and other documents should have the same protection, the recent Supreme Court ruling notwithstanding.

5. Overclassification of Government documents can be a threat to the Nation when it retards the free flow of information on which progress depends. Therefore, the Commission recommends abolishing the "confidential" classification of documents, leaving only "secret" and "top secret." But it also recommends vigorous prosecution of persons outside of Government who willfully disclose such information.

6. Stronger security programs should be set up to govern seaports and airports, including screening of all civilian crewmen on international flights.

7. The control of visas, except those for diplomatic and official passports, should be under the Department of Justice instead of the Department of State. This makes sense. Control of travel, such as banning newsmen from Red China, is justifiable for security reasons but not as an instrument of foreign policy.

In all its recommendations, the Commission followed this principle: Safeguarding the rights of the individual is a vital part of a security program, because public confidence in the fairness of the Government is the most important security factor of all.

The Commission has done a remarkable job of following that principle without weakening in any way our protection against the disloyal. Congress should give its recommendations careful, sympathetic, and nonpolitical consideration.

The PRESIDING OFFICER. Is there further morning business?

Mr. BIBLE. Mr. President, if there is no further morning business, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McNamara
Allott	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Hayden	Mundt
Bennett	Hickenlooper	Murray
Bible	Hill	Neuberger
Bricker	Holland	O'Mahoney
Bush	Humphrey	Potter
Butler	Ives	Purtell
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Tex.	Saltonstall
Carroll	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Church	Knowland	Sparkman
Cooper	Kuchel	Stennis
Cotton	Langer	Symington
Curtis	Lausche	Talmadge
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Mansfield	Wiley
Ellender	Martin, Iowa	Williams
Ervin	Martin, Pa.	Yarborough
Flanders	McClellan	

The PRESIDING OFFICER. A quorum is present.

CONSTRUCTION OF CERTAIN WORKS OF IMPROVEMENT IN THE NIAGARA RIVER

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed, and the Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2406) to authorize the construction of certain works of improvement in the Niagara River for power and other purposes.

CIVIL RIGHTS

The Senate resumed the consideration of the motion of Mr. KNOWLAND that the Senate proceed to the consideration of the bill (H. R. 6127) to provide means of further securing and protecting the civil rights of persons within the jurisdiction of the United States.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] that the Senate proceed to the consideration of H. R. 6127, the Civil Rights Act of 1957.

Mr. McNAMARA. Mr. President——

The PRESIDING OFFICER. The Senator from Michigan.

Mr. McNAMARA. Mr. President, I shall address myself to the civil-rights matter only briefly today. I expect to speak in more detail after the Senate has voted on Tuesday to consider the civil-rights bill.

My colleagues may recall that last Thursday I sent to the President a telegram urging him immediately to stifle the many reports of attempted compromise on this bill. I asked him to reaffirm publicly his strong support of the proposed legislation, which has already passed the House with such overwhelming confirmation. As yet, I have not been favored with a reply from the President—either directly or through the public statement which I requested.

We are informed through the minority leader, who has met with the President, that the President is standing firm. With all due respect to the distinguished minority leader, however, I think this is a matter of such great importance that the people are entitled to hear directly from the President.

We are also told on this floor that any talk of compromise is premature and inaccurate. The distinguished majority leader informs us that he does not know of any participants on either side who are talking in terms of compromise.

I have no reason to doubt the statement of the majority leader. I am somewhat surprised, however, that the majority leader, who is usually so remarkably attuned to the official and unofficial activities of the Senate, has thus far been spared the compromise chatter which is certainly in evidence.

Those of us on both sides of the aisle who support the proposed legislation, word by word and section by section, are confident that the compromise talk is just one sided. That is not to say that there is no room for compromise in the legislative process.

But, Mr. President, the civil-rights bill is not even before the Senate for debate on its merits.

What is behind this talk of compromise? It is obvious to me that the principal motive of the compromise seekers is to "gut" this bill of any effectiveness. However, we know that the diehard opponents of this proposed legislation will vote against it—even if it is stripped down to the enacting clause by compromising amendments.

And the weapon they use is again "king filibuster." Their compromise feelers amount to proposals of appeasement—of surrender even before parliamentary debate begins—exacted by the threat that the debate will never end.

We are presented, in effect, with an ultimatum. The ultimatum is that the terms of the surrender must be written into amendments and agreed to now.

Obviously, the debate on the motion to take up the bill has been prolonged precisely for the purpose of prevailing on the majority—who favor a meaningful civil-rights bill—to accept the terms of its filibustering opponents or their go-betweens.

There was no need for the opponents of this bill to waste their lengthy and tediously prepared arguments on the merits of the bill even before the bill was before the Senate. In fact, this must appear to an outsider to be senseless strategy—as senseless as a lawyer detailing his defense even before the trial begins. But we know that the strategy is not senseless.

We know that they have cunningly planned every step, that while this debate continues we are permitted an occasional peek at their ultimate weapon—the filibuster. This is the weapon that the Senate must bury forever. Until it does, the Senate is only a parody of majority rule.

To allow the fresh air of a debate conducted under the terms of ultimate decision by majority rule to enter the Senate Chamber, the Senate and the American people need a decisive defeat of the filibuster.

When that happens there will be a new day of democracy.

No longer will the energies of some of our otherwise great Senators be devoted to making the Senate ring with negative arguments and extravagant statements.

No longer will we hear unworkable proposals for a national referendum—which would bind no one and in which many citizens could not participate.

No longer will we hear claims that the Constitution demands a jury trial for contempt prosecutions, when in fact the Supreme Court has many times ruled to the contrary.

No longer will we hear moderate legislation attacked as creating an American Gestapo state.

I agree with the opponents of this proposed legislation that to pass the pending bill has a significance far beyond its terms.

But our explanations of this significance differ.

If Congress can enact the first civil-rights bill in almost 90 years, and the Senate filibuster can be broken, the power of civil-rights obstructionists will be on the way out.

A new era may dawn in the Nation and in the South.

Instead of Congressional manifestos against school integration—Congressional invective against the Negro's right to vote, and all the other destructive and negative efforts, we may see for the first time real cooperation between the North and South to improve race relations in the United States.

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

Mr. McNAMARA. I am glad to yield to my distinguished colleague, the Senator from Illinois.

Mr. DOUGLAS. First, may I congratulate the Senator from Michigan for his very able and forthright statement. In our fellowship with the Senator from Michigan we have all recognized the fact that he both acts and talks without bluff and without guff. His statement this morning bears out our knowledge of him.

I was impressed, as I always am, with the statement of the Senator from Michigan that the present civil-rights bill is a moderate bill. Is is not true that this civil-rights bill does not include any antilynching features?

Mr. McNAMARA. It certainly is.

Mr. DOUGLAS. Although in years past antilynching bills have been debated, and upon occasion nearly passed by the Senate.

Mr. McNAMARA. The Senator is correct.

Mr. DOUGLAS. Is it not true that this bill does not include any Fair Employment Practices Act?

Mr. McNAMARA. That is most certainly true.

Mr. DOUGLAS. Although 10 years ago that was sought. I believe the distinguished Senator from New Mexico [Mr. CHAVEZ] led the fight for such a bill in the senatorial sessions of 1946.

Mr. McNAMARA. I am sure that is true, according to the RECORD.

Mr. CHAVEZ. Mr. President, if the Senator will yield to me, the RECORD will show that 48 of the 96 Senators voted for FEPC on that occasion.

Mr. DOUGLAS. But such a provision is not included in the present bill?

Mr. McNAMARA. No; it is not. Furthermore, there is no demand in the present bill for the enforcement of the provisions of the Constitution which require a reduction in the representation in the House of Representatives of States that deny groups of their citizens an opportunity to vote. That provision has not been included.

There are many other things which might be enumerated.

Mr. DOUGLAS. The Senator from Michigan has made a very significant statement, because, as we all know, the second section of the 14th amendment to the Constitution of the United States provides that if any State debars any significant portion of its population from voting it is then in the power of Congress to reduce the representation of that State in the House of Representatives.

Mr. McNAMARA. The Senator is correct.

Mr. DOUGLAS. Is it not true that we who are supporting this proposed legislation have, up until now, not included any such provisions in the bill we are advocating?

Mr. McNAMARA. That is certainly true. I agree with the emphasis on "up until now," because there is every indication that such provisions will be introduced if amendments go to the degree there is indicaton they will go at this time.

Mr. DOUGLAS. And is it not true that a number of Southern States have laws prohibiting associations from coming to the financial and legal aid of individuals who wish to have recourse to the injunctive process?

Mr. McNAMARA. I am advised that there are many instances where such occurrences have taken place.

Mr. DOUGLAS. So, in effect, unless the Federal Government is authorized to move in and give aid in these cases, these individuals will have to conduct their cases with their own finances and on their own initiative.

Mr. McNAMARA. That is correct.

Mr. DOUGLAS. Since those individuals are weak and poor, does it not follow that they will be unable to carry on and have recourse to the law?

Mr. McNAMARA. That has been the experience, long since.

Mr. DOUGLAS. And, therefore, the doors of the law will be closed, in effect, to those who seek recourse.

Mr. McNAMARA. Our experience so indicates.

Mr. DOUGLAS. If the proposal to strip the Federal Government of any power to initiate action is approved, the Federal Government will be prevented from taking part.

Mr. McNAMARA. The Senator is correct.

Mr. RUSSELL. Mr. President, will the Senator yield to me?

Mr. McNAMARA. I am glad to yield to my distinguished colleague, the Senator from Georgia.

Mr. RUSSELL. The Senator stated that it was true that Southern States had passed laws which would prohibit the National Association for the Advancement of Colored People from being a party to a suit. Would the Senator cite that statute?

Mr. McNAMARA. I do not think there was any reference made, in the instance mentioned by the Senator from Illinois [Mr. DOUGLAS], to the National Association for the Advancement of Colored People. The Senator was talking about citizens generally.

Mr. RUSSELL. The Senator referred to the associations that had been prosecuting these suits. I did not think there was any Member of the Senate who had the slightest doubt as to what organization the Senator was referring.

Mr. McNAMARA. I am sure the Senator could document it.

Mr. RUSSELL. I should like to have a citation of the law. I do not say there is not any such law, but I have never heard of it.

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

Mr. McNAMARA. The Senator raised the question, so I am happy to yield.

Mr. DOUGLAS. Since the Senator from Georgia has raised a question about the matter, I will place in the RECORD at a later hour of the day the list of the statutes of the Southern States which in effect bar outside organizations from participating in the legal defense of individuals or assisting in the financing of such actions.

Mr. RUSSELL. I am familiar with some of the laws which were aimed at preventing barratry, at preventing an outside organization from employing persons to let them use the names of such persons as litigants in a suit; but if there is any act which has been passed which would prevent such organizations from filing suits, I would certainly like to see it, because the act would be clearly unconstitutional.

Mr. McNAMARA. The Senator from Illinois advises us that he can provide the material, and that he proposes to insert it in the RECORD.

Mr. RUSSELL. Mr. President, will the Senator indulge me for one moment?

Mr. McNAMARA. I am glad to yield further.

Mr. RUSSELL. The Senator has said, in response to a question which was raised by the Senator from Illinois, that these organizations were poor and had no funds. I am sure that the Senator from Michigan is familiar with the fact that this organization has had considerable funds.

Mr. McNAMARA. As I understood the Senator——

Mr. RUSSELL. The Senator from Michigan is one of the great leaders in the labor movement in this country. He must know that the labor organization—I have forgotten which one it was; whether it was the CIO or the joint organization—has contributed the sum of $100,000 to the National Association for the Advancement of Colored People, I think in each of the last 2 years, such a sum would make it possible to employ quite a number of lawyers, particularly when the association referred to has a large number of volunteer lawyers.

In that field I am sure the Senator likewise is familiar with the fact that there were members of the union organization in the Southern States who wished to protest the use of their dues for this purpose, and that several thousand of them signed a petition addressed to the head of the organization—I have forgotten whether it was Mr. Reuther or Mr. McDonald. They besought him and petitioned him not to permit the use of their dues for this purpose, because they did not feel that they should be contributing to lawsuits of which they did not approve.

Does not the Senator know that this humble petition was spurned by the head of the union involved, and that a picture appeared in the union's publication showing that the registered letter from members of the organization was returned unopened?

The Senator knows that the humblest citizen of the United States, whether he pays taxes or not, has the right to petition his Government in any case of this kind. However, it is a sad commentary on the democratic processes of the labor union involved that the head of that union would not even receive a petition which was signed by several thousand dues-paying members of that organization, imploring that their funds be not expended for this purpose.

If there has been any lack of funds available to this organization to bring lawsuits, it has not come to my attention. It receives substantial contributions from some of our labor organizations, and from a number of other groups, and it has been most successful in bringing lawsuits wherever it desired to bring them.

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

Mr. McNAMARA. I wish to respond briefly, following which I shall be glad to yield to the Senator from Illinois, since the remarks of the Senator from Georgia applied generally to the statements by the Senator from Illinois.

Let me state, first, that I am flattered by the label which the Senator from Georgia applies to me, of being one of the great labor leaders of the country.

Mr. RUSSELL. I so consider the Senator.

Mr. McNAMARA. Nothing could be further from the truth. I have never been employed by a labor organization in my home State.

Mr. RUSSELL. I thought the Senator had occupied a position of leadership somewhere along the line.

Mr. McNAMARA. I have been a nonpaid local union official, devoting about an hour and a half or 2 hours a month to the particular office, which was that of chairman of the rank-and-file meeting. I am flattered by the title the Senator gives me, but I assure him that I do not qualify.

I know nothing of the charges which the Senator from Georgia makes with respect to the registered letter to which reference has been made. I am not familiar with these cases in detail.

Mr. RUSSELL. I have the paper and the picture in my office, and I shall endeavor to locate them and bring them to the Senator's attention.

Mr. McNAMARA. As to the substantial sums of money allegedly being made available by labor organizations in this field to certain organizations other than labor organizations, I know nothing of it. I wished to keep the RECORD straight in that regard. I understood that the statement on the part of the Senator from Illinois to which the Senator from Georgia referred was one dealing with individuals. The Senator from Illinois referred to the economic plight of individuals who have to take such cases into court on an individual basis. He was not referring to organizations.

Mr. RUSSELL. I will refer to the RECORD, and a reading back of the RECORD, to see if the Senator from Illinois, in the question he propounded to the Senator from Michigan, did not refer to such organizations as being poor.

Mr. McNAMARA. I shall be glad to yield to the Senator from Illinois. I am

sure he can answer the Senator's question.

Mr. DOUGLAS. Mr. President, I think the Senator from Georgia did not have his usual acute hearing when he was listening to the remarks of the Senator from Illinois. What I said was that the individual Negroes who are disenfranchised do not have the financial resources to enable them to employ lawyers and prosecute suits themselves; also that by certain laws which are being enacted in increasing measure in the Southern States, outside organizations which might have such resources are prohibited from going to their aid. Now it is proposed that the Federal Government shall not go to their aid, and that those people, who suffer most and who are least able to protect themselves, are to have thrown upon them the sole burden. This, I think, is a very strong argument why the Federal Government should have the power to seek injunctions to protect the constitutional and legal rights of individuals.

Mr. McNAMARA. That was the query, as I understood it.

Mr. RUSSELL. I shall not challenge the statement as to what the Senator from Illinois said, if both Senators agree. If that be true, I confess—though I shall refer to the original RECORD—that my hearing may have been bad in that instance.

However, while we are in this field, I point out that there are a number of criminal statutes available dealing with these subjects, and that anyone may go to the United States district attorney and seek an information or a warrant for any violators. This involves no expense. I know it will be said that that would be a futile gesture, that it would not amount to anything, that one could not obtain a warrant, that if he did obtain a warrant the grand jury would not indict, and that if the grand juries did their duty and indicted, jurors would forswear themselves and not convict for violation of such criminal statutes.

Mr. McNAMARA. I wish to point out that it is the Senator from Georgia who is saying that. Those are not my words. He is trying to put them in my mouth, but that is not the way I feel about it.

Mr. RUSSELL. I did not try to put words in the Senator's mouth.

Mr. McNAMARA. I happen to have the floor, and I have the right to assume that the Senator's remark applies to me personally.

Mr. RUSSELL. That remark was made in the course of general debate. I am glad to absolve the Senator from Michigan of any responsibility in connection with that statement. I said that I assumed that that would be the argument which would be made. What I am asking is that there be brought forward a list of instances in the district courts, in which the district attorney has failed to investigate, or in which grand jurors have failed to indict on substantial evidence, or in which, when an indictment was found, jurors have forsworn themselves in the type of Federal cases we are now discussing.

Mr. McNAMARA. Mr. President, I yield the floor.

Mr. DOUGLAS subsequently said: Mr. President, this morning, at the conclusion of the very able speech of the Senator from Michigan [Mr. McNAMARA], I mentioned the fact that a number of Southern States were making it extremely difficult for individual persons whose constitutional rights are violated to secure any outside support for the institution of legal proceedings to protect their rights. This statement was questioned by the very able and distinguished senior Senator from Georgia, and a colloquy then ensued in which I stated it was my intention later in the day to ask unanimous consent that there be inserted in the RECORD the State statutes to which I referred.

I have now assembled statutes for five States and have prefaced them with an analysis both of the general situation and of the respective laws.

I now ask unanimous consent that this collection of material be inserted in the RECORD following the point where the distinguished Senator from Michigan stated that he yielded the floor.

I may say also that shortly before 6 o'clock I telephoned to the office of the Senator from Georgia [Mr. RUSSELL] that I intended to introduce this material, and invited him, or one of his representatives, to come to the floor to inspect it and to make any reply he might care to make.

I therefore wish to add a second unanimous-consent request.

I see now that the Senator from Georgia [Mr. RUSSELL] has come to the floor. I was going to say that if the Senator from Georgia were not present I hoped he would be privileged to make such statement as he cared to make. I see he is now present on the floor. It will not be necessary for me to make my request.

I may explain to the Senator from Georgia that I have just asked unanimous consent that the statutes of a number of States be inserted in the RECORD at the conclusion of the point where the Senator from Michigan yielded the floor. The statutes are from the following States: Georgia, Mississippi, South Carolina, Virginia—there are several statutes from Virginia—and Tennessee.

As I mentioned this morning, State Senator Engelhardt has proposed a somewhat similar statute for Alabama, but I believe that has not yet been passed.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there objection to the unanimous consent request?

Mr. RUSSELL. Mr. President. I know the zeal with which the Senator from Illinois pursues this matter, but I certainly think even he would be willing to let me pursue a study of the statutes before delving into a discussion.

Mr. DOUGLAS. I did not intend to enter into a discussion.

Mr. RUSSELL. I shall be glad to read them in the CONGRESSIONAL RECORD. I certainly have no objection to having the Senator have all of them printed in the RECORD. I shall take occasion to read them. If I think comments are warranted, I shall make comments on the floor.

Since the Senator is having the material printed in the RECORD at the conclusion of the remarks of the distinguished Senator from Michigan, I should like to point out for the RECORD that although it is an appropriate proceeding, several hours have elapsed, so that I have not been negligent in availing myself of an opportunity to read these statutes, and I may and refer to them, if I wish to do so.

Mr. DOUGLAS. Mr. President, I will go further. I ask unanimous consent that the Senator from Georgia, if he wishes to make a statement before the RECORD is printed tomorrow morning, be granted permission to have the statement printed immediately following these documents.

Mr. RUSSELL. No.

Mr. DOUGLAS. So that there will be no intervening period between the point at which I introduced these documents and the reply of the Senator from Georgia.

Mr. RUSSELL. I thank the Senator for his courtesy. I realize the zeal with which the Senator pursues this matter, but I will follow the usual course of events in the Senate. If I desire to make an observation on the subject I shall do so in due season, on another calendar day.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois [Mr. DOUGLAS]? The Chair hears none, and it is so ordered.

SUPPLEMENTARY DATA

A recent pamphlet entitled "Assault Upon Freedom of Association" includes a very comprehensive survey of the accelerating attacks upon an organization, the National Association for the Advancement of Colored People, which seeks to protect and vindicate civil rights of colored people. This excellent report was prepared and published by the American Jewish Congress and is a major contribution to an understanding of the situation which is developing.

Among the many new restrictions surveyed in this remarkable study are those aimed at the rights to initiate legal proceedings. The study characterizes these as follows:

6. Antibarratry laws: The antibarratry statutes are a peculiarly reckless attack on an accepted feature of our society. The laws adopted in Georgia, Mississippi, South Carolina, Tennessee, and Virginia barring support of lawsuits by persons or organization not having a direct interest in them were aimed specifically at suits sponsored or supported by the NAACP. They were motivated by the fact that the NAACP was the chief protagonist in the struggle to translate into reality the principles enunciated in the Supreme Court's anti-segregation decisions. But these statutes jeopardize effective enforcement of all constitutional guaranties, not merely the guaranty of equal treatment. Indeed, they make it difficult to challenge any law that the legislature sees fit to enact.

This was aptly pointed out in a letter to the Washington Post and Times Herald of February 25, 1957, that is worth quoting in full:

"When Virginia announced that it would tax the civil service widows' annuity, it was fine to read of the many generous offers to share in the legal expenses involved in fighting the ruling. I wonder how many of these people realized that under the legislation recently passed by the Virginia Legislature,

any person or organization taking up a collection for such a person would first have to register with the State and be prepared to file a great deal of detailed information?

"I wonder how many more realized that even if money were collected thus legally, any Virginia lawyer who took the case and accepted part of his fees from persons not connected by blood or by direct pecuniary interest in the particular case at issue would be guilty of barratry and subject to disbarment? This legislation, of course, was aimed at the NAACP. It is interesting that so soon after it was passed a situation should have arisen which points out so clearly the foolish restrictions which it imposes on the liberties of all of us."

The study likewise makes reference in somewhat greater detail to the characteristics of the new so-called antibarratry laws in the individual States as follows:

GEORGIA

"The legislature, which met in January 1957, * * * adopted an antibarratry law imposing severe penalties on anyone 'who seeks out and proposes to another person that they present and urge a suit against another person, the State of Georgia, the United States, or any other legal entity.' The obvious aim is to lay the NAACP and its officials open to prosecution if they make any move to suggest action by parents of Negro schoolchildren to end segregation."

The text of the statute is as follows:

"Act No. 514 (House bill No. 475) of the 1957 regular session of the Georgia General Assembly

"Act No. 514

"An act to define, for the purposes of this act, the crime of barratry; to define the crime of conspiracy to commit barratry and provide a penalty therefor; to define the terms used in this act; to repeal conflicting laws; and for other purposes

"Be it enacted, etc.—

"SECTION 1. For the purposes of this act the crime of 'barratry' is hereby defined as any of the following:

"1. Any person who shall frequently engage in exciting and stirring suits and quarrels between individuals, or between an individual and the State, or between an individual and any legal entity, either at law or otherwise, shall be guilty of the crime of barratry.

"2. Any person who commits an act tending to breach the peace, with the purpose of or intention of such act resulting in a suit or litigation, either civil or criminal, shall be guilty of the crime of barratry.

"3. Any person who seeks out and proposes to another person that they present and urge a suit against another person, the State of Georgia, the United States, or any other legal entity, shall be guilty of the crime of barratry.

"4. Any person who counsels, proposes, encourages, aids, or assists another in the commission of acts tending to breach the peace, with the purpose of, or intention of such acts resulting in litigation between individuals or an individual and the State or an individual and any legal entity shall be guilty of the crime of barratry.

"SEC. 2. If two or more persons conspire, confederate, or agree to commit the crime of barratry, and one or more of such persons do any act to effect the object of the conspiracy, each shall be guilty of a misdemeanor and on conviction thereof shall be punished as prescribed by law.

"SEC. 3. The term 'person' and the term 'individual' are hereby declared to include a corporation, whether profit or nonprofit, and associations.

"SEC. 4. In the event any section, subsection, sentence, clause, or phrase of this act shall be declared or adjudged invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsections, sentences, clauses, or phrases of this act, which shall be and remain in full force and effect, as if the section, subsection, sentence, clause, or phrase so declared or adjudged invalid or unconstitutional was not originally a part thereof. The legislature hereby declares that it would have passed the remaining parts of this act if it had known that such part or parts thereof would be declared or adjudged invalid or unconstitutional.

"SEC. 5. All laws and parts of laws in conflict with this act are hereby repealed."

MISSISSIPPI

"The 1956 legislature also took other steps to frustrate attacks by organizations on its segregated school system. In February 1956 it adopted a law purportedly designed to ban promotion of lawsuits by persons or groups having no legitimate interest in them. The law states that no person or organization may promise, give, offer, receive, accept, solicit, or donate money for the purpose of inducing a person to bring a proceeding in a court or before an administrative body. This has the same aim as the Georgia statute already described."

The text of the statute is as follows:

"House bill No. 33 of the 1956 regular session of the Mississippi Legislature

"(This bill was signed by the Governor on February 20, 1956.)

"House Bill No. 33 (as Passed by House)

"An act to prohibit the fomenting and agitation of litigation; to prohibit the solicitation, receipt, or donation of funds for the purpose of filing or prosecuting lawsuits; to define maintenance; to provide a penalty for any violation hereof; and for other related purposes

"Be it enacted, etc.—

"SECTION 1. It shall be unlawful for any person, firm, partnership, corporation, group, organization, or association, either incorporated or unincorporated, either before or after proceedings commenced;

"(1) to promise, give, or offer, or to conspire or agree to promise, give, or offer,

"(2) to receive or accept, or to agree or conspire to receive or accept,

"(3) to solicit, request, or donate, any money, bank note, bank check, chose in action, personal services or any other personal or real property, or any other thing of value, or any other assistance as an inducement to any person to commence or to prosecute further, or for the purpose of assisting such person to commence or prosecute further, any proceeding in any court or before any administrative board or other agency of the State of Mississippi, or in any United States court located within the said State; provided, however, this section shall not be construed to prohibit the constitutional right of regular employment of any attorney at law or solicitor in chancery, for either a fixed fee or upon a contingent basis, to represent such person, firm, partnership, corporation, group, organization, or association before any court or administrative agency.

"SEC. 2. Any person violating any of the provisions of section 1 of this act shall be guilty of maintenance and, upon conviction thereof, shall be punished by imprisonment for 1 year in the State pentitentiary.

"SEC. 3. Every person who commences or prosecutes or assists in the commencement or prosecution of any proceeding in any court or before any administrative agency in the State of Mississippi, or who may take an appeal from any such rule, order, or judgment thereof, shall, on motion made by any of the parties of such proceedings or by the court or agency in which such proceeding is pending, file with such court or agency, as a condition precedent to the further prosecution of such proceeding, the following affidavit:

"I, (name), petitioner (or complainant, plaintiff, appellant, or whatever party he may be) in this matter, do hereby swear (or affirm) that I have neither received, nor conspired to receive, any valuable consideration or assistance whatever as an inducement to the commencement or further prosecution of the proceedings in this matter.

"(Signature of Affiant.)

"Affiant.

"Sworn to and subscribed before me on this, the (date) of (month), 19 (year).

"(Signature of official),

"(Title of official.)

"In the case of any firm, corporation, group, organization, or association required to make the above affidavit, such affidavit shall be made by the person having custody and control of the books and records of such firm, corporation, group, organization, or association.

"SEC. 4. Every attorney representing any person, firm, partnership, corporation, group, organization, or association in any proceeding in any court or before any administrative agency in the State of Mississippi, or who may take an appeal from any rule, order, or judgment thereof, shall, on motion made by any of the parties to such proceeding, or by the court or agency in which such proceeding is pending, file, as a condition precedent to the further prosecution of such proceeding, the following affidavit:

"I, (name), attorney representing (name of party), petitioner (or complainant, plaintiff, appellant, or whatever party he may be) in this matter, do hereby swear (or affirm) that neither I nor, to the best of my knowledge and belief, any other person, firm, partnership, corporation, group, organization, or association has promised, given, or offered, or conspired to promise, give, or offer, or solicited, received, or accepted any valuable consideration or any assistance whatever to said (name of party) as an inducement to said (name of party) to the commencement or further prosecution of the proceedings herein.

"(Signature of Affiant.)

"Affiaint.

"Sworn to and subscribed before me on this, the (date) day of (month), 19 (year).

"Signature of official),

"(Title of official.)

"Provided, however, That if, on motion made, such affidavits are promptly filed, the failure in the first instance to have filed same shall not constitute grounds for a continuance of such proceedings.

"SEC. 5. Every person or attorney who shall file a false affidavit shall be guilty of perjury and shall be punished as provided by law. Every attorney who shall file a false affidavit, or who shall violate any other provision of this act, upon final conviction thereof shall also be disbarred by order of the court in which convicted. Any attorney who shall file a false affidavit or violate any other provision of this act, and who is not a member of the Mississippi bar, shall, in addition to the other penalties provided by this act, be forever barred from practicing before any court or administrative agency of this State.

"SEC. 6. No person shall be excused from attending or testifying or producing evidence of any kind before a grand jury, or before any court, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of the provisions of this act on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture. But no person shall be prosecuted or subject to any penalty or forfeiture for, or on account of, any transaction, matter, or thing, concerning which he may be required to testify or produce evidence, documentary or otherwise, before the

grand jury or court or in any cause or proceeding: *Provided*, That no person so testifying shall be exempt from prosecution or punishment for perjury in so testifying. Any person who shall neglect or refuse to so attend or testify, or to answer any lawful inquiry, or to produce books or other documentary evidence, if in his power to do so, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine or not less than $100 nor more than $1,000, or by imprisonment for not more than 180 days, or by both such fine and imprisonment.

"SEC. 7. *Provided, however*, That the provisions of this act shall not be applicable to attorneys who are parties to contingent fee contracts with their clients where the attorney does not pay or protect the client from payment of the costs and expenses of litigation, nor shall this act apply to suits pertaining to or affecting possession of or title to real or personal property, nor shall this act apply to suits involving the legality of assessment or collection of taxes, nor shall this act apply to suits involving rates or charges by common carriers or public utilities, nor shall this act apply to criminal prosecutions nor to the payment of attorneys by legal-aid societies approved by the Mississippi State bar.

"Nothing in this act is intended to be in derogation of the constitutional right of real parties in interest to employ counsel or to prosecute any available legal remedy; the intent, as herein set out, is to prohibit and punish, more clearly and definitely, champerty, maintenance, barratry, and the solicitation or stirring up of litigation, whether the same be committed by licensed attorneys or by others who are not real parties in interest to the subject matter of such litigation.

"SEC. 8. If any section, subsection, clause, phrase, or requirement of this act is for any reason held to be unconstitutional, void, or unenforcible, such decision shall not affect the validity of the remaining portions.

"SEC. 9. This act shall take effect and be in force from and after its passage."

A further Mississippi statutory restriction was described in the study in the following words:

"Mississippi has also acted to prevent out-of-State lawyers from representing Mississippi clients. Under a law adopted in April 1956, an out-of-State attorney who wishes to plead in the Mississippi courts must, if his qualifications are challenged, convince the State board of bar admissions that he is of good professional standing and character. The State board may ask the attorney to what organizations he has belonged or contributed money in the past 5 years. In practice, the board could and probably would bar any attorney admitting membership in the NAACP. Thus, not only in desegregation cases, but in proceedings brought against the NAACP itself, the association's legal staff would be kept from appearing."

"House Bill No. 35

"An act to declare the public policy of the State of Mississippi in regard to the practice of law; to establish the requirements for admission of attorneys or counsellors at law of other States to appear or plead in any special cause in any court in Mississippi or before any administrative agency thereof; to provide for the punishment of any violation thereof; to repeal section 8666, Mississippi Code of 1942; and for other related purposes.

"*Be it enacted, etc.*—

"SECTION 1. It is hereby declared to be the public policy of the State of Mississippi that the practice of law before any court or administrative agency is a matter of privilege and not a matter of right; and the grant or refusal of such privilege is solely within the discretion of the State board of bar admissions, subject to the limitations and conditions contained in this act.

"SEC. 2. Subject to the conditions hereinafter set out, any attorney or counsellor at law of another State, in good professional standing and of good moral character and familiar with the ethics, principles, practices, customs, and usages of the legal profession in the State of Mississippi may appear and plead in any special cause before any court or administrative agency in this State: *Provided, however*, That in so appearing such attorney or counsellor at law shall subject himself to the jurisdiction of the State board of bar admissions and shall consent to the application of the provisions of this act.

"SEC. 3. Upon petition of two members in good standing of the bar of any county of the State of Mississippi, not members of the same firm, representing that any attorney or counsellor at law of another State is appearing in any cause before any court or administrative agency of this State and raising the question of the qualifications of such attorney or counsellor at law as set out in section 2 hereof, the State board of bar admissions shall, or upon its own initiative may, make inquiry as to the professional standing, moral character, familiarity with the ethics, principles, practices, customs, and usages of the legal profession in the State of Mississippi of any such attorney or counsellor at law of another State and shall inquire as to such attorney's membership in or financial contributions to any incorporated or unincorporated organization during the preceding 5 years and inquiring as to such attorney's professional standing with his local bar and into the question of whether or not such attorney is familiar with and willing to abide by the ethics, principles, practices, customs, and usages of the legal profession in the State of Mississippi.

"SEC. 4. In conducting the inquiry referred to in the preceding section, the State board of bar admissions shall have authority to require the appearance of the attorney or counselor at law involved before it and shall have the power to subpena witnesses and require the production of evidence, oral and documentary, and issue appropriate process therefor, and to do any and all other things which may be required to determine fully and completely the facts as issued before it. After such hearing the State board of bar admissions shall make such determination as, in its opinion and sound discretion, is justified from the evidence before it and may permit or refuse to permit the said attorney or counselor at law to continue to appear and plead in such special cause.

"SEC. 5. The action or decision of the board of bar admissions in administering this act is hereby declared to be a judicial function and not administrative in character, and appeals from the decision of said board may be taken in accordance with the provisions of section 1195, Mississippi code of 1942, being chapter 245, laws of 1940.

"SEC. 6. Any attorney or counselor at law of another State who wilfully makes any false or misleading statement to said Board touching upon the matters under inquiry shall be guilty of perjury, shall be punished according to law upon conviction thereof, and the judgment of the court imposing such punishment shall, in addition, provide that such attorney or counselor at law shall be perpetually barred from practice before any court or administrative agency of this State.

"SEC. 7. Any such attorney or counselor at law of another State who shall appear or plead in any court or administrative agency in this State after his qualifications shall have been called into question by the petition hereinbefore mentioned or by the State board of bar admissions acting upon its own initiative and before having obtained an order from the said State board of bar admissions authorizing his appearance shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not less than $100 nor more than $1,000, or imprisoned in the county jail for not more than 6 months, or both such fine and imprisonment.

"SEC. 8. Section 8666, Mississippi Code of 1942, be and the same is hereby repealed.

"SEC. 9. If any paragraph, sentence, clause, phrase, or word of this act shall be held to be unconstitutional for any reason, such holding of unconstitutionality shall not affect any other portion of this act.

"SEC. 10. This act shall take effect and be in force from and after its passage.

"Approved April 5, 1956."

SOUTH CAROLINA

"Earlier, in February, the 1957 session of the South Carolina Legislature enacted and Governor Timmerman signed an anti-barratry law admittedly aimed at the NAACP or any other organization that fosters antisegregation suits. In detailed fashion, it prohibits anyone who has no direct or substantial interest from bringing an action or soliciting or inciting others to do so. Such persons are also prohibited from paying or receiving anything of value in connection with the action. Violators are subject to 2 years in jail or a $2,000 fine."

The text of the statute is as follows:

"An act of the 1957 session of the South Carolina General Assembly, approved February 8, 1957

"An act to define the crime of barratry and to provide penalties for the commission thereof

"*Be it enacted, etc.*—

"SECTION 1. Any person who shall willfully solicit or incite another to bring, prosecute, or maintain an action, at law or in equity, in any court having jurisdiction within this State, and who:

"(a) thereby seeks to obtain employment for himself or for another to prosecute or defend such action, or

"(b) has no direct and substantial interest in the relief thereby sought, or

"(c) does so with intent to distress or harass any party to such action, or

"(d) directly or indirectly pays or promises to pay any money or other thing of value to, or the obligations of, any party to such an action, or

"(e) directly or indirectly pays or promises to pay any money or other thing of value to any other person to bring about the prosecution or maintenance of such an action, or

any person who shall willfully bring, prosecute, or maintain an action, at law or in equity, in any court having jurisdiction within this State and who:

"(1) has no direct or substantial interest in the relief thereby sought, or

"(2) thereby seeks to defraud or mislead the court, or

"(3) brings such action with intent to distress or harass any party thereto, or

"(4) directly or indirectly receives any money or other thing of value to induce the bringing of such action, shall be guilty of the crime of barratry.

"SEC. 2. Any person convicted of barratry shall be forever barred from practicing law in this State.

"SEC. 3. As used in section 1 of this act, the term 'person' shall include corporations and unincorporated associations and the statutes and laws of this State pertaining to criminal liability and enforcement thereof against corporations shall apply to any unincorporated association convicted of barratry.

"SEC. 4. Any corporation or unincorporated association found guilty of the crime of barratry shall be forever barred from doing any business or carrying on any activity within this State, and in the case of a corporation, its charter or certificate of domestication, shall be summarily revoked by the secretary of state.

"SEC. 5. The crime of barratry shall be punishable by a fine of not more than $5,000 or by imprisonment of not more than 2 years, or both.

"SEC. 6. If any provision of this act or the application thereof to any person or circumstance is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

"SEC. 7. The provisions of this act are cumulative and shall not be construed as repealing any existing statute or the common law of this State with respect to the subject matter of any of the provisions hereof.

"SEC. 8. This act shall take effect upon its approval by the governor."

VIRGINIA

"The most elaborate, systematic and sophisticated attempt to frustrate NAACP activity has been made in Virginia. In September 1956, the Virginia Legislature adopted seven laws frankly designed to bring an end to all activities of the association in that State. These laws, which constitute chapters 31 to 37 of the acts of the special session of the 1956 General Assembly of Virginia, provide as follows:

"Chapter 31 requires any person who seeks to collect or spend funds for the purpose of initiating a legal proceeding to which he is not a party and in which he has no financial interest to submit certain information to the State corporation commission. In the case of an organization, this information includes copies of its charter and bylaws, the names and addresses of its officers, employees and members, identification of the sources of all moneys contributed to it and a listing of the expenses and locations of all its offices and branches. Since the NAACP is never the actual party in an integration suit and cannot have any financial interest in its outcome, it would be compelled to register in order to continue its court activities on behalf of integration. In registering, it would reveal the names of its members.

"Chapter 32 requires submission of the same kind of information by persons or groups promoting or opposing State legislation involving segregation and desegregation. It also applies to groups raising or spending money for litigation in behalf of any race or color. Groups which do nothing more than advocate desegregation must also register. Together, chapters 31 and 32 make it necessary for the NAACP to submit all the required information or cease all meaningful activities.

"Chapters 33 and 35 contain various provisions against barratry, running, and capping. In elaborate detail, the two statutes bar such activities as paying an individual to act as a plaintiff or merely seeking out plaintiffs and convincing them to bring suits. Chapter 36 forbids individuals or groups from promoting or even involving themselves in any suit against the State of Virginia or any of its agencies or officers in which they do not have a direct interest. Under this law, the NAACP could not help defray the fees of a private lawyer hired by an individual to prosecute an integration suit; nor could it offer professional advice to the lawyer on how to conduct the case. (In assessing the effect of these five laws, the hostility of southern tribunals must be kept in mind. Even if the NAACP were fully and legally registered, did not enter a case until invitation from the plaintiff himself and offered no compensation to the plaintiff for work lost, etc., it is not unlikely that southern juries would find some evidence of running, capping, champerty or other prohibited acts.)

"Finally, to take care of any loopholes remaining, chapters 34 and 37 of the 1956 acts created legislative investigating committees to probe, respectively, (1) the sufficiency of State laws against barratry, running, capping and other such legal abuses; and (2) groups seeking to influence or promote litigation involving racial activities."

The texts of the statutes 31 through 35, and 37, above referred to are as follows:

"Chapter 31

"An act to require individuals, partnerships, corporations, or associations who solicit funds to be used or who expend funds to finance or maintain litigation of others to file certain information with the State Corporation Commission; to prohibit solicitation of funds until such information has been filed; to provide penalties for violation; and to provide for injunctive relief from violations [H 59]

"Approved September 29, 1956.

"Be it enacted, etc.—

"1. SECTION 1. As used in this act the term 'person' shall mean any individual, partnership, corporation, or association, whether formally or informally organized. 'Party' shall include an amicus curiae.

"SEC. 2. No person shall engage in the solicitation of funds from the public or any segment thereof when such funds will be used in whole or in part to commence or to prosecute further any original proceeding, unless such person is a party or unless he has a pecuniary right or liability therein, nor shall any person expend funds from whatever source received to commence or to prosecute further any original proceeding, unless such person is a party or has a pecuniary right or liability therein, until any person shall first:

"(1) If a partnership, corporation, or association, file annually, in the month of January or within 60 days after the engaging in of any activity subject to this act, with the clerk of the State Corporation Commission (a) a certified copy of the charter, articles of agreement or association, bylaws or other documents, creating, governing, or regulating the operations of such partnership, corporation, or association if not of record in the office of the State Corporation Commission; (b) a certified list of the names and addresses of the officers, directors, stockholders, members, agents, and employees or other persons acting for or in behalf of such partnership, corporation, or association; (c) a certified statement showing the source of each and every contribution, membership fee, dues payment, or other item of income or other revenue of such partnership, corporation, or association during the preceding calendar year and if required by the State Corporation Commission the name and address of each and every person or corporation or association making any donation or contribution; (d) a certified statement showing in detail by each transaction the expenditures of such partnership, corporation, or association during the preceding calendar year, the objects for which made and any other information relative thereto required by the State Corporation Commission; and (e) a certified statement showing the locations of each office or branch of such partnership, corporation, or association, and the counties and cities in which it proposes to or does finance or maintain litigation to which it is not a party.

"(2) If an individual, file annually with the clerk of the State Corporation Commission (a) the home and each business address of such individual; (b) the name and address of any partnership, corporation, or association for whom such individual acts or purports to act; (c) the names and addresses of all directors and officers of any such partnership, corporation, or association; (d) a certified statement showing the source of each and every contribution, dues payment or membership fee collected by such individual during the preceding calendar year; and (e) a certified statement showing in detail by each transaction the expenditures made by such individual for the purpose of financing or maintaining litigation to which such individual is not a party.

"SEC. 3. If any individual shall violate any provisions of this act he shall be guilty of a misdemeanor and may be punished as provided by law. If any partnership, corporation, or association violates any provision of this act it may be fined not more than $10,000, and if a foreign corporation or association shall be denied admission to do business in Virginia, if not admitted, and if admitted, shall have its authority to do business in Virginia revoked.

"SEC. 4. Any individual, acting for himself or as an agent or employee of any partnership, corporation, or association, who shall file any statement, certificate, or report required by this act, knowing the same to be false or fraudulent, shall be guilty of a felony and punished as provided in sections 18-238 and 18-239 of the Code.

"SEC. 5. Any individual acting as an agent or employee of any partnership, corporation, or association in any activity in violation of this act shall be guilty of a misdemeanor and may be punished as provided by law.

"SEC. 6. Any court of record having civil jurisdiction shall have power to enjoin violations of this act. A violation shall be deemed to have occurred in any county or city in which any partnership, corporation, or association expends funds to commerce, prosecute or further any judicial proceeding to which it is not a party or in which it has no pecuniary right or liability, or in which county or city it solicits, accepts, or receives any money or thing of value to be used for such purpose, without having filed the information required in section 2, and the court or judge hearing the application shall have power to enjoin the violator from any violation of this act anywhere in this State.

"SEC. 7. In any case in which a citizen files a statement with the attorney general, alleging on information and belief that a violation of this act has occurred and the particulars thereof are set forth, the attorney general, after investigation and a finding that the complaint is well founded, shall institute proceedings in the circuit court of the city of Richmond for an injunction to restrain the violation complained of, and such court is hereby vested with jurisdiction to grant the same.

"SEC. 8. If a fine is imposed on any partnership, corporation, or association for violation of the provisions of this act, each director and officer of such corporation or association, each member of the partnership, and those persons responsible for the management or control of the affairs of such partnership, corporation, or association may be held jointly and severally personally liable for payment of such fine.

"2. An emergency exists, and this act is in force from its passage.

Chapter 32

"An act to promote interracial harmony and tranquillity and to that end to declare it to be the public policy of the State that the right of all people to be secure from interracial tension and unrest is vital to the health, safety, and welfare of the State; to require registration of persons and organizations engaged in promoting or opposing legislation in behalf of a race or color, or advocating racial integration or segregation or whose activities tend to cause racial conflicts or violence, or engaged in raising or expending funds for certain purposes in connection with litigation; to require the furnishing of certain information in connection therewith; to impose penalties for violations; to permit injunction in certain cases [H 60]

"Approved September 29, 1956.

"Be it enacted, etc.,

"1. SECTION 1. The continued harmonious relations between the races are hereby declared essential to the welfare, health, and safety of the people of Virginia. It is contrary to the public policy of the State to permit those conditions to arise between the races which impede the peaceful coexistence

of all peoples in the State, and it is the duty of the government of the State to exercise all available means and every power at its command to prevent the same so as to protect its citizens from any dangers, perils, and violence which would result from interracial tension and unrest and possible violations of article 2 of chapter 4 of title 18 of the Code of Virginia. It is, therefore, further declared that it is vital to the public interest that information to the extent and in the manner hereinafter provided be obtained with respect to persons, firms, partnerships, corporations, and associations whose activities are causing or may cause interracial tension and unrest.

"SEC. 2. Every person, firm, partnership, corporation, or association, whether by or through its agents, servants, employees, officers, or voluntary workers or associates, who or which engages as one of its principal functions or activities in the promoting or opposing in any manner the passage of legislation by the general assembly in behalf of any race or color, or who or which has as one of its principal functions or activities the advocating of racial integration or segregation or whose activities cause or tend to cause racial conflicts or violence, or who or which is engaged or engages in raising or expending funds for the employment of counsel or payment of costs in connection with litigation in behalf of any race or color, in this State, shall, within 60 days after the effective date of this act and annually within 60 days following the first of each year thereafter, cause his or its name to be registered with the clerk of the State Corporation Commission, as hereinafter provided: *Provided*, That in the case of any person, firm, partnership, corporation, association, or organization, whose activities have not been of such nature as to require it to register under this act, such person, firm, partnership, corporation, association, or organization, within 60 days following the date on which he or it engages in any activity making registration under this act applicable, shall cause his or its name to be registered with the clerk of the State Corporation Commission, as hereinafter provided: *And provided further*, That nothing herein shall apply to the right of the people peaceably to assemble and to petition the government for a redress of grievances, or to an individual freely speaking or publishing on his own behalf in the expression of his opinion and engaging in no other activity subject to the provisions hereof and not acting in concert with other persons.

"SEC. 3. At the time of such registration, the following information as to the preceding 12-month period shall be furnished under oath and filed in such clerk's office:

"If the registrant is an individual, firm, or partnership, the home and each business address of such individual or member of the firm or partnership, the source or sources of any funds received or expended for the purposes set forth in section 2 of this act, including the name and address of each person, firm, partnership, association, or corporation making any contribution, donation, or gift for such purposes; and an itemized statement of expenditures for such purposes in detail.

"If the registrant is a firm, partnership, corporation, association, or organization, the business addresses of the principal and all branch offices of the registrant; the purpose or purposes for which such firm, partnership, corporation, association, or organization was formed; if not already filed, a certified copy of the charter, articles of agreement or association, by-laws or other documents governing or regulating the operations of such firm, partnership, corporation or association; the names of the principal officers, the names and addresses of its agents, servants, employees, officers or voluntary workers or associates by or through which it carries on or intends to carry on the activities described in section 2 of this act in this State; a list of its stockholders or members in this State and their addresses; a financial statement showing the assets and liabilities of the registrant and the source or sources of its income, itemizing in detail any contributions, donations, gifts or other income, and from what source or sources received during the calendar year preceding such initial registration and each year thereafter; and a list of its expenditures in detail for the same period.

"SEC. 4. The clerk of the State corporation commission shall prepare and keep in his office the files containing the information required by sections 2 and 3. Such records shall be public records and shall be open to the inspection of any citizen at any time during the regular business hours of such office.

"SEC. 5. (a) Any person, firm or partnership who or which engages in the activities described in section 2 of this act without first causing his or its name to be registered and information to be filed as herein required shall be guilty of a misdemeanor and punished accordingly.

"(b) Any corporation, association or organization which shall engage in any activity described in section 2 of this act without first causing its name to be registered and information to be filed as herein required shall upon conviction be fined not exceeding $10,000.

"(c) Any person, acting for himself or as agent or employee of any firm, partnership, corporation or association, who shall file any statement, certificate or report required by this act, knowing the same to be false or fraudulent, shall be guilty of a felony and punished as provided in sections 18-238 and 18-239 of the Code.

"(d) When any corporation or association, upon conviction of violation of the provisions of this act, has been sentenced to payment of a fine, and has failed to promptly pay the same, both the corporation or association and each officer and director and those persons responsible for management or control of the affairs of such corporation or association may be held liable jointly and severally for such fine.

"(e) Each day's failure to register and file the information required by section 2 shall constitute a separate offense and be punished as such.

"SEC. 6. Any person, firm, partnership, corporation or association engaging in any activity described in section 2 of this act without complying with this act may be enjoined from continuing in any such activity described in section 2 of this act without complying with this act may be enjoined from continuing in any such activity by any court of competent jurisdiction.

"SEC. 7. In any case in which a citizen files a statement with the Attorney General alleging on information and belief that a violation of this act has occurred and the particulars thereof are set forth, the Attorney General after investigation and a finding that the complaint is well founded shall institute proceedings in the Circuit Court of the City of Richmond for an injunction to restrain the violation complained of, and such court is hereby vested with jurisdiction to grant the same.

"SEC. 8. If any one or more sections, clauses, sentences, or parts of this act shall be adjudged invalid, such judgment shall not affect, impair, or invalidate the remaining provisions thereof, but shall be confined in its operation to the specific provisions held invalid, and the inapplicability or invalidity of any section, clause, or provision of this act in one or more instances or circumstances shall not be taken to affect or prejudice in any way its applicability or validity in any other instance.

"SEC. 9. This act shall not apply to persons, firms, partnerships, corporations, or associations who or which carry on such activity or business solely through the medium of newspapers, periodicals, magazines, or other like means which are or may be admitted under United States postal regulations as second-class mail matter in the United States mails as defined in title 39, section 224, United States Code Annotated, and/or through radio, television or facsimile broadcast, or wire-service operations. This act shall also not apply to any person, firm, partnership, corporation, association, organization, or candidate in any political election campaign, or to any committee, association, organization, or group of persons acting together because of activities connected with any political campaign."

"Chapter 33

"An act to amend and reenact sections 54-74, 54-78, and 54-79 of the Code of Virginia, relating, respectively, to procedure for suspension and revocation of licenses of attorneys at law, and to running and capping (H. 61)

"Approved September 29, 1956.

"Be it enacted, etc.—

"1. That sections 54-74, 54-78, and 54-79 of the Code of Virginia be amended and reenacted as follows:

"Section 54-74: (1) Issuance of rule: If the supreme court of appeals, or any court of record of this State, observes, or if complaint, verified by affidavit, be made by any person to such court of any malpractice or of any unlawful or dishonest or unworthy or corrupt or unprofessional conduct on the part of any attorney, or that any person practicing law is not duly licensed to practice in this State, such court shall, if it deems the case a proper one for such action, issue a rule against such attorney or other person to show cause why his license to practice law shall not be revoked or suspended.

"(2) Judges hearing case: At the time such rule is issued the court issuing the same shall certify the fact of such issuance and the time and place of the hearing thereon, to the chief justice of the supreme court of appeals, who shall designate two judges, other than the judge of the court issuing the rule, of circuit courts or courts of record of cities of the first class to hear and decide the case in conjunction with the judge issuing the rule, which such two judges shall receive as compensation $10 per day and necessary expenses while actually engaged in the performance of their duties, to be paid out of the treasury of the county or city in which such court is held.

"(3) Duty of Commonwealth's attorney: It shall be the duty of the attorney for the Commonwealth for the county or city in which such case is pending to appear at the hearing and prosecute the case.

"(4) Action of court: Upon the hearing, if the defendant be found guilty by the court, his license to practice law in this State shall be revoked or suspended for such time as the court may prescribe: *Provided*, That the court in lieu of revocation or suspension, may, in its discretion, reprimand such attorney.

"(5) Appeal: The person or persons making the complaint or the defendant, may, as of right, appeal from the judgment of the court to the Supreme Court of Appeals by petition based upon a true transcript of the record, which shall be made up and certified as in actions at law.

"(6) 'Any malpractice, or any unlawful or dishonest or unworthy or corrupt or unprofessional conduct,' as used in this section, shall be construed to include the improper solicitation of any legal or professional business or employment, either directly or indirectly, or the acceptance of employment, retainer, compensation or costs from any person, partnership, corporation, organization or association with knowledge that such person, partnership, corporation, organization or association has violated any provision of article 7 of this chapter, or the failure, without sufficient cause, within a reasonable

time after demand, of any attorney at law, to pay over and deliver to the person entitled thereto, any money, security or other property, which has come into his hands as such attorney: *Provided, however,* That nothing contained in this article shall be construed to in any way prohibit any attorney from accepting employment to defend any person, partnership, corporation, organization, or association accused of violating the provisions of article 7 of this chapter.

"(7) Representation by counsel: In any proceedings to revoke or suspend the license of any attorney under this or the preceding section, the defendant shall be entitled to representation by counsel.

"Section 54–78. As used in this article.

"(1) A 'runner' or 'capper' is any person, corporation, partnership, or association acting in any manner or in any capacity as an agent for an attorney at law within this State or for any person, partnership, corporation, organization, or association which employs, retains, or compensates any attorney at law in connection with any judicial proceeding in which such person, partnership, corporation, organization, or association is not a party and in which it has no pecuniary right or liability, in the solicitation or procurement of business for such attorney at law or for such person, partnership, corporation, organization, or association in connection with any judicial proceedings for which such attorney or such person, partnership, corporation, organization, or association is employed, retained, or compensated.

"The fact that any person, partnership, corporation, organization, or association is a party to any judicial proceeding shall not authorize any runner or capper to solicit or procure business for such person, partnership, corporation, organization, or association or any attorney at law employed, retained, or compensated by such person partnership, corporation, organization, or association.

"(2) An 'agent' is one who represents another in dealing with a third person or persons.

"Section 54–79: It shall be unlawful for any person, corporation, partnership, or association to act as a runner or capper as defined in section 54–78 to solicit any business for an attorney at law or such person, partnership, corporation, organization, or association, in and about the State prisons, county jails, city jails, city prisons, or other places of detention of persons, city receiving hospitals, city and county receiving hospitals, county hospitals, police courts, county courts, municipal courts, courts of record, or in any public institution or in any public place or upon any public street or highway or in and about private hospitals, sanitariums or in and about any private institution or upon private property of any character whatsoever.

"2. An emergency exists and this act is in force from its passage.

"Chapter 34

"An act to create a joint committee of the General Assembly to study and report upon the administration and enforcement of certain statutes; to prescribe the powers of such joint committee; to provide for the selection, terms of office and compensation of the members of such committee; and to require reports from the committee to the General Assembly [H 62]

"Approved September 29, 1956.

"*Be it enacted, etc.*—

"1. SECTION 1. There is hereby created a joint committee of the General Assembly to be known as the Committee on Offenses Against the Administration of Justice, hereinafter referred to as joint committee. Such joint committee shall investigate and determine the extent and manner in which the laws of the Commonwealth relating to the administration of justice are being administered and enforced and shall specifically direct its attention to the administration and enforcement of those laws relating to champerty, maintenance, barratry, running and capping and other offenses of any other nature relating to the promotion or support of litigation by persons who are not parties thereto. The joint committee shall be composed of 5 members to be selected as follows: 3 of the members shall be appointed by the Speaker of the House of Delegates from the membership of the House Committee for Courts of Justice and 2 of the members shall be appointed by the President of the Senate from the membership of the Senate Committee for Courts of Justice. Members shall serve on the joint committee during the effective period of this act; the presiding officer of each house shall have the power to fill vacancies occurring on the joint committee. The joint committee shall meet at least once in each 3 month period and oftener on call of the chairman or a majority of the members. The members of the joint committee shall receive the same salary and expenses for each day spent in the performance of their duties as is allowed under sections 14–29.1 and 14–5 of the Code of Virginia, respectively, to be paid from the contingent fund of the General Assembly together with any other expenses incurred by the joint committee. The joint committee is hereby specifically vested with the powers and duties conferred upon committees of the General Assembly by section 30–10 of the Code of Virginia and any other provisions of law under which powers are conferred upon committees of the General Assembly. In addition to the foregoing powers, the joint committee shall be empowered to administer oaths and examine witnesses and may employ counsel to assist in its investigations. The joint committee may, in addition to the procedure provided in section 30–10 of the Code of Virginia, compel attendance of witnesses or production of documents by motion made before the circuit or corporation court having jurisdiction of the person or documents whose attendance or production is sought. The court, upon such motion, shall issue such subpenas, writs, processes, or orders as the court deems necessary.

"SEC. 2. All officers and agencies of the State shall assist the joint committee in the discharge of its duties.

"SEC. 3. The joint committee shall have plenary power to oversee the administration and manner of enforcement of the several statutes set forth in section 1 thereof, and, not later than sixty days preceding the next regular session of the General Assembly, it shall make a written report to the General Assembly upon the administration and method of enforcement of said statutes and shall set forth in its report its findings and recommendations and drafts of any amendatory legislation the joint committee deems desirable.

"2. This act shall be effective until the convening of the next regular session of the General Assembly.

"3. An emergency exists and this act is in force from its passage."

"Chapter 35

"An act to define the crime of barratry; to define certain terms; to prohibit barratry and to provide penalties for persons found guilty thereof; to prohibit aiding and abetting barrators; to authorize certain courts of record to enjoin barratry and to prescribe the officers who may bring suits therefor; to provide that conduct prohibited by the act shall constitute unprofessional conduct and be grounds for revocation of licenses to practice certain professions [H 63]

"Approved September 29, 1956.

"*Be it enacted, etc.*—

"1. SECTION 1. Definitions.

"(a) 'Barratry' is the offense of stirring up litigation.

"(b) A 'barrator' is an individual, partnership, association or corporation who or which stirs up litigation.

"(c) 'Stirring up litigation' means instigating or attempting to instigate a person or persons to institute a suit at law or equity.

"(d) 'Instigating' means bringing it about that all or part of the expenses of the litigation are paid by the barrator or by a person or persons (other than the plaintiffs) acting in concert with the barrator, unless the instigation is justified.

"(e) 'Justified' means that the instigator is related by blood or marriage to the plaintiff whom he instigates, or that the instigator is entitled by law to share with the plaintiff in money or property that is the subject of the litigation or that the instigator has a direct interest in the subject matter of the litigation or occupies a position of trust in relation to the plaintiff; or that the instigator is acting on behalf of a duly constituted legal aid society approved by the Virginia State Bar which offers advice or assistance in all kinds of legal matters to all members of the public who come to it for advice or assistance and are unable because of poverty to pay legal fees.

"(f) 'Direct interest' means a personal right or a pecuniary right or liability.

"This act shall not be applicable to attorneys who are parties to contingent fee contracts with their clients where the attorney does not protect the client from payment of the costs and expense of litigation, nor shall this act apply to any matter involving annexation, zoning, bond issues, or the holding or results of any election or referendum, nor shall this act apply to suits pertaining to or affecting possession of or title to real or personal property, regardless of ownership, nor shall this act apply to suits involving the legality of assessment or collection of taxes or the rates thereof, nor shall this act apply to suits involving rates or charges or services by common carriers or public utilities, nor shall this act apply to criminal prosecutions, nor to the payment of attorneys by legal aid societies approved by the Virginia State bar, nor to proceedings to abate nuisances. Nothing herein shall be construed to be in derogation of the constitutional rights of real parties in interest to employ counsel or to prosecute any available legal remedy under the laws of this State.

"SEC. 2. It shall be unlawful to engage in barratry.

"SEC. 3. A person found guilty of barratry, if an individual, shall be guilty of a misdemeanor, and may be punished as provided by law; and if a corporation, may be fined not more than $10,000. If the corporation be a foreign corporation, its certificate of authority to transact business in Virginia shall be revoked by the State corporation commission.

"SEC. 4. A person who aids and abets a barrator by giving money or rendering services to or for the use or benefit of the barrator for committing barratry shall be guilty of barratry and punished as provided in section 3.

"SEC. 5. Courts of record having equity jurisdiction shall have jurisdiction to enjoin barratry. Suits for an injunction may be brought by the attorney general or the attorney for the Commonwealth.

"SEC. 6. Conduct that is made illegal by this act on the part of an attorney at law or any person holding a license from the State to engage in a profession is unprofessional conduct. Upon hearing pursuant to the provisions of section 54–74 of the code, or other statute applicable to the profession concerned, if the defendant be found guilty of barratry, his license to practice law or any other profession shall be revoked for such period as provided by law.

"2. An emergency exists and this act is in force from its passage."

"Chapter 37

"An act to create a legislative committee of the house and senate to investigate and hold hearings relative to the activities of corporations, associations, organizations, and other groups which encourage and promote litigation relating to racial activities; to provide for the organization, powers, and duties of said committee; to provide for hearings; to authorize said committee to issue subpenas and require testimony; to provide for application to court for an order requiring any person to appear and testify who fails or refuses to do so; to provide for witness fees; to provide for employment of a clerical and investigative force by the committee; to provide for payment of expenses; to appropriate funds for use of the committee; to provide that the Attorney General or other legal counsel shall represent said committee; and for other purposes [H 65]

"Approved September 29, 1956.

"*Be it enacted, etc.*—

"1. SECTION 1. There is hereby created a legislative committee, to be composed of 6 members of the house appointed by the speaker thereof, and 4 members of the senate appointed by the president thereof.

"SEC. 2. The committee is authorized to make a thorough investigation of the activities of corporations, organizations, associations, and other like groups which seek to influence, encourage, or promote litigation relating to racial activities in this State. The committee shall conduct its investigation so as to collect evidence and information which shall be necessary or useful in—

"(1) determining the need, or lack of need, for legislation which would assist in the investigation of such organizations, corporations, and associations relative to the State income-tax laws;

"(2) determining the need, or lack of need, for legislation redefining the taxable status of such corporations, associations, organizations, and other groups, as above referred to, and further defining the status of donations to such organizations or corporations from a taxation standpoint; and

"(3) determining the effect which integration or the threat of integration could have on the operation of the public schools in the State or the general welfare of the State and whether the laws of barratry, champerty, and maintenance are being violated in connection therewith.

"SEC. 3. Said committee may hold hearings anywhere in the State, and shall have authority to issue subpenas, which may be served by any sheriff or city sergeant of this State, or any agent or investigator of the committee, and his return shown thereon, requiring the attendance of witnesses and the production of papers, records, and other documents. If any person, firm, corporation, association, or organization which fails to appear in response to any such subpena as therein required, or any person who fails or refuses, without legal cause, to answer any question propounded to him, then upon the application by the chairman, or any member of the committee acting at his direction, to the circuit or corporation court in the county or city wherein such person resides or may be found, such court shall issue an order directing such person to appear and testify. The committee may, at its option, compel attendance of witnesses or production of documents by motion made before the circuit or corporation court having jurisdiction of the person or documents whose attendance or production is sought. The court upon such motion shall issue such subpenas, writs, processes, or orders as the court deems necessary. The chairman of the committee, or anyone acting at his direction, shall be authorized to administer oaths to all witnesses and to issue subpenas. Every witness appearing pursuant to subpena shall be entitled to receive upon request, the same fee as is provided by law for witnesses in the courts of record in the State, and where the attendance of witnesses residing outside the county or city wherein the hearing is held is required, they shall be entitled to receive the sum of $7 after so appearing, upon certification thereof by the chairman to the State comptroller.

"SEC. 4. Each member of the committee shall receive, in addition to actual travel expenses, the same per diem as received by members of other legislative committees, while engaged in official duties as a member of said committee.

"SEC. 5. Said committee shall be authorized to employ a clerical force and such investigators and other personnel as it may deem necessary to carry out the provisions of this act, and may expend moneys for the procuring of information from other sources.

"SEC. 6. The Attorney General shall assist the committee upon request, and the committee may engage such other legal counsel as it shall deem necessary.

"SEC. 7. The committee shall complete its investigations and make its report, together with any recommendations as to legislation, to the Governor and the General Assembly not later than November 1, 1957.

"2. There is hereby appropriated from the general fund of the State treasury the sum of $25,000 to carry out the purposes of this act."

TENNESSEE

"In February and March 1957 3 laws were adopted modeled almost exactly on 3 of the laws passed in Virginia in 1956 as part of that State's elaborate scheme to hamstring the NAACP. Since the Virginia laws that Tennessee copied are described below, it is sufficient to say here that they (1) require registration of individuals or groups collecting or spending funds for the purpose of initiating legal proceedings to which they are not a party and not financially interested; (2) require registration of all individuals or groups who promote or oppose legislation 'in behalf of any race or color'; and (3) make it a crime for an individual or organization to promote litigation."

Chapter 104, Public Acts of the 1957 Tennessee General Assembly, approved March 6, 1957

"Chapter No. 104

"An act to amend section 39-3212 of the Tennessee Code Annotated by striking said section in its entirety and inserting in lieu thereof a new section 39-3212; to define the crime of barratry; to define certain terms; to prohibit barratry and to provide penalties for persons found guilty thereof; to prohibit aiding and abetting barrators; to authorize certain courts of record to enjoin barratry and to prescribe the officers who may bring suits therefor; to provide that conduct prohibited by the act shall constitute unprofessional conduct and be ground for revocation of licenses to practice certain professions

"SEC. 1. *Be it enacted by the General Assembly of the State of Tennessee,* That section 39-3212 of Tennessee Code Annotated be, and the same is hereby amended by striking said section 39-3212 in its entirety and substituting in place thereof a new section to read as follows:

"'SEC. 39-3212, that the following words, terms, and phrases, when used in this act, shall have the meaning ascribed to them in this section, except when the context clearly indicates a different meaning.'

"(a) 'Barratry' is the offense of stirring up litigation.

"(b) A 'barrator' is an individual, partnership, association, or corporation who or which stirs up litigation.

"(c) 'Stirring up litigation' means instigating or attempting to instigate a person or persons to institute a suit at law or equity.

"(d) 'Instigating' means bringing it about that all or part of the expenses of the litigation are paid by the barrator or by a person or persons (other than the plaintiffs) acting in concert with the barrator, unless the instigation is justified.

"(e) 'Justified' means that the instigator is related by blood or marriage to the plaintiff whom he instigates, or that the instigator is entitled by law to share with the plaintiff in money or property that is the subject of the litigation or that the instigator has a direct interest in the subject matter of the litigation or occupies a position of trust in relation to the plaintiff; or that the instigator is acting on behalf of a duly constituted legal aid society established by the Bar Association of Tennessee or any local bar association of this State which offers advice or assistance in all kinds of legal matters to all members of the public who come to it for advice or assistance and are unable because of poverty to pay legal fees.

"(f) 'Direct interest' means a personal right or pecuniary right or liability.

"SEC. 2. *Be it further enacted,* That this act shall not be applicable to attorneys who are parties to contingent fee contracts with their clients where the attorney does not protect the client from payment of the costs and expense of litigation, nor shall this act apply to any matter involving annexation, zoning, bond issues, or the holding or results of any election or referendum, nor shall this act apply to suits pertaining to or affecting possession of or title to real or personal property, regardless of ownership, nor shall this act apply to suits involving the legality of assessment or collection of taxes or the rates thereof, nor shall this act apply to suits involving rates or charges or services by common carriers or public utilities, nor shall this act apply to criminal prosecutions, nor to the payment of attorneys by legal aid societies established by the Bar Association of Tennessee or any local bar association of this State, nor to proceedings to abate nuisances. Nothing herein shall be construed to be in derogation of the constitutional rights of real parties in interest to employ counsel or to prosecute any available legal remedy under the laws of this State.

"SEC. 3. *Be it further enacted,* That it shall be unlawful to engage in barratry.

"SEC. 4. *Be it further enacted,* That a person found guilty of barratry, if an individual, shall be guilty of a misdemeanor, and may be punished as provided by law; and if a corporation, may be fined not more than $10,000. If the corporation be a foreign corporation, its certificate of authority to transact business in Tennessee shall be revoked by the district attorney general of the district in which the offense is committed.

"SEC. 5. *Be it further enacted,* That a person who aids and abets a barrator by giving money or rendering services to or for the use or benefit of the barrator for committing barratry shall be guilty of barratry and punished as provided in section 3.

"SEC. 6. *Be it further enacted,* That courts of record having equity jurisdiction shall have jurisdiction to enjoin barratry. Suits for an injunction may be brought by the district attorney general of the district in which the offense is committed.

"SEC. 7. *Be it further enacted,* That conduct that is made illegal by this act on the part of an attorney at law or any person holding a license from the State to engage in a profession is unprofessional conduct. Upon hearing pursuant to the provisions of section 29-309 of the Tennessee Code Annotated, if the defendant be found guilty of barratry, the judgment shall be permanent or temporary deprivation of the right to practice his profession, or a censure or reprimand, according to the gravity of the offense.

"SEC. 8. *Be it further enacted,* That should any section or part of this act for any reason be held unconstitutional or invalid, the same

shall not affect the constitutionality or validity of the remaining parts or sections of this act, as the legislature hereby declares that it would have passed the remaining sections or parts of this act if the unconstitutional or invalid sections had been omitted.

"SEC. 9. *Be it further enacted,* That all laws and parts of laws in conflict with the provisions of this act, be, and the same are hereby repealed, and that this act take effect from and after its passage, the public welfare requiring it."

The text of chapter 152, which requires registration of individuals or groups collecting or spending funds to initiate legal proceedings is modeled closely upon the text of chapter 31 of the acts of the special session of the General Assembly of Virginia in 1956, set forth above.

FINANCE COMMITTEE HEARINGS AND PROPOSED MONETARY COMMISSION—NOTICE OF MEETING TOMORROW OF COMMITTEE ON BANKING AND CURRENCY

Mr. FULBRIGHT. Mr. President, I wish to discuss a subject involving a bill before the Committee on Banking and Currency of which I am chairman. Earlier today I sent word to the Senator from Indiana [Mr. CAPEHART] who is the ranking Republican member of that committee, that I wished to discuss a subject in which he is interested.

Last week the Senator from Indiana insisted that the committee consider a bill which he introduced, namely, Senate bill 599. In fact, he sought action on that bill in an executive meeting of the committee last week. I took the position that the committee ought to have notice of a meeting to consider the bill before taking any action on it. We had not had any such notice as of that time; and action was postponed until tomorrow.

Although I have already circulated notice, I wish, again to notify members of the Committee on Banking and Currency that a meeting of the committee will take place at 9:15 a. m. tomorrow, prior to the convening of the Senate. I hope members of the committee will all be present, because it is expected that there will be a vote on the final disposition of Senate bill 599. If members of the committee are unable to be present, I hope they will be represented by proxies, because the subject before the committee is of considerable importance.

Mr. President, as chairman of a committee which has jurisdiction over some of the matters with which the Finance Committee is now concerning itself, I think it is appropriate for me to comment upon some aspects of that study.

I also wish to set forth in the RECORD my views on the request of the President for a congressionally authorized, but presidentially appointed, Monetary Commission to make a similar inquiry.

This proposal is represented by a bill introduced by the Senator from Indiana [Mr. CAPEHART] and other Members of this body (S. 599), pending before the Committee on Banking and Currency.

On the very day the Senate Finance Committee began its hearings on the national financial situation, on June 18, the Senator from Indiana proclaimed that the Byrd hearings would be political. He said:

> In my best judgment the present investigation is political. In my best judgment it is going to be conducted along political lines.

It may well be that the Senator from Indiana based his judgment that these hearings would be political upon a reading of Secretary Humphrey's statement delivered to the Finance Committee only a few hours previously. For the Secretary's statement was indeed political, as clearly demonstrated later by the Senator from Virginia [Mr. BYRD] and the Senator from Oklahoma [Mr. KERR].

Permit me to point out, however, that the Senator from Indiana employed similar tactics during the Senate Banking and Currency Committee's study of the stock market. On March 20, 1955, he appeared on a television program to say, of the stock market study, that "the whole business is one to embarrass the Eisenhower administration and to cause the people of America to lose confidence in business and the economy."

One of the key witnesses at the stock market hearings was Secretary Humphrey. He, too, expressed grave fears that our study would hurt what he called confidence. In retrospect, it is a great pity that he did not learn from our study, rather than permitting his political sensitivity to seal off his vision of the economic realities that were unfolding before his eyes.

I believe he would find himself in a more defensible position now, if he had heeded our report issued over 2 years ago, which stated:

> It is not unlikely that contractive influences in housing, automobile, and agricultural sectors may be more than counteracted by expansion of business inventories, business plant and equipment expenditures, and commercial and governmental expenditures. Should expansion proceed at a pace which develops speculation in business inventories as well as continued speculation in the stock market, the economy may be headed for serious trouble.

During his appearance before the Finance Committee over 2 years later, Secretary Humphrey said:

> In response to a request from Senator KERR on Friday, I promised to provide the committee today with a more extended statement describing the pressures which initiated the recent rise in the general price level.
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> This rise began to show up at the wholesale level in mid-1955, and by early 1956, prices of consumer goods and services began moving upward. While the wholesale price index has been relatively stable since January, the Consumer Price Index has continued to move upward. Now, what has caused this rise in our price level particularly during the last year? This is the question with which we are all understandably concerned, and to which I want to respond here.

I call particular attention to this passage:

> During late 1955 and 1956, price increases stemmed basically from a massive increase in capital expenditures. During this same period there was a substantial accumulation of inventories, which accentuated these price pressures.
>
> The capital goods boom which emerged in 1955 was of enormous proportions.

Later in this statement he said:

> The rise in consumer incomes and in the demand for consumer goods was substantially less than the increase in demand for capital goods.

I wonder if Senators realize the full import of the Secretary's admission. I call it an admission because in 1954 he was strongly advocating a tax bill in order to encourage the very type of expenditures—for capital goods—which he now admits to be the principal cause of the price inflation which has since occurred. To repeat, he now says, the "price increases stemmed basically from a massive increase in capital expenditures, the capital goods boom which emerged in 1955 was of enormous proportions."

Contrast this with the Secretary's testimony before the Finance Committee on April 7, 1954.

> The tax structure in this country has reached the point where initiative is seriously stifled. The features in this tax-revision bill which make it more attractive for the man who saves money to invest, or more attractive for the businessman to replace his present inefficient machinery, are the sort of things which can help this economy keep growing * * * there is nothing more important, in my opinion, for the future of America than to encourage widespread investment in American business. America needs big business. It requires big business, big enterprises, to do the things in big ways that a big country has to have.

Later, in support of his proposed fast depreciation provision, he said:

> Here, again, the purpose is to stimulate * * * plant expansion and modernization * * * less restrictive rules than at present for writing off the investment in machinery or plant will encourage modernization and rebuilding of more efficient plant equipment.
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> * * * * *
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> Our tax program * * * seeks to stimulate the investment of savings to buy the products of heavy industry.

This year he says the principal cause of the present inflation was:

> The capital goods boom which emerged in 1955 * * * of enormous proportions.

This is the very thing he sought to encourage in 1954.

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

Mr. FULBRIGHT. I yield to the Senator from Oklahoma.

Mr. KERR. Is it not an established fact that the provisions of the tax bill of 1954, which the Secretary thus sponsored and favored and secured the adoption of, were primarily connected with, and in fact to a considerable degree responsible for, the expansion to which he now refers as having, in 1955 and 1956, caused the present inflation.

Mr. FULBRIGHT. The Senator is absolutely correct. It is incredible to note the connection between those two factors, namely, what he sponsored in 1954 with great determination and what he now says is the reason for the inflation.

Mr. KERR. Is it not a fact that on the floor of the Senate a fight was made against the accelerated depreciation provision in the 1954 code, and attention was called to the fact that industry

would rush to take advantage of it, thus causing an undue expansion of capital facilities and equipment, in such a way as to bring about a shortage of basic materials, which it did produce, and, furthermore, that not only would it bring about the inflationary pressures it did bring about, but, also, it would cost the Treasury of the United States over a billion dollars a year in taxes for a period of 20 years.

Mr. FULBRIGHT. The Senator is absolutely correct. He has stated the thesis of my remarks very clearly that the action on the tax bill of 1954 was far more the real cause of the difficulties than any other single thing that has been done.

Mr. KERR. The Senator is aware of the fact, I am sure, that the administration has also, since the close of the Korean war, continued to issue accelerated depreciation certificates to industry in many phases of expansion under the provisions of law enacted to bring about an increase in productive facilities during the Korean war.

Mr. FULBRIGHT. The Senator is quite correct. The Senator from Oklahoma, a few days ago, made a statement that more than $23 billion worth of such certificates had been issued.

Mr. KERR. Since the close of the Korean war.

Mr. FULBRIGHT. Yes.

Mr. KERR. Does the Senator have the list of shortages submitted by the Secretary of the Treasury, when he returned to the committee and put in the record of the committee the items which were in short supply during 1956 and 1957?

Mr. FULBRIGHT. I believe that is the statement I have in my hand. I shall put it in the RECORD at the close of my remarks. It is the statement of the Secretary of the Treasury to the Finance Committee, of which the Senator from Oklahoma is a member.

Mr. KERR. Yes. I wish to congratulate the Senator for doing that, because, as I recall, practically every item the Secretary lists as being in short supply during the past 18 months can be traced fully to the accelerated depreciation taken advantage of by builders and by industry, either under the Korean war accelerated depreciation law or under the provisions contained in the 1954 tax code.

Mr. FULBRIGHT. I thank the Senator. This is the list I hold in my hand. The point the Senator makes is clearly borne out by that statement. Mr. President, I ask unanimous consent that at the close of my remarks the statement of the Secretary of the Treasury be printed in the RECORD.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). Without objection, it is so ordered.

(See exhibit No. 1.)

Mr. FULBRIGHT. Mr. President, I thank the Senator from Oklahoma for emphasizing the point I am seeking to make, that the primary fault for the dislocations which are now appearing in our economy, and which are so troublesome to the administration in its management of the debt of this country, grow primarily out of the action taken in 1954.

I have already quoted from the Banking and Currency Committee's 1955 report on its stock-market study, which warned that contraction of certain segments of the economy "may be more than counteracted by expansion of business inventories, business plant, and equipment."

I submit that the report of the committee was a very far-seeing report.

Even in 1954 there were those of us who foresaw, at least to some extent, the consequences of Mr. Humphrey's tax policies, to which he now, perhaps inadvertently, confesses.

On March 15, 1954, I spoke in the Senate on taxes and the national economy. What I said is reported in the CONGRESSIONAL RECORD, volume 100, part 3, page 32240.

I said:

> Private investment in the last few years has been sufficient not only to meet the demands for replacement of wornout equipment and plant, but also to expand industrial capacity between 1946 and 1953 by about two-thirds, * * * sufficient not merely to take care of the normal growth of the economy of about 3 percent a year, but also to make up for the great deficiencies which resulted from the depression of the 1930's, and for those shortages of capital goods which resulted from military demands during the war.
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> It seems to me highly doubtful that the tax provisions under discussion (those described by Secretary Humphrey in his testimony, which I have quoted) have been any really serious detriment to investment in recent years. It appears that in the next few years the normal growth of the economy might well require a demand for investment somewhat lower than recent rates, even with the most favorable stimulus from the side of tax policy.
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> In this respect, let us face the record squarely. The one previous time when this kind of tax policy was tried was in the 1920's. There seems to be general agreement from research economists that the net effect of the Mellon tax program was to stimulate a growth of investment and of savings at the expense of market demand, so that by 1929 the economy found itself with between 15 and 20 percent of its capacity not utilized at peak of business activity in that year. In fact, the economy became so unbalanced under this program, and investments were indulged in on such an unsound speculative basis, that for a decade the American people paid for this folly with unemployment and investment-depressing excess capacity.
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> I have already remarked on the vast increase in manufacturing capacity of recent years, and of the general judgment that our capacity is now adequate for the immediate future. If this is the case, it hardly seems reasonable in the short run of the next year or two to indulge in a program aimed at providing tax incentives to expand a level of investment which, far from inadequate, seems to have been adequate for the something-more-than-normal requirements of growth in the economy.
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> Basically, the administration's tax program is wrong because it sacrifices expansion of the consumer market to achieve the objective of reducing tax burdens on those groups and individuals who have had it best in recent years. Worst of all, it could quite possibly induce such a period of unsound speculative activity leading to an unbalance between expanding investment and restricted consumption as to run the hazard of creating a depression within a few years.

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

Mr. FULBRIGHT. I yield.

Mr. BUSH. The Senator said that basically the administration's tax program is wrong because it sacrifices expansion of the consumer market.

If the Senator from Arkansas felt that way in 1954, does he think the consumer markets have failed to expand in the past 2 years, when the greatest consumer credit we have ever had is being used, and when virtually every section of the consumer market has expanded enormously, as it has done even this year?

Mr. FULBRIGHT. That is one of the aspects of the situation which particularly distresses me. The administration refused to accept our suggestions or proposals, to which the Senator from Oklahoma [Mr. KERR] has just adverted. If any tax reduction was to be given at all, it should have been given to the consumer. As the Senator recalls, we offered an amendment, of which the Senator from Oklahoma was one of the sponsors, as was the then Senator from Georgia, Mr. George, if I recall correctly. The administration rejected that proposal, and I believe most of the colleagues of the Senator from Connecticut rejected it.

I wish to emphasize the items which have been described by the Senator from Oklahoma, especially the accelerated depreciation provisions contained in the tax bill, and the continuation of the accelerated amortization certificates, or fast tax writeoffs, of wartime. As a consequence, it was necessary for consumers to revert to consumer credit. Instead of giving consumers some benefits under the tax bill, and enabling them to buy out of savings the products of industry, which would have helped the administration to keep the economy in balance, there has been resort to consumer credit. Consumer credit, which was used to purchase the products of the expanded economy, has experienced an enormous expansion. That has added to the problem, and is presently one of the serious dislocations I have mentioned, because it has impinged upon the available supply of credit.

The greatest shortage of all is not of goods. There is no shortage of food, textiles, or automobiles. The shortage is in the credit field. That is the real trouble which confronts us. What the Senator says fits in exactly with that contention.

There was an expansion of consumer purchasing through the use of consumer credit, which was, I think, a very misguided policy, with the results which we have seen.

Mr. BUSH. Mr. President, will the Senator permit me to observe, on that point, that there is nothing new about the expansion of consumer credit. It has been expanding for the past 15 or 20 years. It has expanded year after year after year. There is nothing new about it at all. I do not think there is any logic in connecting it with the fact that there is a boom in the capital goods industry. As a matter of fact, there is a great deal of merit in the fact that there is such a boom. It has provided a large number

of new jobs. It has been one of the important contributors to the very high degree of employment and prosperity which the country has enjoyed in the last few years.

Mr. FULBRIGHT. None of these are absolutes. It is true that there has always been some kind of taxes. There have always been taxes which have offered big business some benefits. There has always been some consumer credit. It is a matter of proportion and balance. The economy is today in a great boom, in certain sectors. What we are concerned with, and what I am concerned with, is keeping the economy in balance.

The great criticism made by those who do not approve of our system has been the instability of our economy. I think the Senator from Connecticut ought not to close his mind to these arguments, in view of the experience his party had in the 1920's.

What was said in our study of the stock market in 1955, and was said among some of our colleagues in the committee, was that we were trying to avoid another collapse like that of 1929. All we said, in effect, was "Since you have control of the Government, will you please take heed of the factors of the economy which have an ominous similarity to the factors which finally resulted in the debacle of 1929?" That is all we said. I think we were most modest in our proposal. We were trying to say that the administration should look at what happened back in 1927 and 1928. We were saying, "For goodness sake, in your present tax policies and your credit policies do not go to the extremes to which you went in 1927 and 1928. Take heed before the collapse; see if it cannot be prevented." That is about all we said. It is a matter of balance and proportion.

It is true that some plant expansion is needed, but we do not need plant expansion so great that it completely absorbs virtually all the available credit leaving very little for many essential activities, such as the construction of schools.

Mr. BUSH. Is it not true that school expansion this year is running at a higher rate than ever before?

Mr. FULBRIGHT. Its growth is running at a much lower rate than ever. What the Senator is saying is that we are a growing country and are adding to our economy. But in proportion to the growth of the economy, school construction is growing at a rate less than it was 25 years ago. The relation between the needs and what is going on is out of proportion to what was happening 20 years ago, because the country is growing.

Mr. BUSH. I agree that there is a definite shortage of classrooms throughout the country. The Senator knows that the President has a bill before Congress which I hope the Senator will support.

Mr. FULBRIGHT. I think the Senator from Connecticut will find that as long as I have been a Member of either House, the matter of education and school construction has been one of my pet projects. I suppose that is because I was once a teacher and perhaps grew up with an acquaintance with the particular activity, and thus have felt a little more keenly than others concerning that particular subject.

The point I make is that the Republican administration scares me, because I am not convinced that it has learned a thing since 1929. I am afraid that it may repeat the same mistakes it made then. I do not want them to repeat them. I want to stop them before such a situation occurs again. I would be perfectly willing to sacrifice the return of the Democratic Party to power in 1960 if another 1929 could be avoided.

I do not wish to take the view that the Democrats should just let things drift down the road to another 1929, and then win an election.

In 1955, I tried to put up a red flag against policies which looked as if they were going to result in another 1929.

Mr. BUSH. I would say that the dissimilarities between the present situation and that in 1929 in my opinion quite outweigh the similarities.

Mr. FULBRIGHT. I do not think there will be a collapse next month. But I think the Senator will agree there are some difficulties confronting the administration in the field of debt management. The Secretary of the Treasury does not deny that.

Mr. KERR. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Oklahoma?

Mr. FULBRIGHT. I yield.

Mr. KERR. I should like to refer briefly to a part of the speech the Senator from Arkansas has already made, because I regard it as very applicable to the question addressed to him by the Senator from Connecticut, when the Senator from Connecticut called attention to the fact that there has been an increase in consumer consumption. The Senator from Arkansas has made it clear that there has been such an increase; but the thing the Senator from Arkansas is complaining about, as I understand, and is calling attention to, is the fact—admitted by the Secretary himself, while he was testifying before the Finance Committee, at its hearing—that the capital goods boom which emerged in 1955 was of enormous proportions; in fact, of such enormous proportions that he then said that the rise in consumer income and in the demand for consumer goods was substantially less than the increase in the demand for capital goods.

Mr. FULBRIGHT. That is correct; and I am complaining about the relationship between the two.

Mr. CAPEHART. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. CAPEHART. Is not the problem one of trying to find out how to live with and enjoy and control prosperity, rather than anything else? At the moment we have more people employed, at the greatest wages, in the history of the United States; and we also have the largest national income and the largest national product. We have greater prosperity; the people have more spendable money. In the first 4 years of the Eisenhower administration the Federal taxes were $65 billion a year, for those 4 years, or a total of $260 billion. Yet the national income of the American people was approximately $1,300 billion, which means that in the first 4 years of the Eisenhower administration they had $1,000 billion of spendable money, after paying the high Federal taxes. Is not the problem one of finding a way to live with the increased prosperity? Is the Senator from Arkansas suggesting that he is unhappy because of the existing full employment and the great demand for consumer goods?

Mr. FULBRIGHT. Mr. President, perhaps the Senator from Indiana had not entered the Chamber when I was discussing that matter.

In reply to his question, let me say this: We are very fearful that if we continue to follow the tax and debt-management policies which have been followed, the country will not remain prosperous. These policies, especially the tax policies, are threatening to undermine the stability of the economy, through the excessive favors to one segment of the economy, thus resulting in an imbalance which may cause a devastating depression. That is the problem.

Mr. CAPEHART. Does the Senator from Arkansas accuse this administration of adopting some bad practices? If my memory serves me correctly, the cost of living has risen, in four and a half years, from 114 to 119. Yet from 1946, after the war, until Dwight D. Eisenhower became President, I believe it rose from approximately 70 to 114. Just what is it that the Senator from Arkansas is complaining about? What is he suggesting be done?

Mr. FULBRIGHT. If the Senator from Indiana will listen to my remarks, he will find that I am trying to make the matter very clear.

Mr. CAPEHART. I have read several times, while I have been sitting here, the Senator's prepared remarks. I do not quite understand his point.

Mr. FULBRIGHT. I apologize if I am not able to make my point simple enough for the Senator from Indiana to understand.

Mr. KERR. Mr. President, will the Senator from Arkansas yield to me at this time?

Mr. FULBRIGHT. I yield.

Mr. KERR. Mr. President, in view of the fact that the Senator from Indiana wishes to know whether there is anything the Senator from Arkansas is complaining about, I should like to ask whether, in fact, during the fiscal year just ended there were more bankruptcies in the United States than in any other 12-month period in our history—even more than during the worst year of the Hoover depression. Let me ask if that is not one of the red flags on the highway of our economy which the Senator from Arkansas feels is pointing up the imbalance to which he has referred, and about which he complains?

Mr. FULBRIGHT. I am glad the Senator from Oklahoma mentioned that fact, because it reminds me of the bill I introduced, on which the Senate voted

not long ago, but which the Senator from Indiana opposed.

Mr. CAPEHART. Mr. President, I am not going to accept that as the gospel truth——

Mr. KERR. Mr. President, I wish to say to the Senator from Indiana that if it were the Gospel itself, he would not even recognize it. [Laughter.]

Mr. CAPEHART. I was saying that I am not going to accept it, in proportion to the number of industries existing today, as compared to the number existing in 1932.

Mr. KERR. Mr. President, I say to the Senator from Indiana that what I have stated is the record of the office in charge of keeping the story regarding bankruptcy—namely, that during the fiscal year ended June 30, 1957, there were more than 70,000 bankruptcies in the United States—which is the largest number in any 12 months in the history of our Nation, and even larger than the number in the worst year of the Hoover depression.

So, whether the Senator from Indiana wants to accept it or not is immaterial, because his refusal to accept it simply illustrates the commonly known fact that he is allergic to facts, let alone gospel facts. [Laughter.]

Mr. DOUGLAS. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. Is not another instance of the lack of balance the Senator from Arkansas is illustrating the fact that farm income since 1952 has fallen by approximately 18 percent?

Mr. FULBRIGHT. The Senator from Illinois is quite correct.

Mr. DOUGLAS. And was not that one of the factors which helped create trouble in the 1920's, namely, that although manufacturing was booming along then, farming was going into a depression? Are not we seeing a repetition of much the same thing which was happening in the 1920's, insofar as agriculture is concerned?

Mr. FULBRIGHT. The Senator from Illinois is quite correct—both in agriculture and in small business and in the excessive speculation on the markets and in the excessive plant capacity relative to the number of consumers.

Mr. DOUGLAS. Is it not also true that in the past 2 years there has been virtually no increase in physical productivity in manufacturing per man-hour; that is to say, that the rate of advance which previously had been occurring has stopped. During the past 2 years, such increases as have occurred have simply been in the number of persons employed, rather than in the output per man-hour.

Mr. FULBRIGHT. I thank the Senator from Illinois for making that point. Of course, he knows more about these matters than does almost any other Member of the Senate, since he is a specialist in this field.

It will be remembered that some of us in the year 1954 were contending that, in lieu of all the massive tax relief given to business, a greater proportion should be given to consumers, if tax relief was to be given at all. Incidentally, Mr. President, I am more gratified now than ever before that I voted against the administration's tax bill in 1954, not only because of its effect on the general economy, but also because of its many inequities and windfall provisions.

Here let me again quote from Secretary Humphrey's statement of only a few days ago:

> The rise in consumer incomes and in demand for consumer goods was substantially less than the increase in demand for capital goods.

The 1954 tax bill, promulgated by the Treasury Department, is the primary cause of today's inflation, according to Secretary Humphrey's own statements.

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

Mr. FULBRIGHT. I yield.

Mr. BUSH. Did I correctly understand the Senator to say that the 1954 tax bill is the primary cause of today's inflation, according to Secretary Humphrey's own statement?

Mr. FULBRIGHT. That is correct.

Mr. BUSH. Mr. President, I fail to see any statement by the Secretary which would support that conclusion.

Mr. FULBRIGHT. I have quoted it. I have before me, and have already asked to have printed in the RECORD, Secretary Humphrey's statement before the Finance Committee, the title of which is, "The Increase in Price Level, 1955–57."

Mr. LONG. Mr. President, if the Senator will yield, that is a direct quotation from the statement the Secretary made, if the Senator will read it.

Mr. FULBRIGHT. That is true.

Mr. LONG. The Senator from Connecticut is challenging a direct quotation from the Secretary's statement.

Mr. FULBRIGHT. If the Senator from Connecticut will put the direct statement of Secretary Humphrey beside his direct statement before the Senate committee when he supported the tax bill of 1954, it seems to me it is as clear as the nose on the Senator's face.

Mr. BUSH. I do not think it is at all as clear as the nose on my face or anybody else's face. I do not think it is clear at all. I think the statement is a non sequitur, and the Secretary of the Treasury would be the last to admit that statement.

Mr. FULBRIGHT. Does the Senator mean the Secretary would be the last to admit what he said?

Mr. BUSH. No; to admit the tax bill is, according to the Secretary's own statement, the cause of the present inflation.

Mr. FULBRIGHT. If the Senator does not draw that conclusion, he is, of course, entitled to do that.

Mr. BUSH. My point is it is not what the Secretary said; it is a conclusion drawn by the Senator from Arkansas.

Mr. FULBRIGHT. To me it is a conclusion any reasonable man cannot help but draw.

Mr. BUSH. I also take issue with that statement.

Mr. FULBRIGHT. Here is the direct quotation:

> [During the last 2 years] as the accompanying tables indicate, the capital goods boom which emerged in 1955 was of enormous proportions.

Mr. BUSH. That is correct.

Mr. FULBRIGHT. Let me finish:

> Industrial construction contract awards had increased 55 percent during 1955. The volume of new orders for durable goods jumped 34 percent.

The rise in consumer income and in demand for consumer goods was substantially less than the increase in demand for capital goods.

When we go back to the 1954 act, which he himself—

Mr. BUSH. That comparison was not on an absolute basis; it was on a relative basis that the demand for consumer goods was less, but the rise in consumer income was substantial, indeed, almost record breaking.

Mr. FULBRIGHT. Let us take that statement and put it alongside the statement the Secretary made before the Finance Committee on April 7, 1954, when he was urging that committee and the Congress to enact the 1954 tax bill. At that time he said:

> There is nothing more important, in my opinion, for the future of America than to encourage widespread investment in American business. America needs big business. It requires big business, big enterprises, to do the things in big ways that a big country has to have.

He said that the purpose of the tax bill was—

> to stimulate plant expansion and modernization, less restrictive rules than at present for writing off the investment in machinery or plant will encourage modernization and rebuilding of more efficient plant equipment.

He was urging us to pass a bill encouraging plant expansion. Now he comes forward and recognizes, in the statement I have just read, that the enormous plant expansion and demand for capital goods are what have sopped up most of the available savings, money, and credit.

The Treasury is faced with the problem of refinancing in the next year approximately $75 billion, and in August alone $14 billion. Look at the high interest rates. Look at the restricted supply of available credit. That is the problem and that is the trouble impinging on small business of the country, as mentioned by the Senator from Oklahoma, and it is impinging on credit—all because of the tax bill which the Secretary urged Congress to enact, and gave us as a reason that there was a need for plant expansion, which has come about, and we are now in a very difficult financial situation in this country. I think there is a very clear case of causal connection between the two.

Mr. BUSH. Is the Senator telling us he thinks it is bad that we have had this expansion, that it was not a good thing to create these additional facilities, that the increase in employment and the increase in wages and in other segments of the economy have been bad for the country? Is that the conclusion we are supposed to draw?

Mr. FULBRIGHT. I have said, and I shall repeat, that it is the relationship between plant expansion and the capacity of the country to consume with which I am concerned. Does the Senator take

the position that, regardless of everything else, it is a good thing to build plants?

Mr. BUSH. The Senator from Connecticut has not taken that position.

Mr. FULBRIGHT. That is the conclusion he draws.

Mr. BUSH. No.

Mr. FULBRIGHT. That seemed to be the thesis of the Secretary of the Treasury in 1954. Regardless of the capacity to consume, regardless of the purchasing power of the consumer, and the available supply of savings for expansion—they were immaterial—it was good, it was beneficial, to build plants regardless of any other consideration. All I am saying is that the relationship of those elements is most important, and they are out of balance. The evidence is that because of high interest rates, small business and municipalities are finding it difficult to finance essential operations.

Mr. BUSH. I do not want to delay the Senator further except to say that, of course, the building of plants, to which the Senator has referred, is not an end in itself, but only a means to provide more employment, more jobs, more prosperity, and a sounder and better defensive situation for the United States. The whole situation has been much to the benefit of the country.

Mr. FULBRIGHT. Perhaps I did not make myself clear. That is quite possible. What I am trying to say is that I do not think the Senator from Connecticut and I differ that it is desirable to have a stable, prosperous economy. What we are differing about is the means. I am saying the means the administration is following will defeat the end which the Senator from Connecticut professes to feel is desirable. I think they will. I do not think in 1928 the Republicans intentionally sought to destroy the economy of this country. I think it was lack of understanding of these very elements that lead to that catastrophe.

I am afraid those elements are not being kept in balance. We are today faced with an imbalance that is creating a very difficult situation for the Treasury to meet. It is going to be very difficult to finance even our public debt. If the Federal Government is having trouble, what about the small school districts, States, cities, and small businesses, which the Senator from Oklahoma has already mentioned, which are in a very desperate condition?

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

Mr. FULBRIGHT. I yield.

Mr. LONG. It seems to me we should keep in proper perspective what some of the major issues have been with regard to fiscal policy. Some of us have been criticizing the high interest rate policy, which has injured not only the Federal Government, but the average consumer throughout the country. If the debt is refinanced at present high interest rates, it will cost us four and a half billion dollars more to carry the interest rates than it cost us in previous years. Furthermore, it is getting to the point where a man buying a long term home mortgage ends up by paying more by way of interest than he does for the house itself.

That is a serious matter. Our Republican friends have been justifying that policy by saying that they are fighting inflation, notwithstanding which, with the highest interest rates in 20 years, we have seen the cost of living go up 4 percent during the last year.

Now our Republican friends tell us that the high interest rate policies are necessary to fight inflation. However, when we try to get to the cause of inflation our friends tell us that the very program they are advocating, particularly with respect to the expansion of plant facilities, is the main thing that has caused the 4 percent inflation about which they are complaining.

Mr. FULBRIGHT. I thank the Senator from Louisiana. He is a member of the Committee on Finance and understands the relationship of these matters much better than the average Member of this body. I appreciate his contribution.

Mr. CAPEHART. Mr. President, will the Senator yield for one question?

Mr. FULBRIGHT. I yield to the Senator from Indiana.

Mr. CAPEHART. If the able Senator from Louisiana knows how to cure some of these ills and knows what ought to be done, since the Democrats control the Senate and the House of Representatives, why does the Senator not introduce specific legislation to do the job? If the Senator thinks that what we are doing is all wrong, why does he not introduce specific legislation to correct the situation? Nobody in the United States wants a runaway inflation and nobody in the United States wants great unemployment. What we want is a stable economy which runs along evenly.

What does the Senator have to suggest that we do, and why does the Senator not introduce proposed legislation, instead of trying to frighten the people into thinking we are going to have another depression like that of 1930?

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

Mr. FULBRIGHT. I yield to the Senator from Louisiana.

Mr. LONG. The fact of the matter is that the Senator from Arkansas has been doing exactly what our Republican friends have asked. They say if we do not like the way the Republicans are running the country, since, after all, the Democrats control the Senate by one vote, we ought to do something. On the other hand, our Republican friends control the administration and control the executive branch of the Government. The President is a Republican. The Secretary of the Treasury comes to Congress and says, "If you do not like the way we are running the country, what suggestion do you have to make?"

The distinguished Senator from Arkansas [Mr. FULBRIGHT], the chairman of the Committee on Banking and Currency, is saying, "Here are my suggestions. Here is where I think the error is. I think you yourselves are admitting your error."

The Senator from Arkansas is doing what has been asked. I do not see what the Senator from Indiana has to complain about. I suggest the Senator from Indiana follow the speech of the Senator from Arkansas.

Mr. CAPEHART. Mr. President, I find no specific suggestions in this speech. I find that primarily the able Senator from Arkansas is trying to suggest to the country that we might have another depression, as we had in 1930. I find no specific recommendations in the Senator's 6-page speech.

Mr. LONG. Mr. President, it seems to me the Senator from Arkansas is saying there has been too much encouragement of plant expansion.

Mr. CAPEHART. I shall be glad to join with the Senator from Louisiana or with anybody else in introducing sound legislation which will enable us to maintain full employment and prosperity, and at the same time stop the spiraling of prices, which have been going up and up and up for the past 15 years. I shall be happy to join with anybody to accomplish that objective.

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

Mr. FULBRIGHT. I yield to the Senator from Louisiana.

Mr. LONG. If the Senator would like to know one thing the junior Senator from Louisiana would recommend it is—and he did recommend such a measure—that something should be done to require the Federal Reserve Board to use its power to bring down interest rates.

Mr. CAPEHART. The Senator has the right to introduce a bill to that effect. Why does the Senator not do so?

Mr. LONG. I offered such an amendment in the Committee on Finance, when it was considering the bill to raise interest rates on the E-bonds.

Mr. CAPEHART. Why does the Senator not introduce specific legislation to control interest rates in the United States, if the Senator feels that way about it?

Mr. LONG. I believe the Senator would probably find that would constitute a revenue bill, and would probably have to originate in the House of Representatives. I have offered such amendments in the Senate Committee on Finance.

I will say further to the Senator that in order to have such an amendment adopted I find it necessary to have a committee study it, look into it, and give it approval.

Mr. CAPEHART. The control of the committee chairmanships in both the House and the Senate is under the Democrats. If things ought to be done, which are honest and needed, we will support such legislation if the Senator introduces it.

Mr. LONG. We have tried to make suggestions.

Mr. FULBRIGHT. Mr. President, I should like to continue with my discussion, although these remarks are very interesting.

Mr. DOUGLAS rose.

Mr. FULBRIGHT. I yield to the Senator from Illinois [Mr. DOUGLAS] before I continue my speech.

Mr. DOUGLAS. I merely want to make the point that the Senator from

Indiana has been complaining we are not advancing any legislative proposals to change the policies of the Secretary of the Treasury. Is it not a fact that the Secretary of the Treasury has administrative control over the rate of interest which he is willing to pay on Government bonds, and that the Legislature cannot dictate that decision, which is his decision? Is that not a correct statement?

Mr. FULBRIGHT. The Senator is quite correct.

Mr. DOUGLAS. In 1953 when the Secretary of the Treasury, without any real justification at all, raised the interest rate on longtime Government bonds from a little over 2¾ percent to 3¼ percent, the Secretary made an administrative decision which did not follow the market but which caused the market to follow him. Is that not correct?

Mr. FULBRIGHT. I thank the Senator for that comment. I make reference to that a little later in my statement.

I wish to say in response to the Senator from Indiana that I have pointed out in my remarks the speech I made in 1954 in connection with the tax bill, opposing the tax bill. I read a part of the same remarks in this discussion.

I did tell the Senate at that time, and did tell the administration, why I was opposed to the bill, and why I voted against it. I also voted against the conference report.

I believe that all the opposition to the bill at that time came from the Democrats. I do not think any Republicans voted against the bill. As I recall 9 Democrats voted against the bill when it was passed by the Senate, and 22 voted against the conference report.

This is not a new subject. I said then what I thought about the bill. I am only inviting attention of Senators now to what I said then.

I will go further and say that when I started a study of the markets in 1955, the Senator from Indiana went to great lengths in ridiculing that study. He began on the first day of the study, I believe, as he did on the first day of the present study of the Committee on Finance, by accusing the study of being political.

I cannot remember the exact words he used, but the Senator said that I was not really interested in stabilizing the economy, that I was only trying to undermine the Eisenhower prosperity. There was no disposition then to take seriously any study of the underlying causes of the inflation which was then becoming evident.

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

Mr. FULBRIGHT. I desire to finish this speech, and then I will yield to the Senator.

Recently, I was not the one who said we were going to have a hair-curling depression. The Secretary of the Treasury himself gave vent to that expression, and I think caused more concern than anything I could say, in any case.

I did not say in 1955, and I do not say today, that we are going to have a depression. In fact, I say the contrary. I believe with a little bit of restraint by the Republicans, especially the big business advisers, and a little bit of disposition to see the other fellow's side of the matter, that a depression will not necessarily ensue.

The thing I am troubled about is that every action, persistently and almost automatically, is devoted toward one segment of the economy; the effort is to give every benefit to the expansion of big business, which already has a capacity to produce far beyond the capacity to consume.

What is needed is a more balanced economy. I do not wish, and no one else wishes, to destroy big business. That is not the point. The fact is that big business suffered greater harm and injury in 1929 from the misguided policies of the administration at that time than they suffered during the succeeding 20 years under a more balanced economic policy for this country.

The great expansion occurred and the basic soundness of business was built during the 20 years following the 1929 depression. All in the world we are trying to do now is to bring back some balance to the economy.

Another thing which I might mention to the Senator from Indiana, since he raised the question of why we do not propose some affirmative action, is that I introduced a bill to shift the burden of taxes very slightly from the shoulders of the small-business man to the shoulders of the large one and, as I recall, the Senator from Indiana with great effectiveness, together with assistance from the White House succeeded in defeating the bill, only about 2 months ago. They were so efficient in their methods that they even took away some of the sponsors of the bill and caused them to change their votes at the very last minute, so that the bill received only 33 votes. That is another example of the efforts we have made.

The Senator from Indiana says that we control the Senate. That is a very interesting statement. I do not know who controls it. I do not. All I can do is to tell what I think is wrong, as I did in 1954.

That is about the sum and substance of what we are trying to do.

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

Mr. FULBRIGHT. I yield.

Mr. KERR. The Senator from Arkansas, the Senator from Connecticut, and the Senator from Indiana might be interested in one of the remedies suggested by the Secretary of the Treasury to cure the ills brought on by the so-called prosperity. He told the Finance Committee that what we needed was a little less prosperity. He referred to a decline in industrial production of 10 points, or about 7½ percent a year, as being a very salutary thing. He said it would help us all along the line. He said that it would be an adjustment, and that that would be the happiest thing that could happen to this country. He stated that if we allow the present excesses to reach the point where the whole economy lets go at once, we shall have a great deal of trouble.

He wound up by referring to the increase in consumer price level during the past 12 months, and tried to explain it at first by saying that it was due to a shortage in line pipe and structural steel, without being able to answer the question as to how much of those two items was in the budget of the average consumer.

He went on to say that a continuation of the decline in industrial production from December 1956 to May 1957 of nearly 3 percent, probably would be a very salutary thing. It would help us all along the line. An adjustment, he said, is the happiest thing that can happen to this country.

I thought that if our friends on the other side of the aisle were interested in the cure suggested by the Secretary of the Treasury for the ills from which we suffer, they could find it in his testimony, wherein he said that the most salutary thing we could have would be an adjustment downward, to decrease the degree of prosperity, in order to cure the ills of the prosperity which he claims we enjoy.

Mr. FULBRIGHT. Mr. President, I appreciate that statement by the Senator from Oklahoma. I am glad he called attention to the testimony of the Secretary of the Treasury. It seems a shame that just as the Secretary of the Treasury is learning about our economy, he must leave office. It is too bad that 4 years ago he did not see the significance of his 1954 tax bill, and his policies with respect to the interest rate, which the Senator from Illinois [Mr. DOUGLAS] mentioned a moment ago, in connection with the initial issue of 3½-percent bonds.

Mr. DOUGLAS. Mr. President, will the Senator from Arkansas yield to me in order that I may ask the Senator from Oklahoma a question?

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I may yield to the Senator from Illinois to ask the Senator from Oklahoma [Mr. KERR] a question, without my losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. DOUGLAS. The inference which I drew from the testimony of the Secretary of the Treasury was that he would welcome a recession, and possibly even a depression, as a contribution to ultimate economic health, which is so badly disturbed at the present time.

Mr. KERR. I will say that I agree with his statement with reference to the recession. We did not press the Secretary as to whether or not he would go that far.

I can understand the reaction of the Senator from Illinois. The Secretary said that a little adjustment or a little recession would be a very healthy thing. The Secretary of the Treasury might not be aware of the fact that while a little strychnine is a very healthy thing for a man with heart trouble, he can take too much of it.

The same thing would apply to a little adjustment or a little recession. As he said, a decline of 10 points on one scale, and a decline of 3 percent in 5 months on another, probably would be a very

salutary thing. It would help us all along the line. An adjustment, he said, is the happiest thing that can happen to this country.

If we were to carry that idea a little further, we would have the situation to which the Senator from Illinois referred.

Mr. DOUGLAS. Would not the Senator from Oklahoma say that the Secretary of the Treasury was not only a "prophet of gloom and doom," but a prescriber of gloom and doom?

Mr. KERR. He was telling the world that he hoped we would have a little recession—a healthful dose of it.

Mr. FULBRIGHT. Mr. President, the root of today's troubles goes back not only to the administration's tax policies, but also to the Treasury's debt management policies.

I was willing to agree with Republican critics of the Democratic administration back in 1952 that more of the national debt should be in long-term securities. No one likes a hand-to-mouth financial existence. Certainly a larger proportion of the national debt needed to be put into the form of longer-term securities.

What happened? In 1952 the average maturity of the debt was 46 months. Today, it has dropped down to 43 months. The Republican administration has shortened rather than lengthened the average maturity of the Government's debt.

Moreover, we have some $75 billion maturing in the next 12 months, with little prospect of preventing a further shortening of the average maturity. Why a prospect of further shortening of maturities?

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

Mr. FULBRIGHT. I yield.

Mr. KERR. I have before me a certificate from the Library of Congress which shows that, as of September 30, 1952, the average number of months to maturity of outstanding public debt was 49.31, and that on June 30, 1957, it was 43.11, which shows very much more of a reduction in the average term of outstanding Government obligations than is disclosed by the Senator's figures.

Mr. FULBRIGHT. I appreciate the contribution of the Senator from Oklahoma. My figures showed 46 months as the average for the entire year of 1952.

The demand for long-term funds has been expanded faster than the supply of funds from savings because of the massive increase in capital expenditures growing out of Secretary Humphrey's tax stimulants to big business in the 1954 tax bill. The Economic report of the President transmitted to the Congress in January of this year discussed at length the pressures on financial resources in 1956, with major attention to the effects of the rise in business investment. For example, the report states, on page 35:

> Financial markets were subject to continuous and heavy pressures in 1956. The financial requirements of business concerns increased sharply, mainly because of the rapid rise in business capital outlays and to some extent because of inventory accumulation and large investment abroad.

The trouble with the administration, and the main reason for its present difficulties, is that they have used high interest rates as an instrument rather than an effect of tight credit. There is no virtue in high interest rates as such, although they are, to some extent, an unavoidable result of a restricted money supply. The Treasury and Federal Reserve Board reached an accord back in 1951, and the Board stopped its inflationary support of the Government bond market. The effect of withdrawing the support was a moderate increase in interest rates. I never objected to this because it was more important for the Federal Reserve Board to stop pumping credit into the economy by its purchase of bonds than it was to keep interest rates artificially low.

Going to the opposite extreme of making interest rates artificially high, however, is quite another matter. That is exactly what Secretary Humphrey did when he issued a 3¼-percent bond in March of 1953. With the prevailing yields on comparable bonds at that time of a little over 2¾ percent what was the effect of that issue?

Naturally, it was oversubscribed. But the important thing is this: It increased the prevailing rate on the safest bonds in the world by nearly ½ percent. As that rate went up, certainly other rates did too. The financial institutions shifted from VA and FHA mortgages to conventional mortgages or to other forms of investment. Interest rates were increased on these Government-backed loans, but the dam had broken. Big discounts were demanded. Investors saw interest rates on the rise and held down long-term commitments hoping for still better rates.

Secretary Humphrey had gone too far. Some even say that his action lit the fuse to the 1953–54 recession. We are still suffering the effects of that move. The Federal Reserve Board temporarily alleviated the tight credit problem in late April, May, and June of 1953 by buying bonds and lowering reserve requirements of its member banks. But the damage had been done.

With interest rates on the rise, is it any wonder that the big investors wanted to wait out further increases?

Having followed a policy which probably touched off a recession, the Treasury then executed a 180 degree turn and advocated measures to restore the economy. "Increase purchasing power by a tax reduction," they said. Perhaps such a popular move would divert attention from their previous policies.

Cutting taxes would have been fine, except that they cut them in the wrong places. Practically all the benefits of the 1954 tax bill advocated by the Republican administration and passed by the Republican 83d Congress, went to the Nation's stockholders, directly or indirectly. Provisions like double rate declining balances on business capital spending and dividends tax credits gave windfalls to those who needed them least. But unfairness was only one of the problems. Having sharply restricted the economy with tight credit and high interest rates in early 1953, they now went to the other extreme. That tax bill, plus the expiration of the excess profits tax, started a raging fire of business spending which has led to the present industrial inflation.

Throughout all the administration policies, whether they were restricting or promoting purchasing power, one segment of the population was always the winner—big business and big banks. In a word, Wall Street.

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

Mr. FULBRIGHT. I yield to the Senator from Illinois.

Mr. DOUGLAS. I believe the Senator from Arkansas has put his finger on a very important point. Is it not true that in 1953 both the Treasury and the Federal Reserve Board were intent upon increasing interest rates for the purpose, as they said, of "dampening down" loans?

Mr. FULBRIGHT. In early 1953, the Treasury issued the high-interest bond and the Federal Reserve Board raised discount rates.

Mr. DOUGLAS. Such action, with the rate of interest going up, would increase the rate of earnings of the banks, would it not?

Mr. FULBRIGHT. Generally speaking, that would certainly be true, because the rate the banks pay lags far behind what they receive on their loans. That is always true.

Mr. DOUGLAS. Is it not also true that later in 1953 the Federal Reserve Board decreased the reserve requirements of its member banks?

Mr. FULBRIGHT. The Senator is correct.

Mr. DOUGLAS. So that the banks were given, free, an additional amount of money which they could lend.

Mr. FULBRIGHT. That is correct.

Mr. DOUGLAS. That certainly helped the banks.

Mr. FULBRIGHT. The Senator is correct.

Mr. DOUGLAS. Is it not also true that at the very time the interest rates were being increased, the Federal Reserve Board lowered the margin requirements on the purchase of stocks from 75 percent to 50 percent; so that, whereas formerly $7,500 in cash could buy only $10,000 worth of stock, as a result of the action of the Federal Reserve Board, the same amount of money could purchase $15,000 worth of stock? Therefore, there was a 50-percent increase in the amount of stock that could be purchased with the same amount of cash. Is that not a correct statement?

Mr. FULBRIGHT. I believe that following the hearing of our committee the Board restored the margin requirements back to 70 percent.

Mr. DOUGLAS. Yes; but initially they had lowered it, had they not?

Mr. FULBRIGHT. Yes. In February 1953 the Board lowered the margin requirements from 75 to 50 percent.

Mr. DOUGLAS. That would certainly stimulate speculation in stocks, would it not?

Mr. FULBRIGHT. It would, and it did.

Mr. DOUGLAS. Besides being a boon to investors and speculators, it increased the earnings of brokers, who, as a result, made larger commissions on the larger volume of stock sales.

Mr. FULBRIGHT. That would inevitably be so, of course.

Mr. DOUGLAS. So that these policies, which seemed to be actually contradictory, namely, encouraging speculation in stocks, and at the same time increasing the interest rate to discourage speculation in commodities, worked together to help bankers and brokers.

Mr. FULBRIGHT. The Senator is correct.

Mr. BUSH. Mr. President, will the Senator yield for a brief observation at that point?

Mr. FULBRIGHT. I shall yield, but very briefly only. I have taken much longer than I had intended to take. I wish to conclude my statement.

Mr. BUSH. The Senator has been interrupted by several other Senators. I should like to make a brief observation about what the Senator from Illinois has just said, so as to keep the record straight. I should like to quote two very brief paragraphs from the statement made by the Secretary of the Treasury before the Committee on Finance:

> Some critics allege that higher interest rates benefit only the bankers. That is nonsense. Earnings of insured commercial banks as a return on average capital accounts in 1956 were 7.82 percent. This is lower than the average for the prior 3 years, or for the years 1948–52. Such bank earnings have averaged 8.29 percent for the past 4 years. This is less than the average of 8.62 percent for the entire 8 years of the prior administration. Bank earnings for 1956 of 7.82 percent are substantially less than the average earnings of all manufacturing companies which averaged 12.3 percent. In 1952, bank earnings of 8.1 percent compared with manufacturing earnings of 10.3 percent.

I merely wish to say that it is not fair to assert that bankers are having a field day because of the increase in interest rates, because the record clearly shows that in the last year they have earned less money on their invested capital and on their capital funds than in any year in recent years.

Mr. FULBRIGHT. I say to the Senator from Connecticut that in my statement I have not dealt with the subject of earnings. I have the impression that there is a great difference between the earnings of the large banks and the earnings of the small banks. I believe that the small banks do not generally have the larger percentage of their total capital accounts in Federal Government bonds, as is the case with the large banks. During the period of increasing interest rates the price of Government bonds naturally declines. As a result, a bank which holds a large number of Government bonds sustains a paper loss. I am told that a number of such banks have converted this paper loss into an actual loss, and have reinvested their money at a lower rate, which will enable them, when those investments come due, to take a capital gain, rather than an ordinary gain. There are many possibilities involved under the existing tax law with respect to conversion, and the possibility of getting a capital gain and, at the same time, a decreased tax.

But there is no question but that the banks have been increasing their profits. I ask unanimous consent to insert an article from the Journal of Commerce of June 25, 1957, on this subject.

There being no objection, the article was ordered printed, as follows:

FIRST HALF'S BANK PROFITS TO SET PEAK—RECORD IS ATTRIBUTED TO CONTINUING GROWTH IN COMMERCIAL LOANS

(By Ed Tyng)

Profits of the Nation's banks for the half year ended June 30, to be revealed in statements to be published next week, will set new alltime highs because of continued expansion in commercial loans at high rates of interest.

The June quarter's operating earnings, according to a survey by this newspaper, probably will exceed those for the first quarter by amounts ranging up to 10 percent. For the half year ended June 30 operating earnings promise to be on an average 15 percent higher than those for the first quarter of last year.

FIFTEEN PERCENT RISE FORESEEN

Profits for the second 1957 quarter as compared with the like 1956 period should also be at least 15 percent higher.

Conscious of their risk exposure on the higher loan volume, the banks probably will make liberal deductions for reserves and take what chargeoffs they feel may be legitimate. But these deductions will be relatively unimportant in relation to higher income.

While not all of the big gain in commercial loans, mostly attributed to borrowings by big corporations to pay June 15 installments of Federal income taxes, will be retained by the end of the quarter, nevertheless the banks will have had the benefit of the higher loan volume and high rates of interest during most of the quarterly period.

NEW YORK BANK LOANS UP

For New York banks alone, commercial loans up to now have average $400 million higher than in March and $600 million higher than in December. During the half year interest rates have edged up on a large percentage of all bank loans, mainly through reclassification of such credits so as to reduce dependency upon the 4 percent so-called prime rate.

For the big New York banks which, for years, have lost deposits on balance to the interior of the country, the June 30 figures may show a small average gain.

There would be a big gain were it not for the fact that the Treasury's latest financing, which will bring almost $3 billion more funds into the Nation's bank deposits, will not be completed until the first few days of July. Therefore this deficit financing by the Treasury, which creates demand bank deposits, will not show in June 30 statements.

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

Mr. FULBRIGHT. I yield to the Senator from Oklahoma.

Mr. KERR. Is it not a fact that there are more borrowers than lenders?

Mr. FULBRIGHT. The Senator is correct.

Mr. KERR. The Senator from Louisiana [Mr. LONG] a short time ago, said—and his statement was based on the admission of the Secretary of the Treasury on the one hand, and by the Secretary's assistant, Mr. Burgess, on the other—that as of this year, 1957, the Federal Government alone is paying $1,200,000,000 more in interest on less than a third of the public debt, which it has refunded, than it paid on that amount in 1952; that when the entire public debt has been refunded, as inevitably it will be, because the average length of outstanding maturities is now about 3½ years, the penalty on the Federal debt because of the increased interest over and above what it was in 1952 will be about $4 billion a year; and that the penalty, in the form of excess interest rate, on private debt—individual and corporation—when it is refunded at the existing higher interest rates, will be in the neighborhood of $8 billion a year. Therefore, it would certainly be reasonable to assume that the lenders are the ones who will receive that windfall. Is that not correct?

Mr. FULBRIGHT. The Senator from Oklahoma is correct. It does seem to one who is even as uninitiated as I am that whenever the interest rate goes up, it means the lender makes a little more money.

Mr. KERR. And the bankers are among the lenders.

Mr. FULBRIGHT. That is correct. I have never been against bankers or lenders making money. Again, it is a question of balance.

Mr. KERR. I have nothing against bankers; I am dependent upon them. I simply object to the penalty which this administration has permitted the bankers to charge over and above what they were accustomed to charge.

Mr. FULBRIGHT. Exactly; that is the point I wish to emphasize. It is a question of balancing in reasonableness and of considering carefully what happens as a result of these policies. The bankers have a tendency to go too far, as they have done before. That is what we are complaining about.

Mr. BUSH. Mr. President, will the Senator yield to permit me to make an observation?

Mr. FULBRIGHT. I cannot resist yielding to my good friend from Connecticut, but I really do not want to hold the floor all day. I am almost through with my speech.

Mr. BUSH. The Senator from Arkansas, assisted by our good friend from Oklahoma, has opened up a very interesting question about the lenders making all the money. I submit that the persons who are benefited by higher interest rates, after long years of the suppression of interest rates, are the savers of the country, including 106 million holders of life insurance policies; including 50 million holders of commercial bank savings accounts; including 16 million people who have accounts in the mutual savings banks; and including some 20 million individuals having accounts in the savings and loan associations.

Mr. FULBRIGHT. What about a person who owns a Government bond—especially savings bonds? Has he benefited? Have the holders of Government bonds which were bought during the war been benefited?

Mr. BUSH. I beg the Senator's pardon; I did not understand his question.

Mr. FULBRIGHT. What about the savers who bought Government bonds during the past 20 years?

Mr. BUSH. They got exactly what they bought—what the bargain called for—namely, a 3-percent yield. They bought their bonds at a time when the Government was artificially supressing interest rates.

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

Mr. FULBRIGHT. I yield.

Mr. KERR. Concerning what the distinguished Senator from Connecticut has said, I know the Senator from Arkansas is not opposed to savers getting a fair return on their savings. He is as much for that as is the Senator from Connecticut.

Mr. FULBRIGHT. Certainly.

Mr. KERR. I wonder if the Senator from Connecticut would be interested to know that in the years of the Eisenhower administration while the income of farmers has gone down 30 percent, and while the percentage of the national income which the farmer receives has gone down 36 percent, the percentage of the national income which the lenders receive has gone up 40 percent.

Mr. FULBRIGHT. I did not know that, but I am very glad to have that information as a part of the record.

Mr. KERR. I ask the Senator from Arkansas if it is not a fact that while he is not opposed to the lenders receiving a fair and equitable return on their money, what he is complaining about is the imbalance which has been created by this administration, whereby the proportion which the bankers receive has been abnormally and unjustifiably increased at the expense of so many others, whose income has been proportionately decreased.

Mr. FULBRIGHT. The Senator is absolutely correct. That is just the point I am making.

I shall now conclude my speech.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield for one question?

Mr. FULBRIGHT. I yield.

Mr. MARTIN of Pennsylvania. I have been very greatly interested in this discussion. It relates to one of the most important questions confronting our country.

I was interested in the statement by the distinguished Senator from Arkansas that the bankers are receiving great benefits because of increased interest rates. Is it not true that the banks are in competition in obtaining money; that they are advertising higher rates for savings accounts and time certificates, and saving methods of that kind; and that, as a result, the people with savings are receiving greater returns by reason of the higher interest rates?

Mr. FULBRIGHT. A moment ago, in a colloquy with the Senator from Illinois [Mr. DOUGLAS], I stated that it is true there has been some increase in the cost of money which the banks have to lend, but that always lags behind. The interest rates they receive go up much more rapidly than the rates which they pay.

Also, a very large percentage of their money is not in time deposits; it is in checking accounts, on which they pay no interest.

I think commercial banks benefit very substantially from an increase in the rates which they receive. It is true they do not reap 100 percent of the difference. They pay out some of that which they obtain. But, generally speaking, I believe it is clear that a lending institution which has money to lend will be able to benefit by an increase in the price of its commodity, just as an oil company which has oil to sell will benefit by an increase in the price of oil, or as a man who sells coal or a man who has labor to sell benefits by an increase in the price of his commodity or services. Generally speaking, I think that is true. There will always be some factors which will tend to change that situation slightly.

Mr. MARTIN of Pennsylvania. Is it not true that money is competitive, the same as is any other commodity in the United States, and that its cost depends on the the law of supply and demand?

Mr. FULBRIGHT. The Senator raises a very big question, one which was discussed by experts the other day. In the discussion, there seemed to be an idea that in our economy, especially in big business, there is very little competition. However, that is an involved theory of economics, which I do not believe I should enter into at this moment. I should like to conclude my rather simple statement.

Mr. MARTIN of Pennsylvania. I appreciate the time which the Senator from Arkansas has given me. To my mind, the financial situation of America, not only in 1957, but at any other time—and it projects itself into the future—is one of the most important subjects we can consider. It is a very involved matter, but one which the individual Senators, the individual Members of the House, as well as the members of the executive department, should understand. I realize it is very involved, but it is worthy of our every possible consideration.

Mr. FULBRIGHT. I appreciate the comment by the Senator from Pennsylvania. There are, of course, persons in this country who believe that the control of the available supplies of capital and credit which supply our economy is somewhat concentrated, that it is not evenly distributed, and that some segments benefit, undoubtedly, because they control credit and capital, while others suffer for the lack of such credit and capital.

As I have said, that is a matter on which I think I should defer further discussion until a time which is a little more appropriate.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSTON of South Carolina. Is it not true that when the interest rates on bonds are made high, and the bank takes money which it would not lend to individuals and, instead, buys the bonds because they pay a higher rate of interest, there is taken out of circulation the money which the banks would lend to individuals who do business with the bank locally?

Mr. FULBRIGHT. In that sense, there is competition between the Government and the private persons for the available supplies of the funds of the savers. There is no doubt that an increase in the Government interest rate will tend to force up the rate which the private person has to pay for a loan. I think that is quite true.

Mr. President, all sectors of the economy have been forced to sit back and wait while big business, financing out of retained earnings and ready access to the capital markets, has sopped up nearly every drop of available credit. Small business, farmers, and local school district credit needs have had to sit by on a siding while the corporation expenditures express roars by. Small business was denied tax relief, even though it meant no loss in revenue.

I have never seen a better example of talking out of both sides of one's mouth than was given by the administration with regard to the tax bill which is affecting small business, and which we disposed of a few months ago.

To return to the subject of a Monetary Commission or study, I conclude that the Finance Committee, having jurisdiction over tax and debt management policies, is the proper committee to make such a study. It is in this field that Secretary Humphrey has led the way to our present predicament.

As to Senator CAPEHART's administration bill, I conclude that the failures of this administration are not due to a lack of information about our monetary system, as such a study might develop, but, instead, are due to a failure, in tax and debt management decisions, to use in an unbiased and impartial manner the information at hand.

The administration wants a Congressionally approved, administration-dictated and administration-appointed Monetary Commission. Does anyone doubt that such a commission would be dominated by the White House and the Humphrey school of economics? Do we want to put the Congressional stamp of approval, before the fact, upon such a study?

As to the matters within the jurisdiction of the Banking and Currency Committee—principally the policies of the Federal Reserve Board—I do not mean to say they are without blame. In 1955, I made an effort to call attention to some of these matters. Our stock market report criticized the Federal Reserve Board for its excessive timidity in applying stock-market margin controls. We called attention to the high level of consumer credit and the dangers in overextension of mortgage credit, which neither the Treasury nor the Federal Reserve Board took adequate or timely steps to check.

But as to the main issue within the jurisdiction of the Committee on Banking and Currency, I do not believe the answer to our current problems, largely caused by Treasury ineptness in taxes and debt management, is a return to the cheap-money policies necessarily followed during wartime, and unwisely extended too long thereafter.

The cure for inflation is not more of it. Printing-press money is not the answer, and the Federal Reserve Board has been stalwart in holding out against this.

Perhaps the answer lies in that of which the Senator from Indiana, an able politician, is so critical—namely "politics," for it is by "politics" that we decide such issues. I have little confi-

dence, however, that this remedy can be applied before 1960.

Were it possible, under present circumstances, to create a truly nonpartisan, objective Commission to study the great area of monetary, credit, and fiscal problems, I should welcome it. I believe in education in this field, as well as in others. However, there is little in this administration's record to indicate the likelihood that an objective study would be made. On the contrary, when one looks at the appointments made by this administration to the commissions and study groups of one kind or another, even those which are statutory nonpartisan or bipartisan, one can easily see the remoteness of this possibility.

Mr. President, I have already asked unanimous consent to have the Secretary's statement printed in the RECORD.

I yield the floor.

EXHIBIT No. 1

STATEMENT OF SECRETARY HUMPHREY TO THE SENATE FINANCE COMMITTEE

THE INCREASE IN PRICE LEVEL, 1955–57

In response to a request from Senator KERR on Friday, I promised to provide the committee today with a more extended statement describing the pressures which initiated the recent rise in the general price level.

This rise began to show up at the wholesale level in mid-1955, and by early 1956, prices of consumer goods and services began moving upward. While the wholesale price index has been relatively stable since January, the consumer price index has continued to move upward. Now, what has caused this rise in our price level particularly during the last year? This is a question with which we are all understandably concerned, and to which I want to respond here.

WHOLESALE PRICES

During late 1955 and 1956, price increases stemmed basically from a massive increase in capital expenditures. During this same period there was a substantial accumulation of inventories, which accentuated these price pressures.

As the accompanying tables indicate, the capital-goods boom which emerged in 1955 was of enormous proportions. Industrial construction contract awards had increased 55 percent during 1955. The volume of new orders for durable goods jumped 34 percent.

Percentage change in new orders for durable goods

	Change during [3]—		
	1955	1956	1955 and 1956
Durable-goods industries, total	+34	0	+34
Primary metals	+32	−1	+31
Fabricated metal products	+29	0	+29
Machinery [1]	+37	+7	+47
Transportation equipment	+55	−6	+46
Other durable goods [2]	+12	−1	+11

[1] Includes electrical machinery.
[2] Includes professional and scientific instruments, lumber, furniture, stone, clay and glass, and miscellaneous.
[3] Change between 4th quarters of 1954, 1955, and 1956.
Source: Office of Business Economics, Department of Commerce.

Though shipments increased very sharply, the backlog of unfilled orders mounted rapidly for the hard-goods lines generally during 1955, and continued to move upward through most of 1956. Indeed, by the end of last year the backlog of unfilled orders was equal to more than 4 months of shipments at the December rate, and was 34 percent above early 1955 levels. The magnitude of these rapidly mounting demands, concentrated in such a short time span, led to a sharp rise in the price of producers' equipment and in the prices of materials, components and supplies used in durable goods manufacturing. These price advances, you will note, were much greater than those for products less directly related to this capital goods boom.

Percentage changes in unfilled orders, selected dates, major durable goods industries

	From January 1955 to January 1956	From January 1956 to January 1957	From January 1955 to January 1957	From January 1957 to April 1957 [1]
Durable-goods industries, total	+20	+11	+34	−3
Primary metals	+73	+6	+82	−2
Fabricated metal products	+26	+9	+37	−1
Machinery [2]	+23	+16	+43	−2
Transportation equipment	+10	+12	+23	−5
Other durable-goods industries [3]	−3	−3	0	−5
Selected commodities:				
Railroad passenger cars	+5	+5	+10	−2
Railroad freight cars	+673	−23	+499	−5
Railroad diesel and diesel electric locomotives	+76	−6	+67	−5

[1] Preliminary.
[2] Includes electrical machinery.
[3] Includes professional and scientific instruments, lumber, furniture, stone, clay and glass, and miscellaneous.
Source: Office of Business Economics, Department of Commerce.

The course of this rapidly accelerating capital goods boom during 1955 can be traced in the various lists of shortages published from time to time by the Association of Purchasing Agents. At the beginning of 1955, only 9 items of basic materials were reported in short supply. This list built up persistently through subsequent months until by March 1956, 17 items were listed in short supply: aluminum, cellophane, cement, copper, nickel, paper, selenium, steel products, titanium dioxide, steel pipe, steel plates, structural steel, steel shapes, stainless steel, synthetic rubber, methanol, and newsprint.

This list is, of course, illustrative only. The basic pressure on resources was being exerted by the rapid increase in capital outlays generally, and the even more rapid increase in new orders, unfilled orders, and industrial construction contract awards beginning in 1955.

Wholesale price index

[1947–49=100]

Price group	Points change in the index	
	From January 1955 to January 1957	From January 1957 to April 1957
Wholesale prices:		
All items	+6.8	+0.3
Farm products	<−3.2	+1.3
Processed foods	+.5	0
All other (industrial)	+10.0	+.2
Selected groups of industrial prices:		
Rubber and rubber products	+8.2	−.5
Pulp, paper, and allied products	+12.3	−.1
Metals and metal products	+22.1	−2.1
Machinery and motive products	+18.1	+1.1
Nonmetallic minerals, structural	+10.0	+2.5

The increased prices of materials, components, and supplies led to cost increases for producers of other goods, such as consumer durables. Consequently, even in lines of industry where demand was not rising so rapidly, some price increases occurred, as producers passed along at least some of the increased cost of materials.[1]

[1] In two major areas of the economy, automobiles and home building, production was actually declining. This offset some of the pressure built up by the demands for plant, equipment, and inventory; crude material prices never climbed much above their late 1955 peaks although semifabricated materials and components continued to rise.

Not only did prices of materials and supplies increase, but labor costs rose substantially in 1956. Wage increases were sizable and output per employee man-hour failed to rise appreciably in 1956, so that the higher wage costs per hour were more fully translated into increasing costs of production.

CONSUMER PRICES

Consumer prices generally did not begin to rise until early 1956, and consumer commodity prices (aside from food) did not increase until mid-1956. The rise in consumer incomes and in the demand for consumer goods was substantially less than the increase in demand for capital goods. In general, the supply and capacity situation was also easier in the case of consumer goods. However, rising employment and wage rates led to an increase in disposable income of about 6 percent per year between mid-1955 and early 1957. And this was large enough to permit the pass-through to consumers of increases in the wholesale prices of many consumer goods.

Consumer price index

Price group	Percent change	
	June 1955 to December 1956	December 1956 to April 1957
Consumer prices:		
All items	3.3	0.9
Commodities	2.7	.9
Food	1.3	.9
All commodities, except food	3.8	.8
Consumer durables	3.4	[1] .5
Consumer nondurables	4.3	[1] .8
Services and rent	3.7	1.6

[1] December 1955 to March 1956 used.
Source: Based on data from the Department of Labor.

Consumer commodity prices, particularly those of durable goods and food, had been declining for a number of years prior to 1955. Retail margins on durable goods commodities had apparently been falling for some time, making absorption of further cost increases difficult.

Services prices, on the other hand, had been steadily rising throughout the postwar period; many services prices are directly affected by changes in wage rates without any offsetting effect of productivity gains.

The recovery of farm prices from the low point reached in late 1955, and the continued rise in food marketing margins led to increases in food prices early in 1956. After June, other consumer commodity prices joined in the rise, responding to a number

of influences—the earlier increases in wholesale prices, rising labor costs, scattered increases in State and local sales and excise taxes, and in some cases price increases (made possible by the rising level of consumer incomes). In 1955, and again in 1956, the introduction of the new automobile models at higher prices also provided additional consumer price increases, although the actual amount of the increase to the consumer varied from place to place, and from time to time, depending on the degree of dealer discounting.

With food and other commodities beginning to rise, and prices of services continuing their rise, the whole consumer price index moved up in 1956. Despite the stability in wholesale prices during 1957 to date, consumer prices have continued to increase, reflecting earlier rises in wholesale prices, a further increase in food prices, and the steady climb of service prices and rents, evidencing the normal lag in the effective timing of this pattern.

THE PRICE SITUATION IN 1957

The major factors which led to the rise in industrial prices, beginning in mid-1955, and to the rise in consumer prices, beginning in early 1956, were substantially modified during the first half of 1957.

The most significant features of the first half of 1957 have been:

1. The slowing up of the rapid increases in plant and equipment expenditures which took place in 1955 and 1956.

2. The decline in inventory investment, from an annual rate of $4.1 billion in the last quarter of 1956 to a —$1.2 billion rate in the first quarter of 1957.

3. An apparent resumption of gains in output per man-hour, after a year in which only small increases were forthcoming. Although wage rates have continued to rise fairly sharply, the higher output per man-hour has lessened their impact on costs of production.

4. Growing production and stocks of many raw materials, among which the most important are the nonferrous metals—copper, lead, and zinc.

As a consequence, wholesale prices stabilized during the first 6 months of the year. Consumer prices, however, continued to increase, reflecting the normal lag to earlier increases in wholesale prices, a seasonal upturn in food prices, and a continued upward movement of service prices and rent.

The backlog of unfilled orders in some lines is decreasing and the pressure on deliveries and shortages is declining and, in many cases, has almost entirely disappeared.

Whether this is evidence of the effective restraint on inflationary pressures by the policies we have pursued, it is, as yet, too early to tell, but it may be that the natural correction is just beginning to emerge. If this proves to be the case, our flexible policies will take it into account as soon as the evidence is definite.

Mr. KERR obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. JOHNSON of Texas. Does the Senator from Oklahoma desire to have a quorum call had at this time?

Mr. KERR. No. I thank the Senator from Texas.

Mr. President, I wish to congratulate the Senator from Arkansas [Mr. FULBRIGHT] for the able, discerning, and effective speech he has just made. As chairman of the Senate Committee on Banking and Currency, he has an enviable position in the field of fiscal matters and the Government's responsibility with reference to them. In his presentation of today, he has met that responsibility as one well informed on the issues, as one well informed on the record of this administration, and as a statesman. I congratulate him.

Mr. FULBRIGHT. Mr. President, I certainly appreciate those kind words of the Senator from Oklahoma.

THE GOVERNMENT'S FISCAL POLICIES

Mr. KERR. Mr. President, I do not believe there is a more important domestic issue before the American people today than that of the fiscal policies of the Government of the United States. Some weeks ago the Senate Finance Committee undertook an investigation, first, of the revenue bonded indebtedness and the interest rates on all public obligations, including contingent liabilities; second, policies and procedures employed in the management of the public debt, and the effects thereof on credit, interest rates, and the Nation's economy and welfare; and, third, factors which influence the availability and distribution of credit, and the interest rates thereon, as they apply to the public and the private debt.

Mr. President, the working press has done an outstanding job in reporting this investigation. I have never seen the reporters on duty in the Capitol more interested or more effective in their coverage. I only wish their zeal and accuracy in the matter could have been reflected by the editors who handled the reports they have submitted regarding the evidence which has been developed thus far in the hearings before the Finance Committee. From reading the editorial reaction to the investigation, it is quite evident that either the editors have not read the reports which the working press has sent to them, or that, having read them, they have discarded or ignored them.

Some weeks ago, I noticed in the local press an editorial entitled "Dollars and Sense," the first words thereof being:

After all the recent nonsense from some of the more politically minded members of the Byrd committee.

Knowing the political leanings of the writer of the editorial, I flattered myself to think that perhaps I was one of those to whom he was referring.

In the Washington Post of July 1, I noticed an article entitled, "The Economic View—Senate Fiscal Probe Negated by Politics."

Mr. President, I looked up in the dictionary the word "negate"; and I found that it has quite a somber definition, meaning to impair or disparage or practically neutralize.

The first sentence of the article reads as follows:

Developments to date in the Senate Finance Committee's monetary investigation demonstrate why an important study of such an intricate economic subject should not have been entrusted to a political body.

Mr. President, I wish to say that either the viewpoint of the writer of the article is a little warped, or mine is.

Mr. FULBRIGHT. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. FULBRIGHT. Mr. President, the comment the Senator from Oklahoma has read from the article is a curious one. The assumption seems to be that if the body referred to is appointed by the President, it is in no way political. The President is proposing that the same study be made by a body appointed by him. How does the Senator from Oklahoma understand that a body appointed by the President of the United States is nonpolitical, but that a body of the Senate is political?

Mr. KERR. I thank the Senator from Arkansas for making that observation and asking that question. I wish to say that I share with him the viewpoint expressed a while ago when he said this is a political body and this is a political question. There is this difference, as I see it, between the investigation made by the Finance Committee or the investigation of a similar nature made by the Senator's Committee on Banking and Currency and an investigation made by a Presidentially appointed commission: The present investigation is being made by bipartisan committees, whereas I do not believe that a commission appointed by the President would be bipartisan. The investigation being made by the Senate Finance Committee is being conducted by a committee composed of 8 Democrats and 7 Republicans. There are on the committee men of political inclinations and considerations—members on both sides of the aisle. In such a situation, neither side of the aisle has any corner on virtue; nor is either side of the aisle blameless in that regard, if there should be blame for such a situation.

The difference would be, if the President appointed a commission, that he would appoint one to establish a justification of the fiscal policies of his administration, rather than to conduct an investigation, as is now being done by the Senate Finance Committee, to determine the merits or demerits of the fiscal policies of his administration.

Mr. FULBRIGHT. If the Senator will yield further at that point, I wanted it made clear that there is no inhibition upon the President to prevent him from appointing a commission now. He has the power to do that. He has the emergency fund, and so forth. What he wants to do under the bill which has been proposed is to appoint a commission which would create a kind of endorsing head for whatever the commission might recommend. I will ask the Senator if there is any reason for such action on the part of the Senate.

Mr. KERR. I think there is every reason why the Senate should not do that which is proposed in the administration's legislative bill now before the Senator's committee, and I will try to be a little more explicit as to why I so believe. As the Senator has said, the President has full authority to appoint any commision he desires to investigate any matter of policy for which he is responsible, and he has proved that he has such power by appointing more committees and more study commissions than has any other President in the history of the United States.

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

Mr. KERR. I shall be glad to yield to my friend from Indiana in a few moments. I do not want him to go away.

Mr. FULBRIGHT. The Constitution gives Congress power to coin money and regulate the value thereof.

It strikes me that since that is so, the kind of authorization sought would, in an informal way, ask us to delegate those duties to a commission so the commission could take over the responsibilities of the Congress and tell Congress what the policy should be, and Congress would then feel under a moral obligation to follow whatever recommendations the commission might make.

Mr. KERR. The Senator is eminently correct. The administration does not want the Senator's committee to make the investigation. So far as the position of the Senator from Oklahoma is concerned, it is this: Under the Constitution the Congress of the United States and its committees have certain powers and certain responsibilities, and among those responsibilities are the fiscal policies and fiscal matters of this country. It occurs to me that if either the Banking and Currency Committee or the Finance Committee should come before the Senate with proposed legislation asking the President of the United States to appoint a committee to conduct an investigation having to do with the primary responsibility of the two committees of the Senate, we would thereby plead guilty either to being unwilling or unable or afraid to meet our responsibilities under the Constitution.

So far as the Senator from Oklahoma is concerned, he is not afraid to have the Senate Finance Committee undertake this investigation. I am not afraid to have the Banking and Currency Committee undertake such an investigation. But I shudder to think what would come out of a commission appointed by the President of the United States to investigate and report on the fiscal policies which he and his gang have perpetrated on this country for nearly 5 years.

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

Mr. KERR. I yield to the charming Senator from Indiana.

Mr. CAPEHART. I should like to ask the able Senator's permission to the granting of unanimous consent to have printed in the RECORD at this point the bill to create a monetary commission, which I introduced on January 14, at the request of the President.

Mr. KERR. I should like to say to the Senator from Indiana I would have no objection to the bill's being inserted in the RECORD at the conclusion of my remarks. I would urge the Senator to make his request on that basis.

Mr. CAPEHART. I expect to talk a little on the subject at that time. The reason why I wanted to put the bill in the RECORD at this point is that the Senator has had considerable to say about the recommended commission, and I think it would be a good point in the RECORD at which to place the text of the bill.

Mr. KERR. I would not want the bill inserted in the RECORD at this point in the remarks of the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator declines unanimous consent to insert the text of the bill at this point in the RECORD.

Mr. KERR. Students of government, or those curious as to what might be said, will have as much trouble as I should like to impose upon them in following the discussion by the Senator from Oklahoma of the matters which he has in mind. Lucid and quotable as the Senator from Oklahoma is, and limited as he is in his remarks with reference to their applicability to the subject under discussion, it would still be a matter of some burden to readers to follow this discussion, and the Senator from Oklahoma does not want to put any further impediment in the way of their progress and their ability to glean some benefit from this RECORD by putting into it at this point that which the Senator from Oklahoma regards as being of a diversionary character, such as is the proposal by the Senator from Indiana.

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

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG. With regard to the point which the Senator was making about the necessity of the Finance Committee's conducting an investigation, is it not true that the members of the Finance Committee are going to have to consider proposed legislation which deals with this very subject in any event? For example, if the present policies are continued, another bill will be brought before the committee providing for a further increase in the interest rates the Government must pay on the bonds of the Federal Government. That will have to be provided for if the Federal Government is to continue to sell its bonds at attractive interest rates.

The Finance Committee will be required to recommend legislation on results which will flow from the present debt management policies of the Federal Government. So we are going to have to learn about the subject, anyway. The question is whether we want to look into it ourselves, or appoint one more executive agency to tell us the type of things they have told us in the past, and the same type of things they have been telling the committee now for 1 month.

Mr. KERR. The Senator is eminently correct. A study commission was appointed by the President, or the Secretary of the Treasury, which prepared a fifty-odd page discourse on the fiscal policies of this administration, and the discourse was delivered to the Finance Committee by the Secretary of the Treasury. It was so full of political propaganda and errors and miscalculations that it took us some 14 days of from 1 to 4 hours a day of interrogation by members of the Finance Committee to pin down the inaccuracies and the mistakes and the errors in that statement. So I can imagine what would come, but only after great effort, from a commission appointed by the President to extol further what the officials of the administration regard as the virtues of the mismanagement they have perpetrated on our fiscal policies.

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

Mr. KERR. I yield further.

Mr. LONG. Even when the President has appointed commissions composed of bipartisan members, representing varying and differing points of view, there has never been a case, so far as I know, in which the commission has made recommendations on a difficult subject which Congress was willing to accept without studying the recommendations. After Congress had studied the recommendations, it invariably rejected at least part of the recommendations.

For example, I have in mind the commissions which were appointed to study our trade policies. The Senator has participated in the hearings involving foreign trade, reciprocal trade, tariffs, quotas, and like matters, and the Senator knows as well as I do that now and then, while we may find some persuasive argument on the merit of the case, the committee has never been willing to accept all the recommendations made by Presidential study commissions and the committee should not accept them all. Even if the committee were going to consider them, it should at least look into the subject of the reports and study the matter itself, as the Committee on Finance has always done.

Mr. KERR. The Senator from Louisiana is eminently correct.

I wish to say to the members of the Committee on Banking and Currency, in the light of the experience of the Committee on Finance, that they will be much better off, if they are interested in the question of the fiscal policies of the Government, if they will continue an investigation into the facts of the case, than they will be if they spend their time reading the propaganda which will come to them from a commission appointed by the President.

If I had the responsibility, Mr. President, for perpetrating upon the American people the distorted, unhealthy, penalizing and burdensome fiscal policies which this administration has perpetrated on the people, I would ask nothing better than that Congress would authorize me to appoint the Commission which would make the investigation of those policies.

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

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG. It occurs to some of us that the Committee on Banking and Currency is going to have to pass upon legislation to remedy some of these problems. If the Committee on Banking and Currency wants to look into that matter, sooner or later, when the proposed legislation comes before the committee, the committee is going to have the responsibility and the duty of apprising itself of the issues involved, rather than of asking some commission to come before it to supply the answer, buying it like a pig in a poke, without understanding.

Mr. KERR. The Senator is eminently correct.

I think the great chairman of the Committee on Banking and Currency will do all that he can to see to it that when the time comes the committee will put itself

in the position of getting facts from reliable witnesses and not propaganda from a Presidential Commission.

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

Mr. KERR. I yield to the Senator from Indiana.

Mr. CAPEHART. The Senator is talking about S. 599, a bill which I introduced January 14 and which was referred to the Committee on Banking and Currency, to permit the President to appoint a Commission to study this subject. So far that bill has not been reported favorably to the Senate from the committee. Why are we discussing the merits of the bill before it reaches the Senate?

Mr. KERR. Mr. President, I want to relieve the mind of the Senator from Indiana.

Mr. CAPEHART. Let me finish my question, please. Is it because the committee tomorrow is going to take up the question of whether or not it should report the bill, and someone is trying today on the floor of the Senate to keep some Senator in the committee tomorrow from voting to bring the bill before the Senate? Is that the purpose of these speeches today?

Mr. KERR. I wish to relieve the mind of the Senator from Indiana of any impression that the Senator from Oklahoma has addressed himself to the Senator's bill. The Senator from Oklahoma is discussing principles.

I was advised that there was a proposal before the Committee on Banking and Currency to authorize the President to appoint a Commission. I will say to the great Senator from Indiana that mention of his name in connection with that bill had not delighted my ears nor inspired my mind. I did not know that it was the brainchild of the Senator from Indiana which was being referred to by the distinguished chairman of the committee. Nor was I discussing the principle as expressed in or limited by the bill offered by the Senator from Indiana.

If the specifications which I have used in my discussion fit the bill of the Senator from Indiana, then let nature take its course. I will say to the Senator that it was without my knowledge that such was the case. While a bill to bring that about would not be impaired by bearing the name of the Senator from Indiana, neither would its evident unworthiness be alleviated or removed by reason of that fact.

Mr. CAPEHART. Mr. President, is the able Senator saying that he did not know a bill had been introduced to carry out the suggestion that the President be permitted to set up a Commission, about which the Senator has been talking so much in the Chamber in the last 15 minutes?

Mr. KERR. I have tried to make my position quite clear.

Mr. CAPEHART. And about which the Senator from Arkansas [Mr. FULBRIGHT] talked for nearly an hour in the presence of the Senator from Oklahoma.

Mr. KERR. I have tried to make clear that I understood there was a proposal before the Committee on Banking and Currency. I did not know it was the exclusive brainchild of the Senator from Indiana or that the principle before the Banking and Currency Committee was limited to the expression of it as made by the Senator from Indiana in his bill, if he has a bill.

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

Mr. KERR. I yield.

Mr. CAPEHART. The Senator, I think on a number of occasions in his speech today, referred—as did the able Senator from Arkansas in the Senator's presence—to the fact that the President asked that a commission be appointed and that legislation was pending before the Senate Committee on Banking and Currency, with a request that it be passed.

I do not believe the able Senator from Oklahoma is going to convince anybody in the audience, or any Senator who has been sitting here in the Chamber for the last hour, that he did not know such legislation had been introduced, and had been introduced by the Senator from Indiana.

Mr. KERR. I will say to the Senator from Indiana that I knew the President had been trying to get authority to appoint such a commission ever since his policies fell into such terrible disrepute. I knew he had been trying to persuade somebody to introduce a bill that would bring forth a commission which would whitewash his failures in the field of fiscal policy.

Had I studied the matter and analyzed it carefully, I could have arrived at the conclusion, on the basis of the past record, that no man in the legislative halls of Congress, whether in the House or in the Senate, could have moved on Pennsylvania Avenue to meet that request by the President ahead of the Senator from Indiana. Had nobody told me that the Senator from Indiana introduced such a bill, had I stopped to consider, had I not been more or less concerned about getting some cohesiveness in the remarks I am going to make, but had I, instead, devoted my mental faculties to an analysis of the situation, I should have known that the Senator from Indiana, shoving all others aside, would get there first, and introduce a bill exactly as the President wanted it. [Laughter.]

Mr. CAPEHART. Mr. President, will the Senator yield? Will the Senator yield?

Mr. KERR. I wish to apologize to the Senator if I have said anything today which would cast any doubt in the mind of any citizen or of the President that the Senator from Indiana would permit no man to get in front of him in his effort to get that sorry job done for Eisenhower. [Laughter.]

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

Mr. KERR. I yield.

Mr. CAPEHART. Why is the Senator, as well as his colleagues, so opposed to permitting, authorizing, helping and assisting the President of the United States to make a study of the monetary situation in the United States?

Mr. KERR. In the first place, it would be futile.

Mr. CAPEHART. Will the Senator wait a moment?

Mr. KERR. No man can help Eisenhower study the fiscal policies of this Government, because one cannot do that without brains, and he does not have them.

Mr. CAPEHART. Mr. President——

Mr. KERR. I will say to the Senator that if the greatest fiscal experts this Nation has ever produced marched in solid phalanx before Eisenhower for months and gave him the benefit of their knowledge and judgment, he would emerge from the experience just as uninformed as he is now.

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

Mr. KERR. He does not want information, he wants justification.

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

Mr. KERR. He does not want to be advised, he wants to let somebody else, whose purpose is not to implement fiscal policies for the average citizen of this country, but to continue those now in effect, which were conceived by the lenders and perpetrated by the Republican administration, formulate policy.

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

Mr. KERR. I yield.

Mr. CAPEHART. After making the statement which the Senator has just made, that the President of the United States has no brains, I should think he would be utterly ashamed of himself, being over 21 years of age, and a capable man who has made a great success in business—I do not know how many millions—to say publicly, in the presence of school children and others in the galleries, that the President of the United States has no brains. If I had made such a statement I would be so ashamed of it that honestly, I doubt very much if I would feel like coming back to the floor of the United States Senate and facing the people.

(Manifestations of applause in the galleries.)

The PRESIDING OFFICER. The Chair admonishes visitors in the galleries that they are here as guests of the United States Senate; and any approval or disapproval of anything said on the floor is a violation of the rules of this body.

Mr. KERR. Mr. President, I wish to say to the Senator from Indiana that I meant every word of what I said about the lack of ability on the part of the President of the United States to understand the fiscal policies of his administration. I do not say that the President has no brains at all. I reserve that broad and sweeping accusation for some of my cherished colleagues in this body. I would not apply that remark to the President of the United States; but I do say that he is uninformed on the fiscal policies of this administration, and their effects.

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

Mr. KERR. I yield.

Mr. CAPEHART. I am very happy to accept the statement the Senator has just made. He is now reversing himself and apologizing for the statement he made a moment ago.

Mr. President, I make a motion that the statement which the Senator from Oklahoma made, that the President had

no brains, be stricken from the RECORD, and that the colloquy between us be stricken from the RECORD, because I do not believe that schoolchildren and other young people in this Nation ought to read in the CONGRESSIONAL RECORD that a Senator says that a President of the United States, regardless of who he is, has no brains.

Mr. KERR. Mr. President, the Senator from Oklahoma wants no part of the remarks he has made taken out of the RECORD. If the Senator from Indiana wishes his remarks stricken from the RECORD, that is agreeable to me.

Mr. CAPEHART. I was making the suggestion merely as a matter of courtesy to the Senator from Oklahoma.

Mr. KERR. There is nothing of which I would be more suspicious than an avowed effort on the part of the Senator from Indiana to be courteous to me. I have never been uneasy about our relations, because I thought we perfectly understood each other. But when the situation gets around to the basis of courtesy, I wish to reappraise it.

I was referring to the remarks of some editorial writers with reference to the investigation by the Finance Committee. One such writer in my section of the country had this to say:

> It is important to bear in mind that the Senate Finance Committee's inquiry into the administration's monetary policies carries partisan political overtones looking to the elections of 1958 and 1960.
>
> It is one thing to rail and rant against higher interest rates to money lenders under current tight money policies and quite another thing to consider the alternative under easy money—the inescapable alternative of runaway inflation disastrous to everyone.

That is an expression of a mistaken point of view, which has been indicated by many editorial writers writing about this investigation. It has even been indicated by the Secretary of the Treasury himself.

It would seem rather short-sighted, unjustified, and inaccurate for one to conclude that the only alternative to the present hard-credit, tight-money, high-interest rate policy was one of runaway inflation, disastrous to everyone.

That reminds me of the thought on the part of some that the only alternative to a flood is a drought, when such is not the case at all. The situation today is that we have a drought in the supply of credit. We have a drought which has been created by the government, through the fiscal policies of this administration. Its effect has been just as devastating upon tens of thousands, yes, hundreds of thousands or millions, of those in business in this country, as a physical drought would be on crops.

We who are seeking to lessen the disastrous effect of that drought are not advocating a flood. The Federal Reserve Board was created to provide the credit necessary to permit the operation of a sound and expanding economy. The Board and the Treasury Department have brought about a situation in which a sufficiency of credit does not exist. But in order to cure that situation, it is not necessary to go to the other extreme and create a flood.

The policy would not be so utterly foolish were it not for the fact that the Government itself is the largest borrower on the earth. On December 31, 1952, the total public and private debt in this country amounted to about $600 billion. Of that amount, Federal, State, and local governments owed more than one-half. The Federal Government owed $275 billion or $276 billion. State and local governments owed approximately $40 billion, making a total of about $315 billion, more than half the total debt of the Nation when this administration came into power.

Mr. Humphrey went across the country in late 1952 and 1953 talking about the fiscal mess which his administration inherited. He said that two-thirds or three-fourths of the debt matures or is callable at will by the holders in 5 years or less. Imagine, he said, the monstrosity of having a public debt of $275 billion that has been managed in such a way that from two-thirds to three-fourths of it comes due or is callable at the will of the holders in less than 5 years.

The other thing about which he talked most was the artificially low interest rate. He and Mr. Burgess, representing the largest borrower on the earth, the United States Government, with, as he said, from two-thirds to three-fourths of the total debt having to be refinanced in less than 5 years, were going up and down the highways and byways of finance and commerce in this Nation and saying the Government is not paying enough interest on the public debt. Is there not someone somewhere who will increase the interest rate which Uncle Sam must pay?

The response to that appeal was one of the most tremendous ever witnessed in this Nation. The lenders pushed each other out of the way to get in line to comply with that request. Mr. Humphrey said, We will have no part in the Federal Reserve Board's attempting in any way to lower interest rates. Mr. Burgess, who spent the major part of his life trying to increase interest rates for the benefit of the lenders, then moved to carry out the policy he had been unable to carry out when he was the paid representative of the lenders.

Their success in that regard has been phenomenal. They have succeeded, until today the Government is paying more in interest rates than it paid before Mr. Humphrey and Mr. Burgess came into office. We have this very amazing situation. We have the situation of a Secretary of the Treasury announcing an objective, which was to increase the term of outstanding Government bonds, and then announcing a fiscal policy which would make the attainment of that objective impossible. Mr. Humphrey admitted that, insofar as the short-term indebtedness and the percentage of the public debt maturing or being callable in 5 years was concerned, to which he had referred as the fiscal mess of the Truman administration, his successor, Mr. Anderson, would inherit as bad a mess as he [Mr. Humphrey] had inherited.

As the Senator from Arkansas [Mr. FULBRIGHT] indicated a little while ago, in September 1952, the average number of months of the maturity of the debt was 46 months, plus. On June 30 of this year it had dropped down to 43 months, plus.

However, the most amazing thing about the situation is that Mr. Humphrey apparently did not know, until he was confronted with the reality, that his own policy of debt management would make it absolutely impossible for him to achieve his objective of moving more of the public debt into a long-term category. He admitted that he favored and helped put into effect the higher interest rate policy. He admitted that he favored the policy of paying what the market required in the way of interest on the public debt.

Mr. President, I have had some limited experience with financial houses and bankers. I have great respect for them; I could not get along without them. I come from a part of the country which makes use of natural resources. Throughout its history it has had to do it with borrowed money. In carrying out that kind of practice, I have been in close contact with the lenders for many years.

I have yet to find a lender who does not announce that the first principle of his business is to charge all the traffic will bear for the money he lends. We have the situation, Mr. President, of the greatest borrower on earth, the United States Government—having to refinance and refund its indebtedness at the rate of from $60 billion to $70 billion a year, and now 70 percent of it in less than 5 years—saying, We want no help from any agency of the Government or from anyone else in the matter of saving interest. We stand ready to pay what the market requires, knowing that the market requires all the traffic will bear.

Putting those two principles side by side, we perceive the Humphrey heritage to the American taxpayer and the American people.

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

Mr. KERR. I shall be delighted to yield in a moment.

The Secretary knows that the lenders are going to get all they can. He is telling them that he wants to pay all they require. I should like to have some fiscal expert tell me how, under such circumstances, we can ever expect to sell long-term bonds at a fixed rate of interest. It is an utter impossibility. Mr. Humphrey admitted it to the Committee on Finance the other day. He said, he could not sell a long-term Government bond today at any rate that he would be willing to pay.

I asked him if he could sell a long-term bond at the rate now fixed by law as the limit, 4¼ percent. He said, I do not know. I am sure that I could not sell a long-term bond at any rate that I would be willing to pay.

I said, "Mr. Secretary, your policy of paying all that the market would require has thus made it impossible for you to achieve the objective, which you stated when you went into office, of putting more and more of the debt on a long-term basis?"

He admitted he had not achieved his objective.

It was just that plain, Mr. President. The charge that another Member of the Senate is being motivated by political considerations is least impressive when, of all men I know, it comes from the Senator from Indiana.

I plead guilty, so far as I am concerned, to the allegation that there are political considerations in connection with my service in this body. As I understand the dictionary definition, politics is the science of government. I know there are some Senators who would operate the Government as though there were no science to it. However, I believe that a knowledge of the science of government is not only an asset to one who serves in the Senate, but, at times, almost a requirement. I do not believe that the Senator from Indiana is above it. I do not believe he is unconcerned with it or unmoved by it.

The other day he launched what I believe to be the only attack I have ever seen, in the years of my service in the Senate, by a ranking member of either party on a major committee of the Senate. He refers to a suggestion of a lack of fiscal knowledge on the part of the President of the United States as something to be ashamed of. However, even a great committee of the Senate is not immune from attack by the Senator from Indiana. He contends that reference to the lack of knowledge of the President of the United States on this subject is something to be avoided, even though the President does not claim to have any knowledge of it. Imagine the ranking minority member of the Committee on Banking and Currency making this kind of statement to the press. I shall find in a moment what the Senator said about the Committee on Finance.

He said that the Byrd committee hearings were political. He said:

> In my best judgment the present investigation is political. In my best judgment, it is going to be conducted along political lines.

He said Congress is getting nothing out of the Finance Committee hearings. That is quite an admission for the Senator from Indiana.

I tell you, Mr. President, that there is much in the hearings a man of intelligence may get, if he will look at them. I am of the opinion that his declaration in that regard is more of an indictment of himself than it is of the Finance Committee. I say to him that even the Bible tells us there are none so blind as those who will not see.

Of course, it is not the Senator's brain child. He has never attended a single hearing. I do not know, but I believe—and if I am in error, I will ask the Senator to correct me—that he never read a single page of the hearings of that committee. He cannot get anything out of them. He cannot read our minds. There were times when he tried to, but with universal unsuccess.

Mr. President, until I had begun to think about the Senator from Indiana, and to realize the degree to which he had pleaded his own lack of discernment, I felt kind of bad about it. But when I looked at the great chairman of that committee, the distinguished senior Senator from Virginia [Mr. BYRD], and I said to myself, "I will not believe that an attack on him by the midget from Indiana will impair his standing."

I looked at the distinguished Senator from Pennsylvania [Mr. MARTIN], the ranking Republican on the committee, who has approached this investigation on a bipartisan basis, from an objective viewpoint, and in an effort to find ways and means to improve the situation, concerning which many acknowledge there are things to be desired, and I said to myself, "I do not believe the position of the Senator from Pennsylvania [Mr. MARTIN] has been greatly impaired by the attack by the Senator from Indiana."

Then I thought about the ranking Democrat on that committee, the Senator from Oklahoma. I may say to my cherished friend from Indiana that I will try to survive the attack. [Laughter.]

Come to Oklahoma, I say to the Senator, and go into details in your attack on the committee. The Senator from Indiana will have the most respectful hearing, but he will make the least impression of any in all the experience which has ever come to the Senator in his official life.

Mr. President, some of the great political campaigns in our history have been fought on the issues of monetary and credit policies. There are many persons who did not agree with William Jennings Bryan or William McKinley, but who can remember the campaign of 1896; who can remember the immortal words of William Jennings Bryan, when he said, "I shall not help crucify mankind upon a cross of gold; I shall not aid in pressing down upon the bleeding brow of labor this crown of thorns." Can such persons arrive at any other conclusion than that monetary policies have been anything but matters of grave consideration in the political battles of the past? They will be grave issues in the political battles of 1958 and 1960.

I said a little while ago that the Government of the United States was the largest borrower, and that State and local governments accounted for more than half of the total debt in 1956.

The total private debt has increased some $150 billion since then; but even now, when the total debt in our country is approximately $800 billion, State, local, and national governments owe $335 billion of it.

In America, where the supply of credit is limited, who will be the first to get the credit they require? Mr. Humphrey says, "We will get what we have to have; and if we have to pay more than the limit we are now permitted by law, we will come to Congress and ask Congress to raise the limit."

Mr. President, Uncle Sam will meet his requirements in the matter of credit; so will the State and local governments.

State, local and the national governments take up very substantial proportions and percentages of the total available credit. Who comes next in the competition for the available credit? The big corporations will get what they have to have. Big business will get what it has to have. The medium business will get what it has to have. They can pay the penalty required and, if necessary, pass it onto the consumer.

But, Mr. President, when the overall supply is limited to less than the total demand, who is it that fails to get what he needs?

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield for a parliamentary inquiry?

Mr. KERR. I shall be glad to yield.

Mr. KNOWLAND. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER (Mr. MONRONEY in the chair). The question before the Senate is on the motion of the senior Senator from California to proceed to the consideration of H. R. 6127.

Mr. KNOWLAND. I thank the Chair.

Mr. KERR. I may say to the distinguished Senator from California that I could have answered that question for him, and would have been glad to yield to him if he had wished to ask me.

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

Mr. KERR. I yield for a question.

Mr. KNOWLAND. I had temporarily been absent from the Chamber, and I thought my motion had been displaced, so I simply wanted to be certain that it was still the pending business.

Mr. KERR. Oh, I wish to reassure the Senator from California in that regard. There has been no effort to displace his motion. This is the first time in my acquaintance with him that I have some doubt as to the sincerity of the statement he has made. [Laughter.] I doubt if he sincerely believes that his motion was displaced. If he did, I want to reassure him.

Trouble yourself no more, sir. Go your way in that degree of comfort that can come to you from the knowledge that even though you are required to be away from the Chamber another hour, there will be those here who will preserve the integrity of your position in this regard, so that when you return at the termination of your additional absence, your motion will still be the pending business. [Laughter.]

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

Mr. KERR. I yield.

Mr. CAPEHART. I simply want to make the observation that there has been enough wind the past 30 minutes to have displaced it.

Mr. KERR. But the Senator is sitting down now, so there will be a great lull. [Laughter.]

Mr. President, when I look at the Senator from Indiana, I think of the time when Chauncey Depew introduced the late William Howard Taft at a meeting at the college of which they were both alumni. Depew made some nice remarks about the great Chief Justice. He referred to his size and his proportions.

He said that if out of his condition a child should be born and were a male, it

should be named for his great father; that if it were a daughter it should be named for her great mother. Then he introduced Taft.

The great Taft then said, "Yes, if it is a son, I will name him for his father; if it is a daughter, I will name her for her great mother. But if it turns out to be, as I suspect, to be a bag of wind, I will name it for my great friend, Chauncey Depew." [Laughter.]

Mr. President, as I was saying at the moment when the distinguished minority leader expressed such mental concern as to what had happened to his motion, when a petition for credit is circulated, the Government will get what it needs; big business will get what it requires; and medium business will get what it requires. But when the supply runs out, it is the small-business man and the individual borrower who will not be able to get what he requires at any interest rate.

Yet the representative of the greatest creditor of them all, the largest borrower of them all, says we have not been paying enough interest on the national debt and asks, "Will not somebody charge us what money is worth?"

Mr. President, at the termination of the governors' conference at Williamsburg, Va., the other day, we learned that a great majority of America's governors had recognized the problem to which the Senator from Arkansas [Mr. FULBRIGHT] addressed himself a short time ago, and to which the Senator from Oklahoma now addresses himself. Forty-five governors were there, Mr. President—including 18 of the 19 Republican governors in the Nation, and including the distinguished Governor of the State of Indiana. They addressed themselves to the question of high interest rates. Of course, Senators whose reading is limited to the Washington press are unaware of that fact, because, so far as I have been able to find out, two of the Washington newspapers did not mention it at all, and the other one barely mentioned it. But, Mr. President, 45 governors, in their national conference—Democrats and Republicans alike—addressed themselves to this problem.

Here is what they said:

> As a result of expanded requirements, the State governments, the local governments and school districts are being pressed to make unprecedented capital expenditures. These accelerated needs for funds have resulted in the issuance of billions of dollars in bonds. These bonds have been floated at higher and higher interest rates, thus increasing amortization costs.
>
> Therefore, the 49th annual meeting of the governors' conference suggests that the President of the United States and the Congress take cognizance of this additional burden on the taxpayers of America with a view to alleviating this burden.

Mr. President, I received a telegram from the Governor of Oklahoma. In the telegram he quoted that resolution, and he also sent me the following:

> Increased interest rates are causing a slowing down in the industrial program of Oklahoma. High interest rates are causing an increase in taxes upon the people of this State because of higher interest rates they have to pay on school, county, and municipal bonds. In 1955 the people of this State adopted a constitutional amendment allowing them to vote twice as much building bond levies as they had been able to vote prior to that time for schol building bonds. The reason for this is to allow the people themselves to take care of school building needs. And since that time, millions of dollars on school-building bonds have been floated. Interest rates continue to climb, and we find ourselves struggling under a heavy tax burden, principally because of increased interest rates. The toll-road program in this State has been brought to a standstill, principally because of high interest rates.

Mr. President, I wish to say that the Governor of the State of Indiana is aware of this problem, regardless of whether the senior Senator from that State knows anything about it or not.

The Governor so expressed himself at the annual governors' conference at Williamsburg, Va., just a few days ago. He said that the school districts of his State, the counties of his State, and the municipalities of his State are having to pay higher and higher and higher interest rates, to the great penalty of the taxpayers of his State, and that this high-rate penalty imposed upon them by this administration is causing them to have to fail to meet a part of their responsibility in the matter of the issuance of bonds in order to build schoolhouses and roads, sewage disposal plants, and other facilities which the municipalities and counties of that State are in the process of building for their people.

Mr. President, the President of the United States made a speech at the governors' conference. Like the Secretary of the Treasury, the President stated an objective which is made impossible by his own policies. He said to the governors:

> The States ought to take on more of this work. The local governments should build more of these schools. The States and local governments should meet more of these responsibilities now being met by the Federal Government. I, the President of the United States, want you to do this.

Yet his own policies make it impossible for them to do it. His own policies cause them to be penalized every time they try to meet their responsibilities of local self-government, every time they try to meet the objective which he himself gave to them.

Mr. President, at the hearing held before the Finance Committee, certain facts stand out bold and clear: First, that the fiscal policies of this administration have failed; second, that the fiscal policies of this administration have penalized the Federal Government and have penalized every State and local government and every private borrower in the United States; third—and this also stands out bold and clear—that the policies of this administration, in making credit tight and money hard and interest rates high, have not achieved any of the objectives the administration said it had in mind when it adopted such policies.

The Secretary of the Treasury tells the Finance Committee that the policy is necessary, in order to curb inflation, when the fact is that this policy is one of the principal inflationary pressures now at work in the economy.

Mr. President, what is it that is in short supply in the economy? Is it clothing? Is it food? Is it the products of the automobile factories or the textile mills? Is it the products of the manufacturers of refrigerators or the manufacturers of other household implements or appliances? Oh, no; they are in a condition of surplus supply. The only things the Secretary could tell us were in short supply were those covered by a list of basic metals; and then he had to admit that one of the causes for their being in short supply was the accelerated depreciation policies of this administration and the provisions of the tax law of 1954.

The other thing in short supply in the United States is credit. In the case of credit, the demand on the part of those who are bidding for what is available exceeds the supply available to meet their demands and their requirements. The report of the Federal Reserve Board for 1952 said that for 20 months, prices to consumers in the United States were stable. When the Secretary of the Treasury appeared before the committee, he said that for 1953, 1954, and 1955, price levels were stable. In an interview published in the U. S. News & World Report in June 1953, the Secretary of the Treasury was asked, "What do you have to do to get a stable dollar?"

He replied, "We have got a stable dollar now."

And he said to the committee that the stability of the dollar continued through 1953, 1954, and 1955. But the fact is that beginning in early 1956, and thus far in 1957, the level of consumer prices has been going up at an average for the 2 years, on an adjusted basis, of 2.6 percent a year.

Contrast that, if you will, Mr. President, with the 5-year record of 1949, 1950, 1951, 1952, and 1953, including the years of the Korean war, when the average per annum increase in consumer prices was 2.2 percent, less than it has been for the past 18 months, in spite of the fact that both the Federal Reserve Board and the Secretary himself attested the fact that stability had been achieved through 1952, 1953, 1954, and 1955.

Wholesale prices during the past 2 years have gone up 3.1 percent, as contrasted to 1.2 percent for the 5-year period.

Industrial prices in the past 18 months have increased at the rate of 3.8 percent, as contrasted to 2 percent for the 5 years, including the years of the Korean war.

"Oh," it is said, "We have got to hold down the money supply in order to curb inflation." Yet the fact remains that privately held money increased 3½ percent each of those 5 years, and that supply has increased only 2.8 percent a year on the basis of the past 18 months.

In other words, in the 5-year period of the Korean war, when the average increase in consumer prices was 2.2 percent, the privately held money supply increased 3½ percent a year, while during the past 18 months, while consumer

prices have increased at an average rate of 2.6 percent a year, the available money supply has increased only 2.8 percent a year.

Yet during those 5 years, Mr. President, the gross national product increased 4.8 percent a year, as contrasted to 2.7 percent a year for the past 18 months.

Industrial production increased 5.4 percent during those 5 years, including the Korean war years. It has increased 2.1 percent a year during the past 18 months.

"But," it is said, "look at the employment figures." Unemployment averaged 3½ percent during those 5 years. It has averaged 4.1 percent a year on the basis of the past 18 months.

Mr. President, I ask unanimous consent that a table of relative economic trends be printed in the RECORD at this point.

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

Relative economic trends, 1949 through 1953 and 1956 through mid-1957

	Annual average increases (percent)	
	1949–53	1956–57 [1]
Consumer prices	2.2	2.6
Wholesale prices	1.2	3.1
Industrial prices	2.0	3.8
Privately held money supply	3.5	2.8
Gross national product (in 1956 dollars)	4.8	2.7
Industrial production	5.4	2.1
Unemployment in percent of civilian labor force (annual average)	3.5	4.1

[1] Consumer price index through April 1957; wholesale price index through June 11, 1957; industrial production index through May 1957; gross national product through first quarter 1957; money supply through April 1957; unemployment through May 1957.

Sources: U. S. Departments of Commerce and Labor and Board of Governors of the Federal Reserve System.

Mr. KERR. Mr. President, the inflation we have had was created by the tax policies and the fiscal policies of this administration, superimposed upon an economy which it has acclaimed as being stable for 4 years. Yet representatives of the administration come before the people and before the Congress and try to justify hard money, tight credit, and high interest rates, by saying they curb inflation.

Let me tell you, Mr. President, a contradiction which the Secretary gave to the committee. He said we must have high interest rates as an incentive to savers, so that they will save more money, so that the money will be available to expand our economy. At the same time he said we must increase interest rates on loans so as to discourage expansion of productive capacity. I contend, Mr. President, that it takes an agile brain to arrive at those two conclusions simultaneously. The fact is that the American people in 1952 saved 8 percent of their available income, which is a higher percentage than they have saved during any of the years of the Eisenhower administration. So, the administration has failed even in its purported policy of increasing interest rates to increase the percentage of savings of the available income of the American people.

Mr. President, the time is late. It is late as concerns the penalty which the American people have paid for the bonus which has been provided the money lenders by the administration. As I said a while ago, the percentage of the national income received by the money lenders has increased 40 percent in 4½ years, while the percentage of the national income received by the farmers has decreased by more than 30 percent.

Where a man's treasure is, there will his heart be also. Who can doubt where the heart of the Eisenhower administration is? Who can doubt where it is? The acknowledged penalty of this policy so far as the expense of carrying the public debt is concerned, will be $4 billion a year when the total public debt is refunded. The acknowledged penalty on private borrowers, when they refund their present indebtedness at the current interest rates, will be $9 billion a year. Borrowers and taxpayers will have to pay $13 billion a year from now on so long as these policies are in effect. What a heritage Mr. Humphrey is passing on to the American people as he leaves office.

I do not blame those on the other side of the aisle for standing silent in the presence of such an indictment.

It has defenders, Mr. President; but such a penalty, such a heritage, can never have any real defense.

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

Mr. KERR. I yield.

Mr. FULBRIGHT. I merely wish to say that in my opinion the Senator has made one of the finest speeches on this subject I have ever heard. Congress and the people are indebted to him for clarifying, so everyone can understand it, a very complicated subject, and one of the most important before the people of this country.

Mr. KERR. I thank the Senator.

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

Mr. KERR. I yield to the Senator from Tennessee.

Mr. KEFAUVER. I wish to say I certainly have enjoyed and appreciated the Senator's splendid exposition. I am glad the Senator emphasized that the high interest, hard money policy not only is not the answer to the present kind of inflation we are supposed to be having, but is actually very destructive of the competitive forces which might eliminate inflation, and is also destructive of small-business competition. It means that small businesses cannot get credit with which to expand their facilities in order to compete. So that the present policy not only is not the answer, but it adds heat to the fire of inflation in and of itself. Is that not correct?

Mr. KERR. The Senator is correct. It eliminates the possibility of competition from the small-business man, who is the only source of continuing competition in our economy.

Mr. KEFAUVER. I wish to say to the distinguished Senator that the Subcommittee on Monopoly of the Committee on the Judiciary has been holding a series of hearings on the problem of administered prices as they pertain to the present inflationary trend in the Nation. We have heard economists, representing a good cross-section of the viewpoint of the leading experts in that field. The one thing they are all in agreement on is that the hard-money policy is not the answer, and is doing practically no good toward checking the kind of inflation we are having today, as the Senator has so well stated.

Mr. KERR. I thank the Senator.

Mr. LONG obtained the floor.

Mr. CAPEHART. Mr. President, will the Senator yield for 4 or 5 minutes so that I may answer the able Senator from Oklahoma?

Mr LONG. Mr. President, I regret very much that I cannot yield at this time because there are other Senators who desire to speak after I conclude. I understand that the Senator from Indiana desires to reply to the Senator from Oklahoma.

Mr. CAPEHART. I have been sitting here for a couple of hours listening to the remarks of the able Senator from Oklahoma, and I desire only 4 or 5 minutes.

Mr. LONG. Mr. President, I ask unanimous consent that, without prejudice to my right to the floor, I may yield to the Senator from Indiana for 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana requests unanimous consent that he may be permitted to yield to the Senator from Indiana for 5 minutes, without losing the floor. Is there objection? The Chair hears none, and it is so ordered.

Mr. CAPEHART. Mr. President, there can be no question that there is need to study the monetary system of the United States today. My best judgment is that the best way to do that is through a nonpartisan commission appointed by the President of the United States and confirmed by the Senate. I think the study will take at least nearly a year, in order to make an objective study.

We face a problem, regardless of who is to blame for it—Humphrey, Eisenhower, Truman, Roosevelt, or even the wars. Regardless of who is to blame, we are faced with a constant rise in the price of goods and services, which is inflation. The cost of living has risen, as we all know, many percentage points. I think the value of the dollar was reduced to something like 52 cents under the Democrat Party. That devaluation was stopped for about 3 years under President Eisenhower, but about a year and a half ago it started again. Inflation is rising faster at the moment than I would like to see it or than others would like to see it. We need to make a study of its causes.

We need to find out about the situation. The study will have to be conducted in an objective way. It cannot

be done on the floor of the Senate, and it cannot be done, in my opinion, in a Senate committee.

The whole problem is very, very simple. So-called tight money or hard money and high interest rates are the result of nothing more nor less than a shortage of actual money needed in order to provide for full employment and in order to achieve a higher standard of living, a larger national income, and a larger national product. The situation we face is caused simply by the pressure of higher wages, or a better standard of living, in an era when everybody wants the people to have more homes, more clothing, and more consumer goods. That is the problem.

One thing I would like to know, for example, is whether or not the requirements of our National Banking Act are too strict upon our national banks. Perhaps today we ought to permit national banks to loan a larger percentage of their deposits and their capital.

Another factor which enters into the so-called price problem, which the able Senator from Tennessee [Mr. KEFAUVER] is looking into—I think what the Senator means is the problem of having standard prices——

Mr. KEFAUVER. Administered prices.

Mr. CAPEHART. Administered prices. We will always have administered prices, because labor accounts for about 80 percent of the cost of goods sold. We have great labor unions which set the wages for everybody in the automobile industry, for instance, and labor represents 80 percent of the cost. I am not criticizing that; I am making that as a statement of fact. We are always going to have pretty much the same prices, with that condition existing.

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

Mr. CAPEHART. Labor unions bargain on a nationwide scale. I am not talking against the practice; I am merely giving one of the reasons why we have administered prices.

There are many things we must find out how to do under present conditions. For example, our greatest problem at the moment is how to handle and control prosperity.

The opposite to high interest rates, the opposite to tight money, and the opposite to those things which the able Senator from Oklahoma [Mr. KERR] has been complaining about today, will be 10 million or 15 million people unemployed. The opposite will be a depression, or a deflation. The opposite will be a lower standard of living.

If everybody is going to have all the things he wants—and I want all to have them—we must solve this problem. I am not saying that the able Senator from Oklahoma does not desire the same things, for I am sure he does. But we will have to have more money and more credit to get them. At the moment we do not have sufficient money.

The reason why interest rates are higher than they were is simply that there is a more urgent demand for credit than there ever was before.

The President of the United States and the Secretary of the Treasury do not set interest rates. The market sets the interest rates, just as the market sets the price of all commodities. The President and the Secretary of the Treasury do not set the interest rates. They are at the mercy of the market in fixing the interest rates on a given bond or Government obligation.

I sincerely hope that tomorrow the Senate Committee on Banking and Currency will report favorably to the Senate the bill which I have introduced to permit the President to set up, with the consent of the Senate, a commission to study this problem, and that the commission will take a year to study the problem objectively. I hope they will forget who is responsible for the problem. I hope they will forget the mistakes which have been made in the past, if there have been mistakes—and since we are human beings I suspect there have been some mistakes—and that they will determine the best way to solve this problem, so that we may all enjoy even greater prosperity, build more homes and bring about a greater demand for money. As time passes wages will rise, prices should go up to some extent and the standard of living of our people will be raised. People are going to buy more of all the good things of life.

All we have to do is look around each day here in Washington, to observe the number of people who come to Washington on their vacations. Then we understand what is happening. There are more people vacationing here today than ever before.

At present we enjoy the largest national income and largest national product in our history. We have more of everything. More money is required to enable people to buy the increased supplies. We have to determine the best way to handle this situation in order to increase the standard of living of our people, to create more jobs and more prosperity, rather than less.

The reason there is so-called tight money, as nobody knows better than the able Senator from Oklahoma [Mr. KERR] is that there is a great demand for money. The Senator from Oklahoma knows that better than anybody else, because he is a businessman himself, and knows the effects on the law of supply and demand on his own markets and on his own production. He has known that over the years.

The PRESIDING OFFICER. The 5 minutes allotted to the Senator from Indiana have expired.

Mr. CAPEHART. I thank the able Senator from Louisiana [Mr. LONG]. I wish I had another half hour, but I shall not ask for more time.

Mr. KERR. Mr. President, will the Senator from Louisiana yield so that I may make a unanimous-consent request, without the Senator's losing the floor?

Mr. LONG. Does the Senator from Oklahoma desire additional time?

Mr. KERR. No. All I wish to do is ask unanimous consent that a reproduction of the chart I referred to may be printed in the RECORD at the place where I referred to it in my remarks.

The PRESIDING OFFICER (Mr. CARROLL in the chair). The Chair is informed, the Chair will say to the distinguished Senator from Oklahoma, that the inclusion of charts in the CONGRESSIONAL RECORD is prohibited.

Mr. KERR. Mr. President, I then ask unanimous consent that a description of the chart be printed in the RECORD at the appropriate place.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

(The table appears in Mr. KERR's remarks at the appropriate place.)

Mr. HUMPHREY subsequently said: Mr. President, earlier today we listened to a vary brillian discussion by the Senator from Oklahoma [Mr. KERR], as well as the Senator from Arkansas [Mr. FULBRIGHT], and other Senators, relating to the fiscal policies of our Government. I wish to associate myself with the general observations made by the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Oklahoma [Mr. KERR], and to commend particularly the Senator from Oklahoma for what I consider to be a very illuminating and informative discussion of the paradoxes and conflicts in the expressed attitudes of the Secretary of the Treasury on money and fiscal policy.

Mr. President, each month the Board of Governors of the Federal Reserve issues data on current money rates and bond prices. These figures tell a story which directly affects each and every American, regardless of occupation, age, or place of residence.

The most recent statistics which I have before me cover the months of May and June of this year. I call them to the attention of the Senate for the consideration and study of any of my colleagues who doubt that interest rates are soaring at a fantastic rate.

Permit me to cite a few examples:

Prime commercial paper in May yielded 3.63 percent. In June the rate was up to 3.79 percent. the highest rate since 1932, and a percentage increase over May of 4.4 percent. In 1 month's time there was an increase of 4.4 percent.

Government securities show even higher increases. New issues of 91-day bills sold in May at 3.042 percent. In June they sold at 3.316 percent—the highest yield since 1933. From May to June the rate on these bills jumped by 9 percent.

Long-term Government bonds, old series, were at 3.39 percent in May and at 3.61 percent in June, a rise of 6.5 percent, and the highest rate since 1932.

High-grade corporate bonds yielded 3.74 percent in May and 3.91 percent in June, the highest since 1934, and an increase percentagewise of 4.5 in 1 month.

State and local government bonds yielded 3 percent in May and went up

to 3.19 percent in June, which is an increase of 6.3 percent, and the highest yield since 1934.

I ask unanimous consent, Mr. President, that this table from which I am reading be printed in the RECORD at this point in my remarks.

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

Board of Governors of the Federal Reserve System—Open-market money rates and bond prices

	Weekly					Monthly	
	June 1	June 8	June 15	June 22	June 29	May 1957	June 1957
Commercial paper (prime, 4 to 6 months)[1]	3.63	3.70	3.75	3.85	3.88	3.63	3.79
Finance paper placed directly (3 to 6 months)[1]	3.38	3.38	3.40	3.55	3.59	3.38	3.48
Bankers' acceptances (prime, 90 days)[1]	3.25	3.30	3.38	3.38	3.38	3.25	3.36
Stock exchange call loans, going rate [1]	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Yields on U. S. Government securities: [1]							
Bills, 3 months, new issues	3.245	3.374	3.256	3.404	3.231	3.042	3.316
Bills, 3 months, market yield	3.26	3.30	3.27	3.36	3.23	3.06	3.29
Taxable issues, 9 to 12 months	3.42	3.51	3.53	3.59	3.58	3.37	3.55
Taxable issues, 3 to 5 years	3.72	3.69	3.68	3.84	3.86	3.60	3.77
Bonds, long-term, taxable:							
Old series	3.48	3.51	3.54	3.70	3.68	3.39	3.61
New series [2]	3.45	3.47	3.49	3.62	3.60	3.42	3.54
Price of long-term Treasury bonds:							
Old series	88.45	88.08	87.83	86.23	86.33	89.41	87.12
New series [2]	93.60	93.29	92.81	90.62	90.78	94.20	91.88
Average yield on corporate bonds (Moody's) [1]							
Aaa	3.79	3.82	3.88	3.94	3.97	3.74	3.91
Baa	4.56	4.59	4.62	4.66	4.68	4.52	4.63
State and local Government, Aaa [3]	3.10	3.14	3.17	3.23	3.23	3.00	3.19

[1] Average of daily figures.
[2] 3¼ percent bond of 1978-83 and beginning Feb. 1, 1955, 3-percent bond of February 1995.
[3] Moody's Investor Service; monthly and weekly data are based on Thursday figures.

Source: Government Finance Section, Board of Governors, July 10, 1957.

Mr. HUMPHREY. Mr. President, I ask that the table and my statement be printed in the RECORD following the discussion on monetary policy earlier today.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 977. An act to suspend and to modify the application of the excess land provisions of the Federal reclamation laws to lands in the East Bench unit of the Missouri River Basin project;

S. 1361. An act to revive and reenact the act entitled "An act authorizing the Department of Highways of the State of Minnesota to construct, maintain, and operate a bridge across the Pigeon River";

S. 2212. An act to amend the North Pacific Fisheries Act of 1954;

S. 2250. An act to amend the act of August 5, 1955, authorizing the construction of two surveying ships for the Coast and Geodetic Survey, Department of Commerce, and for other purposes; and

S. 2420. An act to extend the authority for the enlistment of aliens in the Regular Army, and for other purposes.

CIVIL RIGHTS

The Senate resumed the consideration of the motion of Mr. KNOWLAND that the Senate proceed to the consideration of the bill (H. R. 6127) to provide means of further securing and protecting the civil rights of persons within the jurisdiction of the United States.

Mr. LONG. Mr. President, the question before the Senate at this moment is whether the Senate shall proceed to the consideration of H. R. 6127, the so-called civil-rights bill as passed by the House of Representatives. I am opposed to the motion for several reasons.

This is a bad bill. It is a bill punitive in nature. It is a creature of the basest of political motivations. It has not been carefully considered. It has been advocated in the name of the President, who has admitted that he does not understand all of the things that are in the bill. It has particular reference and application to the southern section of this Nation. It was forced through the House of Representatives under gag rule, without the vote or support of a single Representative from the section of the Nation which would be most adversely affected by it. H. R. 6127 is presently on the Senate Calendar because of unusual and unprecedented maneuvers to prevent it from receiving the study and consideration that such legislation properly requires.

Here we have a bill, ambiguous in terms, difficult to understand. It is a bill with respect to which neither the sponsors nor the opponents can agree upon the meaning. Even the Attorney General, who theoretically drafted this monstrosity, has declined to answer important questions about the extent of the powers that would be conferred upon him under its terms, as well as the degree to which he would propose to use these unheard-of powers.

In brief, I am opposed to the consideration of this bill at the present time, first, because it is a bad bill. It would not accomplish its purpose, as I shall explain. Far from helping the colored man, it would hinder his progress. Far from reducing prejudice, misunderstanding, and resentment, it would increase these passions. I am against considering the bill, secondly, because of the unprecedented and improper methods that are being employed to bring it before the Senate in violation of our traditional deliberative methods of hearings and study by the appropriate committee, I am against the Senate considering the bill at this time because the confusions and ambiguities contained in the bill cannot possibly be clarified and fully understood in the impassioned and political atmosphere that will exist on the floor of the Senate under these conditions.

I feel compelled to express my disappointment that the minority leader, the distinguished senior Senator from California [Mr. KNOWLAND], would be the sponsor of the motion before us. On previous occasions the senior Senator from California has defended and protected the rules, traditions, and precedents of the Senate. He has resisted political temptations to accept the personal advantages that might have been his had he been willing to subscribe to the law of the jungle as a substitute for the established order and procedures of this body. On other occasions the Senator has been a vigorous defender of the committee system, and he has appeared to be a firm believer in the historic and orderly processes of this body. We have looked upon him as a man of statesmanship, able to stand above and resist the pressures of expediency. I would like my good friend, the Senator from California, to know that I have received a great amount of mail from Louisiana and elsewhere expressing extreme disappointment, and even disillusionment that the Senator from California should be pressing to bring H. R. 6127 before the Senate in this fashion.

H. R. 6127 should be named "the prejudice and emotions bill", because its principal support springs from misunderstanding.

If passed in its present form, the bill would make government by contempt the order of the day. Not only would the bill in its present form establish government by contempt; it would go a long way toward establishing contempt for government.

As a matter of fact, Mr. President, it is downright outrageous for anyone to demand that the Senate should consider a bill of this sort without the benefit of committee hearings and a committee report for the guidance of Senators. In the House of Representatives, the very bill before us was the subject of rather extensive committee hearings. The House of Representatives was presented with a 60-page report explaining the purposes and the nature of the bill. Yet we are now seeing that even the report available to the House of Representatives failed to correctly apprise the House of Representatives of all of the ramifications and powers which would be created by the bill.

As a member of the Senate Foreign Relations Committee, I participated in hearings on the bill to authorize the foreign-aid program for this year. The report of the committee in that instance ran to 76 pages. Those of us who opposed the foreign-aid bill had the opportunity to analyze the report of the majority and to make available to our colleagues in the Senate the reasons for our opposition and the changes we would recommend to the Senate as a result of our participation in the months of hearings that the bill entailed.

Mind you, Mr. President, the foreign-aid bill was a measure the like of which has been studied many times by the Senate, the House of Representatives, and various committees and other agencies.

The last significant bill we considered was the Hells Canyon bill. That bill was studied and considered at length by the Committee on Interior and Insular Affairs and by the Senate, during the previous Congress, yet, once again, lengthy hearings were held, and this year the committee submitted to the Senate a 98-page report.

Yet, here we have a bill which would adversely affect at least 30 million citizens of this Nation. It would take away rights that had previously been theirs. It would confer unprecedented powers upon one man, the Attorney General of the United States, which he might use or decline to use at his complete whim or discretion.

If such a bill is to be considered by the Senate, it should be accompanied by a carefully considered committee report. It should be accompanied by detailed analysis of each section—yea, every line of the bill. The report should tell us the extent of the vast powers that would be created under this bill and the extent to which they could be used. Undoubtedly, a proper committee report would include the minority views of members of the committee, which would point out wherein the minority believes that the bill establishes a dangerous precedent and wherein the bill should be changed, and a careful analysis of the defects and improprieties of such legislation.

It is no small wonder that such great publications as the New York Times and the Washington Evening Star are advising us that the measure sought to be brought before us is a dangerous thing, indeed, and that it should not be passed in its present form.

It is no small wonder that outstanding writers and commentators like Walter Lippmann, who have traditionally supported civil-rights legislation, cannot subscribe to the measure which is sought to be forced through the Senate.

It would be bad enough, Mr. President, if a good bill, a bill whose terms were clear and explicit, were to be rammed through the Senate by unprecedented roughshod methods which deny committees their opportunity to function and the Senate the opportunity properly to deliberate.

However, when a bad bill, a force bill—and this is a force bill—a piece of legislation for which we can anticipate hatred, resentment, and contempt on the part of tens of millions of Americans, a bill to strip American citizens of their time-honored constitutional rights, is sought to be forced through the Senate by unprecedented and improper methods, then I say that it is time, indeed, for the Senate to pause and insist upon proper consideration.

The need of committee study is further emphasized by press reports that even then most ardent advocates of the measure are preparing amendments seeking to make it clear that the bill does not do certain things which it appears to do under its present terms.

How far have we departed from reason and sanity, when Senators seek to enact a force bill to compel a course of conduct contrary to the wishes of the majority of the people in various communities, without the patience or the deference toward a quarter of the people of America, to permit the bill to be studied and considered by a committee?

Mr. President, I have frequently differed with the senior Senator from Oregon [Mr. MORSE] and, I am sure that I shall differ with him on other occasions. Yet, neither I nor any Member of this body can challenge his liberalism, his devotion to the cause of civil rights, or his personal and political courage. As a great constitutional lawyer and a believer in the orderly processes of government, the senior Senator from Oregon, while wishing to see civil-rights legislation enacted, has proposed that H. R. 6127 be referred to the Judiciary Committee for at least 10 days in order that the Senate might have the guidance and advice of that committee when it takes up the civil-rights bill. The Senator from Oregon has demonstrated his consistency and his political courage to resist the fear of being misunderstood by insisting upon fair play and orderly procedure in his support of civil rights.

Most of the support for this legislation is derived from the erroneous belief that the responsible leadership of the South, as well as the majority of southern people, have not dealt and will not deal fairly with members of the Negro race.

Anyone in this body would make a bad mistake if he failed to recognize the efforts of a great number of outstanding white citizens of the South to improve the lot of the colored man. The white men and women of good will in the South have done and are still doing far more to improve the conditions of the colored man than any act of Congress or any Supreme Court decision has accomplished or ever will accomplish.

Anyone who is sincerely interested in the welfare of the Negro, rather than simply being interested in having himself elected to office, will recognize that more will be accomplished in this respect by conscientious well-meaning white people of the South than any law which the Federal Government can impose upon our area.

We have before us a bill which allegedly attempts to protect the voting rights of the colored man. Very little will be accomplished by this bill if the majority of the white people of the South are determined to frustrate its terms and conditions. There occur to me many ways in which white southerners can frustrate the terms of the bill before us if they care to do so. For one thing, so long as the poll tax is legal and constitutional, a State can pass a high poll tax, particularly if it is an accumulative poll tax which denies a person the right to vote unless he has paid his poll tax for 3 or 4 consecutive years.

At another point in my speech, I shall develop the extent to which poll taxes have retarded the registration of Negro voters. Thus, by means of a high poll tax, a State can prevent the great majority of Negroes from registering and participating in elections. Senators know that I am against such taxes just as most white southerners are against them; however, there is no question of their present legality. Furthermore, States can require educational qualifications beyond the ability of the great majority of Negroes.

These are only two of the most obvious ways in which the white southerner, if he cared to do so, could overcome the pending proposal to benefit Negro voters if the desire is not present to respect the purpose and the spirit of the law. However, far beyond the measures available to southern whites to resist the purpose of the legislation before us without violating the law itself are the many measures available to southern whites to retard the progress of the negro, if the white people care to do so.

It must be remembered that in Southern States, notwithstanding the high percentage of Negro population, the majority of people are white. With the single exception of the State of Mississippi, not a mere majority, but an overwhelming majority of the citizens of those areas are white. Furthermore, the whites as a class, control most of the wealth and most of the positions of power—economically, socially, and politically. This will continue to be the case for a great number of years, whether Senators like it or not.

Anyone who even begins to understand the political, social, and economic situation of the South would be quickly forced to the inescapable conclusion that little indeed can be done for the colored minority in the Southern States without the cooperation and assistance of the white majority. As a white southerner, I have seen the tremendous progress made by the Negro people of my State. It has been a progress which has accelerated from year to year. The progress of the colored man of the South was continuing to pick up speed and momentum until the unfortunate and, I believe, almost disastrous decision of the Supreme Court in requiring an end to segregation in the public schools of the South. A great amount of this progress was accomplished because of the good will and the active assistance of the white leaders of that area.

I do not for a moment contend that this good will and active assistance in helping the colored man to better himself has been universal or without exception. The South is not the only part of the Nation where a considerable number of people are motivated by fear, distrust, suspicion, and hatred. However, the South, like every other section of the Nation, is led and controlled by people of good will, human understanding, and Christian charity. The story of the good Samaritan has just as much meaning to whites and Negroes alike in the South as it has to citizens of other sections of the Nation.

Negroes vote in great numbers in the State of Louisiana just as they vote in great numbers in almost every other Southern State, because white men and women were content that it should be so. Prior to the repeal of the poll tax in

Louisiana, less than one-tenth of 1 percent of the electorate was comprised of Negro voters. It was my father, the late Huey Long, who led the fight to repeal the poll tax in Louisiana. This measure required an amendment to the State Constitution and the white voters killed the poll tax in a free, statewide election ratifying the amendment. In that election more than 99 percent of the voters were white. The result of that election made it possible for a great number of additional Negro voters to register.

While there has been considerable resistance to colored registration in some areas, there has been active pressure on the part of some of the most outstanding and highly regarded white citizens of Louisiana to assure that qualified Negroes should be registered and that they should vote.

Today, almost 15 percent of the registration in Louisiana is colored voters. In view of the fact that the State law against corruption in elections forbids voter assistance, and recognizing the fact that illiteracy is highest among the Negro race, it is apparent that at least half of the job of qualifying Negro voters has been accomplished.

Everyone recognizes the importance of the colored man voting if he is to receive his share of the benefits which a government is capable of bestowing upon its citizens. However, his vote will do the Negro very little good indeed if misguided well-wishers so stir up the white majority that the whites band together against the Negro.

In my own community I could point to a great number of examples of what I have in mind. I recall very well that prior to the registration of large numbers of Negroes in East Baton Rouge Parish, where the State capital is located, very little public improvements in the way of pavements, sidewalks, sanitary sewerage, street lights, and so forth, were directed toward the areas where the colored population was concentrated. After large numbers of Negroes were registered and began to vote, all of this changed. Today many of the best streets, sidewalks, and other facilities are located in those same areas.

Mind you, Mr. President, this was not accomplished by any Supreme Court decision. It was accomplished because the whites of the community were willing to accept the colored voter upon the basis of equality.

A colored citizen ran for the school board, and, although he was not elected, he received a very substantial vote, which included a respectable vote in boxes in which no Negro voters were registered.

Furthermore, in that community, as well as the majority of communities in Louisiana, funds for new school construction were being concentrated on equalizing school facilities for the benefit of colored children. While the Negroes numbered only one-third of the population, more than half of the funds available for school construction was being directed toward schools for Negroes.

Now, let us see how some of the misguided efforts of northerners to assist our colored voters has worked out. More recently in the same community, and after the Supreme Court decision, there occurred a race for district attorney. The candidate who ran first in the first primary received an overwhelming majority of the votes in boxes where the Negro vote was the heaviest. In the runoff, he was overwhelmingly defeated. The same thing more recently happened with regard to a race for mayor. Anyone who is familiar with the political situation could see what had happened in those two cases. The fact that a candidate had received overwhelming support of the Negroes caused vast numbers of whites to vote against him in the runoff. Far from helping him, the overwhelming colored vote that the candidate received in the first primary dictated his defeat in the runoff.

In prior years the Negro vote was no such liability. As a matter of fact, some years before, a candidate for reelection as sheriff in the same community was regarded as almost certain to be successful. When the election occurred, he was overwelmingly defeated. It was the first election in which large numbers of Negroes had voted. Judging from the returns, it appeared that the Negroes had voted against him almost unanimously.

White citizens of the community did not resent the outcome in any respect, because they recalled rumors of the beating of Negro prisoners to obtain confessions. The majority of whites felt that the Negro votes cast against their sheriff might have been founded on good logic.

Prior to the Supreme Court decision on segregation, there was no organization in my community, nor anywhere else in Louisiana to my knowledge, directed toward resisting integration of the races, nor preserving segregation laws and customs. Today in almost every parish of Louisiana, white citizens' councils have been organized. In many instances, we have had examples of white citizens boycotting other white citizens whom the former regarded as being overly sympathetic to the Negroes. If further measures are undertaken to forcibly integrate the races in the South, there will be an increase in this trend of whites to organize to thwart such measures.

What I am trying to demonstrate to my colleagues is that the good will, sympathy, and cooperation of the white majority in the South is indispensable to the progress of the Negro citizen of that area. Little will be accomplished by laws which contribute to a movement that loses for the colored man the support and the assistance of the great numbers of influential southerners who have helped him in the past. It is for this reason that I urge my colleagues to recognize that their desire to benefit the Negroes of the South will be unsuccessful and will accomplish exactly the opposite of their intentions unless the laws they pass make sense and appear to be just and fair to a substantial segment of the white majority of the area.

Very little indeed will be accomplished by having the Attorney General of the United States file lawsuits against white southerners at the expense of the Federal Government if this results in an accelerated trend toward white voters rejecting any candidate for public office who shows sympathy for the problems of the colored man. I speak with some knowledge of this matter, Mr. President, for I know that the overwhelming majority of colored voters in my State have voted for me on occasions when I have been a candidate.

Very little will be accomplished by securing the right of ballot for a colored man if it is followed by State laws which impose educational qualifications on voting beyond the ability of most colored voters to comply. Very little will be accomplished by denying white southerners a right of trial by jury in contempt cases if it results in committees from tremendous white citizens' councils paying social calls upon other white citizens of the community to inform them that they will be discriminated against in practically every measure where discrimination is legal, that their children will not be invited to associate with other children of their color, and that they will not be acceptable socially to their neighbors, unless they discontinue activities which are approved by the colored minority.

I plead with my colleagues from the North, East, and West: Do not force upon the South laws that will further separate well-meaning white southerners from the Negro minority which has benefited greatly from the assistance of those people. Do not force people of the South to join 1 or 2 hostile groups—1 composed entirely of whites and the other composed almost entirely of Negroes.

Mr. President, one of the problems which we southerners have to face constantly is the difficulty in gaining recognition for the fact that the areas which we represent in the Senate are inhabited by honorable and upright American citizens. The South is not a jungle in which the colored races are hunted down by their white fellow citizens. It is not a place in which the colored races have been driven deeper and deeper into poverty and degradation.

Instead, it is an area in which the position of the colored citizen has been improving constantly. It is also a place in which the white citizens desire that the colored races shall continue to advance and to improve their position. I do not number among my acquaintances a single person who does not desire to see advancement both economically and socially of the Negro's position both in the South and elsewhere.

Recently the Legislative Reference Service of the Library of Congress produced a research study on some aspects of the Negro's economic situation in the South. The figures are somewhat out of date, and it can certainly be assumed that the situation is much better today than for the period cited. Nevertheless the figures are impressive enough.

It was estimated that in the Southeast the annual purchasing power of the Negro population was $3,500,000,000 for the year 1950. This was a 250-percent increase over the $1 billion of purchasing power for the Negro population in 1939. The figures are all the more notable because during the period between 1939 and 1950 there was a 7-percent drop in the Negro population in the Southeastern States. This means, of course, that on a per capita basis the

increase in purchasing power of the Negro population in this area was even greater than the percentage increase in total purchasing power.

Today, in the South, Negroes own and operate insurance companies, banks, savings and loan institutions, credit unions, and virtually every other kind of business which we have in the South.

In particular, Mr. President, tremendous progress has been made in the participation by our Negro citizens in voting. There has been a very marked development in my own State of Louisiana. From a very low level of only 3 percent of the total registration in 1948, 10.2 percent of the 1952 registrations were Negroes. The percentage went even higher and reached almost 15 percent in 1956.

In considering these figures Senators should bear in mind that Negroes comprise a little more than 30 percent of the total population of Louisiana. I think that this is a record of progress in this field which certainly should prove to anyone who looks at the facts that there is no need whatever for legislation to enforce the right of Negroes to vote in Louisiana. It demonstrates beyond any doubt that the white people of Louisiana were not putting any roadblocks in the way of Negroes who wanted to vote and could give any kind of evidence that they were qualified to do so.

The bill which the Senate is asked to consider goes so much further than its advocates have claimed for it that it violates the pledges of both political parties and it violates the pledges of the President of the United States as well as that of his principal opponent. During the last political campaign, we were assured by both candidates for the Presidency that they did not propose to use force to integrate the schools of the South. Yet this bill clearly authorized the Attorney General to undertake to integrate the schools of the South by judicial process, and it authorized the President to use the Army, Navy, and Air Force to accomplish this objective.

Furthermore, the bill is so broad as to be completely ridiculous. Under the bill the Attorney General can file a lawsuit at the expense of the Federal Government for the benefit of any citizen who contends that he is being denied some privilege or immunity to which he feels he is entitled.

For example, in every State in the Nation there are State and local laws relating to licenses for the operation of a taxicab. Under the bill proposed before us, it would be legal for the Attorney General of the United States to go into any State of the entire 48, or any Territory, and file a suit on behalf of any individual who had been denied a license to operate a taxicab.

Mind you, Mr. President, such a lawsuit need not be based on the allegation that the person was denied the license because of race, creed, or color. If a man had been denied a license to operate a taxicab because he had been involved in a serious traffic accident, the Attorney General could, if he so desired, file a lawsuit in Federal court, litigated at the expense of the Federal Government, and deny the local officials the right of trial by jury in order to obtain a license to operate a taxicab for practically any individual in America.

In the State of Louisiana, and I suppose in almost every other State, there are laws which require barbers and beauticians to pass an examination and to comply with certain standards of ability and cleanliness in order to operate in those professions. Under the law before us, any person denied a barber's license or a license as a beautician could call upon the Attorney General, and the Attorney General could, if he so desired, sue any barber board or any board of beauticians in America, at the expense of the Federal Government, to require that they issue a barber's license or a beautician's license.

Almost every State has laws relating to the catching of fish, the killing of birds and wildlife, and the keeping of animals. If a person had been denied a mere dog license, it would be legal under the bill before us for the Attorney General to file a suit against the persons in charge of such licenses at the expense of the Federal Government and on behalf of a private litigant to obtain the dog license.

Mr. President, it is impossible for the mind to conceive of all the mischief that could be perpetrated under H. R. 6127, as it is presently drafted; yet the bill empowers the Attorney General to exercise vast powers and to interfere in almost every conceivable type of situation which is of no possible concern to the Federal Government. It is for these many reasons that I urge my colleagues to refuse to consider the bill in its present form.

Give us the benefit of careful committee study. If such a bill is to be passed at all, let us give it careful consideration that would make it possible to eliminate the vast amount of injustices that would result from it. Let us preserve the freedoms and rights that Americans have always possessed. Let us not take this long stride away from the freedom and the greatness that has always been a part of America.

Mr. RUSSELL. Mr. President——

Mr. LONG. I am happy to yield to the Senator from Georgia.

Mr. RUSSELL. I heartily commend the junior Senator from Louisiana for the well reasoned and factual statement he has made today. I am glad he made the address, dealing as it does with the relations between the white and colored races in the South, as those relations have evolved over a long period of years.

The Senator from Louisiana is one of the younger Members of the Senate, but he has seen tremendous strides forward even in his lifetime. I am somewhat older than the junior Senator from Louisiana, and have therefore observed, and I hope I may say I have participated in, the great progress which has been made over a still longer period of time.

I am glad the Senator adverted to the economic progress which has been made by the Negro race in the Southern States. Those from other States, who are endeavoring to tell us what our social order should be, may be able to point to laws among the statutes of their States which assure a higher degree of social equality than is permitted by the separation of races in schools and in places of public entertainment in the South, but they cannot anywhere approach the economic progress which has been made in terms of percentages by the Negro race in the South during recent years.

Mr. President, I may say that in my State—and I am confident this statement is correct—we have the only bank owned and operated solely by Negroes, the only one in the United States, that is a member of the Federal Reserve System. We have any number of insurance companies, building and loan companies, and similar institutions that are owned and operated only by members of the Negro race.

I have heard it stated—indeed, I read it in a Negro magazine—that in the city of Atlanta there were more Negro millionaires, more Negro citizens who, in the enjoyment of their constitutional rights, had accumulated great wealth, than there were in the cities of New York, Los Angeles, and Chicago combined, although the Negro population of those cities is several times as great as the Negro population of the city of Atlanta.

We have Negro citizens who own and operate taxicab companies, who engage in almost every conceivable kind of retail business establishment, who are engaged in every line of business and vocation in life. In my State we have thousands of Negroes who, in the enjoyment of their constitutional rights, have accumulated enough to be able to own their own homes, to own their own farms and farm equipment from which they earn their livelihood, in the full enjoyment of their constitutional rights.

One of the most tragic aspects of the proposed legislation was touched upon by the Senator from Louisiana, namely, the fact that the force-act aspects of the bill threaten the good relations between the two races, which have been patiently evolved by a process of trial and error over a period of 90 years.

Mr. President, I shall never forget when, in a situation somewhat similar to that confronting us today, one of the greatest Senators with whom I have served in this body—Senator Borah, of Idaho—who for some reason, although he had great seniority in the Senate, occupied a rear seat on the other side of the aisle—rose and addressed the Senate, and stated that he would undertake to prove that the white people of the South had dealt with a problem which had never confronted any other part of the Nation, and that they had done so with greater patience, greater tolerance, greater intelligence and greater success than it had ever been dealt with in any other area of the world.

Mr. President, I challenge anyone today, including anyone who is attempting to force through this bill, to go anywhere on the earth and point to where the Negro has made the advancement he has made in the United States, particularly in the Southern States, over the same period of time.

Mr. President, 92 years is a long time in the life of an individual, but it is but a breath in the development of a society.

Mr. President, consider the difficulties with which we of the South labored when this problem was thrust upon us—at a time when our entire area was prostrate and desolate, in the wake of the most destructive war ever waged on this continent; when we were confronted with a situation in which the white man was disfranchised and for a number of years could not participate in his government. At that time, all of our people were poor; and at that time they started off together in their poverty, without any UNRRA, without any Marshall plan, without any economic aid. The southern people have literally pulled themselves up by their bootstraps to where they are today; and they have done it while endeavoring to live together and to accord to each citizen, without regard to race, his full rights in the law and in the eyes of the law, although we have statutes, which our experience has shown us it is wise to have, providing for segregation in the schools and in places of public entertainment.

In such a situation, force bills, empowering the Attorney General at any time he may desire to move into the South with the proposed unusual procedure—and when the Senator was commenting upon the type of cases the Attorney General might bring, the Senator did not state that under the type of procedure now proposed, the Attorney General might place the defendants in jail without the benefit of jury trial—are, if enacted, bound to work irreparable harm on the people of the Southern States and on their program for dealing properly with this problem.

So, Mr. President, I am very grateful to the Senator from Louisiana for the statement he has made, and I commend him for it.

Mr. LONG. Mr. President, I am very grateful to the Senator from Georgia for the compliment he has paid me—particularly because of the source of the compliment. The Senator from Georgia is one of the greatest scholars of this subject. Only when I read the opening speech of the Senator from Georgia did I learn of all the possible ramifications of the bill. It was inconceivable to me, when I first heard that under the terms of the bill the Attorney General could intervene in almost any possible situation in the United States and could engage in lawsuits which had no possible connection with the responsibilities and duties of the Federal Government under the Constitution or under any statute existing today.

Mr. RUSSELL. Indeed, Mr. President, there would be no limit in the field of civil rights.

All of us are in favor of civil rights; and the South yields to no other section of the country in its devotion to the Constitution and to its inalienable civil rights.

But under this bill, a civil right would be involved if someone ran his automobile into another automobile, while driving down the highway. The bill does not contain any definition of the type of civil rights which might be dealt with under it. The bill would reach from one horizon to the other, in effect, if the bill in its present form were to be passed and enacted into law in an attempt to make the Attorney General the guardian of the American people. And he could be a very despotic guardian.

Mr. LONG. Mr. President, the Senator from Georgia is completely correct.

Mr. RUSSELL. Mr. President, will the Senator from Louisiana yield to me briefly, if it is understood that he may do so without losing the floor, in order that I may make a brief statement?

Mr. LONG. I yield for that purpose, with that understanding.

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

Mr. RUSSELL. Mr. President, some time ago, there came to my attention a rumor that an intensive investigation was being made by the proponents of the so-called civil-rights bill into the places of birth or origin of all the Federal judges who are serving in the Southern States. I heard the rumor. I could not understand how such an investigation could possibly cast any light on the very grave problems we are seeking to solve. But I knew that the proponents must have some purpose in view, and I did not want to be caught short; I did not want to have the proponents of the bill drop a blockbuster on the thin ranks of those of us who are opposing the bill.

Therefore, Mr. President, I launched a counterinvestigation into the places of birth or areas of origin of all judges who serve outside the South. Naturally, my investigation involved a wider area, and dealt with many more judges; and, of course, I was not able to enlist the large and able staff of investigators of groups such as the national colored people's association, the Americans for Democratic Action, or Mr. Walter Reuther's CIO. Therefore, I have not concluded my investigation.

But a day or two ago I noticed, Mr. President, a news article, of considerable length, which boldly announced the remarkable fact that a large percentage of the Federal judges sitting in the South had originated in the South; and this unanswerable fact was brought forward as a reason why southern white people should be denied their constitutional right of trial by jury, and should be jailed for an indefinite period, at the discretion of the Attorney General and the judges, in all cases where the Attorney General might see fit to proceed by injunction, instead of prosecuting violators of Federal law under criminal statutes, as he is supposed to do.

Mr. President, I wish to say that, of late, the press has been quite fair in presenting the views of those of us who are opposing this bill. Therefore, I ask that the press give the announcement I am about to make, coverage equal to that given the story about the origin of southern judges.

I hereby announce, Mr. President, that I am abandoning my investigation into the places of origin of the judges outside the South. I do this, because the results I have achieved so far disclose that a higher percentage of judges serving outside the South were born in the areas where they serve than is the case among the southern judges.

If I were to pursue this investigation, and were to present detailed and documented facts which would establish this overwhelming conclusion, I doubt not that it would be seized upon as grounds for a movement to abolish the right of trial by jury throughout the entire country, on the theory that the rights of all the American people could be protected by government, by judge, and injunction better and more efficiently than by trial by jury, as specifically guaranteed three times in the Constitution of the United States.

I have abandoned the investigation, Mr. President, because I shall not take a single step likely to lead to further and more violent attacks on the fundamental right of every American citizen, wherever he may live, to face a jury of his peers before being thrown into jail.

Mr. President, some of the strained arguments of those who are attacking the right to trial by jury have been somewhat confused. I must confess when the arguments lead to such lengths as disclosed by this remarkable investigation, I do not know how to add them all up. I am afraid that such arguments can only be answered with that old question, "How silly can you get?"

I cannot refrain, Mr. President, from observing that the appellation, often self-applied, of the term "liberal," to men in public life today means absolutely nothing. We have self-styled liberals holding cards as working members in the cult of liberalism in both the great political parties. In election years they are solemnly trotted out for inspection and approval by certain groups of voters that both parties are seeking to win.

Mr. President, when we had such great true liberals in this country and adorning the Senate as La Follette, Norris, and Borah, those men did not have to pin on themselves every morning before they came to the Senate a badge with the word "liberal" on it. Those men proved their faith by their works, and those three great men had many things in common. They expressed their outstanding faith and reiterated it time and again in this Chamber, in words I would I could equal today, that the right to face a jury of one's peers was the one sure protection that the liberties of the American people would not be eroded by judicial tyranny.

I cannot refrain, Mr. President, from wondering just what the shades of those men looking down on the Senate today think of some of our present-day self-styled liberals.

I thank the Senator from Louisiana.

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

The PRESIDING OFFICER (Mr. CHURCH in the chair). The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I yield the floor.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Louisiana may yield to the Senator from Illinois for the purpose of propounding an inquiry of the Senator from Georgia, without losing the right to the floor.

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

Mr. DIRKSEN. Mr. President, I should like to say to the Senator from Georgia that this is the first I knew that the antecedents of Federal judges were being investigated.

Mr. RUSSELL. I have noticed in newspaper articles, that a broad investigation has been made to prove—and it did disclose that fact—that a large percentage of the Federal judges sitting in Southern States had originated in the South. That question was stressed very greatly, I understand, though I did not personally hear the program, but I am so advised, by a colleague of the distinguished Senator from Illinois, as a reason why it was safe to abolish the right to jury trial in the legislation now being pressed upon us.

Mr. DIRKSEN. If my friend will indulge me just one observation, I believe persons who occupy positions on the Federal bench are there today only because the Senate of the United States has consented to their appointment, and has confirmed their appointment. If, as a Member of the Senate, I thought for 1 minute that the accident of geography had anything to do with the dispensing of equity and justice from the Federal bench, I would never vote to confirm a judiciary nomination on that ground. I have too much faith in the men who grace the Federal judiciary. It has been my privilege to suggest the names of five, I think. I am just as proud as I can be of them, because I believe they have given a good account of themselves. They are fine lawyers. They have excellent judicial background. I cannot imagine that under any circumstances they would depart from the law and the Constitution and from their sense of responsibility as members of the Federal judiciary—one of the most coveted spots in the whole framework of Government.

Mr. RUSSELL. A Federal judgeship is coveted, because the appointment is for life tenure. Of course, I have never approved of life tenure. I think it is wholly inconsistent with the whole philosophy of our Government. It smacks of the divine right of kings to appoint a man to a position for life; but I have faith in the 2 or 3 Federal judges now serving that I was honored to recommend for appointment. However, the fact that I have faith in them does not lead me to be willing to strike down the constitutional right of trial by jury. The fact that a Senator may have great faith in Federal judges would not cause me to lend myself to any proposal that would do away with the jury trial system.

Mr. DIRKSEN. If the distinguished Senator will yield for one more observation, I sought only to make the point, since the question of investigating the place of birth of these judges came up, that the matter ought to be disposed of here and now, because if ever the time comes when judgeship nominations are submitted to the Senate Judiciary Committee and the question of whether a man aspiring to the Federal bench, and nominated by the President of the United States, will or will not succeed in his ambitions depends on where he was born, then I think we shall have come to a pretty pass, indeed.

Mr. RUSSELL. I could not agree more heartily with the distinguished Senator. Of course, the matter of his place of origin should not have anything to do with the appointment, and it cannot in anywise be related to a discussion of the bill. The purpose of my observation was to undertake to illustrate that point.

AMENDMENT OF IMMIGRATION AND NATIONALITY ACT

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HOLLAND. Mr. President, my understanding was that I would be recognized.

The PRESIDING OFFICER. Does the Senator from Minnesota rise to be recognized, or to make an inquiry?

Mr. HUMPHREY. I rise to address the Senate for a few moments. I will say to the Senator from Florida that I shall speak very briefly.

The PRESIDING OFFICER The Chair has recognized the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to amend the Immigration and Nationality Act of 1952. Like other bills already pending before the Judiciary Committee, this bill does not attempt to revise the law in its entirety. In drafting it, I have merely selected those provisions which are most clearly in need of amendment, and on which, I hope, a majority of the Senate can agree. This bill is similar to other short immigration bills sponsored by me in the 83d and 84th Congresses, with certain revisions reflecting our recent unhappy experiences in connection with the termination of the Refugee Relief Act and in meeting the Hungarian and Egyptian-Jewish refugee crises.

I am mindful of the fact that on June 27 I joined with our distinguished colleague, the junior Senator from Massachusetts [Mr. KENNEDY], in introducing S. 2410. I again wish to commend the Senator from Massachusetts for the initiative and care with which he approached the drafting of that minimal emergency legislation. I endorse its provisions wholeheartedly. In considering whether I should reintroduce my own short immigration bill, with revisions, I have been aware of the fact that sections of it overlap, even if they do not duplicate, sections of S. 2410. In other aspects, today's bill goes beyond S. 2410 to supplement it with provisions which, it seems to me, should also be before the Judiciary Committee on an emergency basis for their consideration. Examples are my provisions clarifying the President's future discretionary parole authority in emergency refugee situations, and establishing an appeals procedure for visa applicants.

Mr. President, the bill which I send to the desk would accomplish the following purposes:

First. Section 1 restores to professors eligibility for nonquota status, which they enjoyed prior to the enactment of the McCarran Act, if a university requests their services. This proposed change is based on a feeling of confidence that our universities will select only well-qualified persons for employment on their teaching staffs. It therefore abolishes the unnecessary redtape and delay involved in requiring universities to obtain clearance orders from the local employment service and then proving to the Immigration Service that the professor whose immigration is being sponsored is needed urgently in the United States. My amendment in no way changes the security requirements of our laws, as they concern all who wish to enter the United States.

Second. Section 2 would grant to certain adopted children the immigration status enjoyed by natural children. This change would have two important effects: (a) It would make it unnecessary for adopted children of American citizens, in many instances of servicemen, to wait their turn on the quota or, as happens so often, to require that Congress pass a special bill on their behalf; (b) it would make adopted children of aliens eligible for the same quota status or quota preference as that enjoyed by natural children, thus avoiding the heartbreaking situations in which adopted children force their family to delay their trip to the United States or have to be left behind.

Since section 2 applies only to children adopted prior to their reaching the age of 14 years, and since it specifically excepts children adopted solely for the purpose of obtaining immigration preference for them, the danger of abuse is avoided.

Third. For more than 5 years I have been the sponsor of legislative proposals to ameliorate the harsh effects of the national-origins principle through quota pooling. I was, therefore, very greatly pleased when the President, in 1956, endorsed quota pooling in his special message on immigration and when the senior Senator from Utah introduced a bill to put quota pooling into effect. Quota pooling means simply that quota numbers made available to any given country, but not used by it, may be allocated to a country which needs them.

My own quota pooling proposal differed in some detail from that proposed by the administration. However, it is my feeling no useful purpose would be served by continuing to present two versions of the same idea to the Congress. For the sake of simplicity and to avoid confusion, I am, therefore, happy to incorporate the administration quota-pooling provision into my own bill as section 3.

Another of my proposals, adopted by the administration last year, is to repeal the provisions of present law under which some quotas are mortgaged for decades, in some cases even for centuries. This, too, is accomplished by section 3.

Fourth. Section 4 ends another of the racially discriminatory features of the present law. It abolishes the racial ancestry blood test for persons attributable by as much as one-half of their ancestry to a people or peoples indigenous

to the Asia-Pacific triangle. Henceforth, all visa applicants would be classified only according to their place of birth.

Fifth. It has often been said that a man who tries to import a sack of beans into the United States and finds that it has been excluded has the right of appeal, but a man who wants to bring his mother over and finds that she has been denied a visa has no such right. Section 5 of my bill is designed to change that situation. It is designed to modify the anomaly of the present Immigration Act under which authority for the acts of the Immigration Service—which acts in many instances through the Board of Immigration Appeals—is concentrated in the hands of the Attorney General, while authority for the acts of the Consular Service is diffused among the numerous consuls, each of whom is the final arbiter in the visa application cases before him. Section 5 concentrates responsibility in a Visa Review Board appointed by the Secretary of State, to which the sponsors of prospective immigrants may be allowed to appeal. This Board would assure that visa regulations are enforced uniformly throughout the world and would also safeguard against irresponsible and capricious acts by individual consular officers.

Sixth. Section 6 deals with problems such as faced this country as a result of the courageous uprising of the Hungarian people against their Communist oppressors. It confirms the authority of the President to parole escapees into this country. It authorizes such action not only with regard to escapees from communism but also for persons escaping from racial, religious, or political oppression in countries within the general area of the Middle East.

Seventh. The concept of justice tempered with mercy is a part of our administration of law. It is deeply imbedded in our religious traditions. It was in conformity with that concept that Congress long ago gave the Attorney General discretionary authority to suspend deportation in deserving cases. That authority was severely curtailed by the Immigration and Nationality Act of 1952, the Senate majority report on which states harshly and cruelly:

> Hardship or even unusual hardship to the alien or to his spouse, parent, or child is not sufficient to justify suspension of deportation.

Under section 7 of my bill the standards for suspension of deportation contained in the law in effect prior to the adoption of the McCarran Act are restored. As suspension of deportation will only be granted in the discretion of the Attorney General and only with the concurrence of Congress, I am certain that there is no danger of this humanitarian provision being abused.

Eighth. Sections 8 and 9 are purely procedural.

Mr. President, few will deny that next to the pending business of civil rights, immigration and refugee legislation is one of the most urgent items facing the Congress for action. Ever since I have been a Member of the Senate, I have sponsored measures to alleviate the harshness of our immigration statutes. Many times I have supported bills which would provide a drastic and comprehensive overhaul of our basic immigration policy. Such an overhaul is badly needed, but I do not believe that we can anticipate it with the present political complexion of Congress.

I am encouraged, however, in the belief that at long last there is realistic hope for action on emergency reforms. S. 2410 and the bill which I introduce today are attempts to provide a working basis for immediate action by the Judiciary Committee. Neither of these proposals constitutes a major revision; neither goes as far as many people, including its sponsors, would prefer. Both do, however, deal with matters which simply cannot be allowed to lag further. I hope that before this session is concluded, we shall at least have written into law the drastically needed reforms which I have discussed in the Senate today.

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

The bill (S. 2550) to amend the Immigration and Nationality Act, introduced by Mr. Humphrey, was received, read twice by its title, and referred to the Committee on the Judiciary.

CIVIL RIGHTS

The Senate resumed the consideration of the motion of Mr. Knowland that the Senate proceed to the consideration of the bill (H. R. 6127) to provide means of further securing and protecting the civil rights of persons within the jurisdiction of the United States.

Mr. HUMPHREY. Mr. President, I have not engaged in any lengthy discussion at all of the issue pending before the Senate; namely, the motion of the Senator from California [Mr. KNOWLAND] for the Senate to proceed to the consideration of the civil-rights bill.

I am delighted that arrangements have been made to have a vote on the consideration of the civil-rights bill tomorrow, and I commend the majority leader and minority leader for these arrangements. This is an indication to me of a leadership of high quality and of great understanding.

I have listened today, as on other days, to what are considered by some to be the central issues in this debate. At the proper time, when the matter is before the Senate on a substantive, and not on a procedural question, it is my intention to discuss in detail the civil-rights measure and amendments which may be offered. At the moment I wish to make a few comments touching on the merits, because others have intruded them into our debate for the past week.

It is very encouraging, I may add, to know that there are not yet as many amendments to this bill in the Senate as have appeared in the public press. Were there to be as many as indicated by the press, I doubt that we would be able to complete work on the bill during the 85th Congress. It might take considerably longer.

My own position is very simple. I want a bill which is fair, which is equitable, and which is effective. I am as much interested as any other American in trial by jury in cases which necessitate such trial. But I also believe in equity. I believe in justice under the law.

I believe in the Constitution of the United States. When I hear Senators say that a man is entitled to a fair trial, I also am reminded of the fact that a citizen of the United States is entitled to the right to vote.

Those in legislative chambers who talk the rights of others have themselves been elected in supposedly free elections in which every citizen of age, as established by the law of the State, is supposed to be permitted to vote. But there are impediments. Poll taxes are not only wrong, unfair, and shortsighted, but as far as I am concerned, they are unconstitutional. Perhaps as we discuss this proposed legislation we will wish to consider not only the right to vote, but impediments to it like the poll tax. That is a possible suggestion.

I submit, Mr. President, that while the Constitution of the United States makes guaranties relating to judicial process in criminal cases, the Constitution of the United States make guaranties relating to the right to vote.

I will remind the Senate again and again of amendment 15 to the Constitution, which provides that—

> The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude.

Section 2 is a most important section:

> The Congress shall have power to enforce this article by appropriate legislation.

That is what is about to be considered in the Senate on a substantive basis.

I have heard many comments relating to the possibility of judicial tyranny. Fortunately the courts of this land have been less tyrannical in their history than have other branches of government. In recent days the courts have stood up for individual rights when Congress and other legislative bodies have seen fit to ignore some of those rights. The courts have stood up time after time against the abuse of executive power. Many times I have heard Members of the Senate cheer the action of the court as it restrained, restricted, or limited the power of the Executive. How well I recall the occasion when President Truman seized the steel mills and the Supreme Court struck down that action of the President as being unconstitutional. Members of the Senate rose and said, "Three cheers for the Court." I suppose one's view with respect to the Court depends upon the subject matter involved in the case before the Court. The very same publications and editors who condemned President Roosevelt for his proposals comments about the Court in 1937, will now cheer people who are making comments about the Court in 1957—comments which are far less laudatory.

So let us not forget that it is possible for many officials to abuse their power. It is possible for a President, a governor, or a mayor to abuse the executive power; it is possible for a majority in Congress or in a State legislature or a city council to abuse the legislative power; it is pos-

sible for a judge to abuse the judicial power.

Mr. President, it is also possible for a minority to abuse its power. Under the rules of the Senate, the minority has great power. I submit this observation for the consideration of our colleagues: Just as we want to see no procedure placed in the law which would be unfair or deny people their rights, we should have equal fervor and equal dedication with respect to the protection of the rights which the Constitution grants to the American people.

I repeat what I have said again and again. Rather than talking about trials by jury or without a jury, what we ought to be talking about is the shame on this Nation that anyone should ever have to go to court to get the right to vote. We do not need to worry about trial by jury or without a jury if we obey the law. What we should be seeking is law observance. Apparently those who worry so about trial by jury must presuppose that people are going to be denied their right to vote. Otherwise why would they be in court? One does not get into court or come under the enforcement provisions of the law unless there is some reason to believe that he has behaved illegally.

I suggest that we should be spending more of our time in the Senate talking about how to guarantee and protect the right to vote, rather than presupposing that rights are going to be abused, and therefore concentrating all of our attention on how a person is to be tried.

There is one way to eliminate all the argument about whether or not a contempt case should be handled by a jury trial, or a trial before a judge, and that is not to have any contempt. The best way to eliminate contempt is to cease being contemptuous.

I suggest that if those who are deeply concerned about the great liberal principles of American Government should insist on the floor of the Senate day after day that every man and woman of legal voting age be permitted to vote—if he would use his influence to see to it that in his State the right to vote is unfettered, untampered with, and protected at all times, we would not have to have all these arguments about courts of law.

Based upon my limited experience, I have always believed that it was better to have law observance than law enforcement. The way to get law observance is through leadership—through precept and example. Anyone can enforce the law, but a good man observes the law. Law enforcement can occur even under dictators. It is done with a whiplash. But law observance comes when men and women in responsible positions set examples which lead, guide, and direct.

I am surprised that more voices have not been raised in America over the shame that blots the good name of America when any citizen is denied the right to vote. And many of our fellow citizens have been denied the right to vote. The record is replete with examples, not only in the South.

Frankly, I am a little concerned because everyone seems to think that this is a sectional bill. Perhaps some have an undue sense of guilt. But people in my State have also been denied the right to vote. People have been denied the right to vote in Illinois. People have been denied the right to vote by corrupt political machines in one part of America after another. Wherever they are denied the right to vote it is wrong. Whoever is responsible for it has committed a crime against his fellow citizens, and should be punished.

However, the best way is not punishment. The best way is to see to it that there is a society which is so organized that the right to vote is as natural as the right to live. My plea in this Chamber, as we go along, will be for setting the example, not by being the after-the-fact defender of citizens' rights in a courtroom, by by being the vigorous champion of the citizens' right to vote, the right to deposit his ballot in the ballot box in such a manner that only a man and his God knows what is on that ballot. The secret ballot is the secret weapon of democracy. The secret ballot will determine whether or not we keep trial by jury. The secret ballot will determine whether or not we shall have a free society. The secret ballot will determine whether or not we shall keep a Constitution and a Government of laws, and not of men.

I am shocked, dismayed, and heartsick when all I hear in the Senate is that somehow or other we are engaged in a legislative discussion about a court process, when, in fact, we should be engaged in consideration of one of the great fundamental exercises of a free democracy.

How shall we best protect a man's right to cast his vote, a right in no way adulterated, but free and unfettered? If we concentrate our attention on that task, we shall have fewer legalistic arguments. I have noted that when Senators desire to confuse their colleagues, they get away from fundamentals and take us out into the no-man's land of legalisms—discussions as to whether a particular contempt is a civil contempt or criminal contempt, whether it should be tried in a court of equity, a court of common law, or some other court, or no court at all.

Every adult man or woman in America knows whether or not he was permitted to vote. No man in public office is so stupid that he does not know whether or not he has denied someone the right to vote. I appeal to my colleagues to come clean. If a Senator can come forth with clean hands, and show that the State from whence he comes has never denied anyone the right to vote, then we can argue whether there should be this kind of jury trial or some other kind, or whether we have a civil or a criminal contempt case.

However, the fundamental question before the American people today is whether or not, in a constitutional republic motivated by a democratic spirit, we are still so backward, so debased, that we are denying the right to vote to our fellow Americans whom we call upon to pay taxes, our fellow Americans whom we call upon to serve in the Armed Forces, our fellow Americans whom we call upon to perform every duty of adult citizenship. We should ask ourselves whether we are calling upon them to do these things and still denying them the right to vote. I regret the evidence which leads one to believe that some persons are denied the right to vote, even though such denial is an abridgment of the Constitution of the United States.

Mr. President, the American people know what the issue is, even though television programs and newspapers articles do not always make it clear. The issue is: Shall a man have the right to vote regardless of the color of his skin, his national origin, his economic station in life, or his place of residence? I say he should not be denied that right.

Why do I say that? I say it because the Constitution of the United States states that to deny that right is to commit an unconstitutional act. When we face that fact we will face the test of what a liberal is. I will tell Senators what the definition of a liberal is. He is one who abides by the Constitution of the United States, including the 14th and 15th amendments. A liberal is one who will defend with his life the right of every citizen to be heard, and the right of every citizen to have something to say about the Government which governs him. He believes that free government is government by the consent of the governed. He does not believe in taxation without representation. He believes in the right of the individual to choose those who shall govern him. Those are the tests of a liberal.

I regret to say that millions of Americans are denied the opportunity to have government by the consent of the governed. They are asking for that right. My own view is that many of the problems which face us today will fade away when men and women are permitted to have something to say about the country in which they live, and when they have something to say about the kind of laws under which they are governed.

As one Member of the Senate, I will not be led down blind alleys or shadowy streets of legalistic intrigues and lawyers' traps. I shall come simply and, I hope, profoundly, to the question. It is this: In the United States of America, is every man and woman of legal voting age to be permitted to exercise the right to vote without fear of violence, coercion, intimidation, or threat?

The day when America assures to every adult citizen the right to vote under the laws of the respective States and of the Federal Government, some of the great social problems will start to fade away. On that day Members of Congress will be more considerate of the least of these. On that day, Mr. President, members of State legislatures and Members of Congress will be a little more considerate in their views and their expressions, when they know that every word they say will be judged not by a limited number of people back home, but by all the people back home.

When all citizens have an opportunity to review the CONGRESSIONAL RECORD and realize that what is said in Congress is not a mere exercise in the theory of government, but an exercise in realities, and when every citizen back home will be able to go into the polling

booth and vote "yea" or "nay," to support or not to support a given proposal, and vote for a Member of Congress who seeks reelection or one who aspires to election—on that day America will be a better place.

Then there will be a jury of our peers which will decide whether we shall be here. I have heard a great deal said about a jury in a jury trial. What about the greater jury where everyone is equal in terms of his right to vote? What do Senators think will be the case then? When some of those who have never before had an opportunity to determine whether So-and-so will be sent to Congress, or whether So-and-so will be elected Governor or President, when they have the opportunity to vote—on that day there will be a change in America. It will be a change for the better, because responsibility makes for better citizenship. Responsibility and choice in decisions make for better citizenship and for a better America.

Furthermore, when we are held responsible for our words by every citizen in our constituencies, whether he be a graduate of our greatest university or one who has had but one day of schooling in the lowliest public school in the land, that responsibility will make better Americans of us in Congress.

Therefore, I am awaiting the opportunity and the privilege of casting one vote to implement section 2 of the 15th amendment of the Constitution of the United States, "that Congress shall have power to enforce this article by appropriate legislation," referring to section 1 of the 15th amendment, which declares:

> The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude.

When the day comes when we can pass that kind of legislation we will have a more wonderful country. We will develop an even higher type of citizen. We will be prepared to take on even greater burdens. When that day comes there will be less of the kind of argument we have been hearing in this Chamber, however profound and interesting, and informative it may have been. Rather than indulge in that kind of argument, we should decide how we can have better homes for all citizens, better jobs, better schools, and better health. Then, when we can argue those great social issues, every citizen, not only a percentage of them, will be able to judge the merits of our argument. What a different argument it will be, Mr. President.

Every Member of the Senate knows that when his constituency is limited to but a percentage of the eligible voters he can be much more reckless, much more careless, and much more inconsiderate. When the constituency consists of every man and woman of voting age whom God has placed in our constituencies, we will weigh our words, we will watch our remarks, and we will be more considerate, because what we say will be judged by the great cross section of Americans which makes up our constituency.

That is the central issue, Mr. President. The central issue is not the Commission, not the Assistant Attorney General, even though those issues are important. The central issue, once we get a chance to vote on it as a substantive measure, is whether we are going to cap our democracy with a universality of franchise, which is something we claim but which we have not practiced. We now have a chance to make that come true. We have an opportunity to prove that in America we are free men and women, who live and work together; that not only do we live and work together, but that no one is denied the right to vote because of the color of his skin or because of his national origin.

Mr. President, when that day comes our democracy will be enriched in every meaning of that word.

Mr. HOLLAND. Mr. President, I shall not take the time now to reply to the impassioned and, I think, illogical remarks of the distinguished Senator from Minnesota. He spoke of the willingness to defend certain rights with one's life. I simply want the RECORD to show and him to know that there are a great many of us here who feel very keenly about the subject of this present debate and who do not agree with him at all, but who have very gladly risked our lives in time of war in the defense of our country and its way of life. There are a great many of us here who have risked our natural lives, certainly our political lives, by being out at night in the effort to prevent violence when mobs were on the loose in times of great emotional tension when we risked not only the danger of mauling but also of political extinction, although I think there is no such thing longer to be feared at least in the Southland. There are a good many of us here who, at the risk of political extinction, have stood on the floors of our legislatures to vote and to speak for the abolition of the poll tax as a requirement for voting in our respective States. We were doing it because we thought it was the decent thing to do.

There are a great many of us here who think we know something about civil rights. Furthermore, we are sure that we know something about fighting for the kind of civil rights in which we believe. I yield not to the fervor of any impassioned orator in his expression of zeal for rights which he may or may not have personally defended.

So far as the senior Senator from Florida is concerned, he is very glad that there has been ample time for a discussion of some of the issues presented by H. R. 6127 before the actual debate on the merits of the bill or on the merits of any proposed amendment shall begin.

This is a bill for which numerous advocates had spoken at great length before the motion to take up was made. There are obviously those who do not agree with the form in which the bill reached the Senate, and did not have the occasion or the opportunity, not knowing what that form would be, to address themselves intelligently in the stating of their positions.

So I think it has been an exceedingly good thing that the Senate has taken a few days to discuss some of the issues which are contained in the bill, issues which have been beclouded, both by reason of the fact that so many of the ardent protagonists of the bill have said nothing about anything except the provision for the right to vote, which is a sacred right; and that so great a part of the press has been misled by those repeated statements, and does not realize that many, many other things are included within the scope of the bill than the protection of the right to vote.

I shall not attempt to discuss the many things which are included in the bill, because they have been discussed ably and well, some of them legalistically, even though apparently my distinguished friend from Minnesota thinks it is not appropriate to discuss the legal meaning and effect, of a very complicated proposed law. Some of the discussions have been from the standpoint of the essential equities and the essential facts which are involved in the lives of men, women, and children in the passage of the proposed bill.

For myself, I may make some reference to the legalistic side before I conclude my remarks; but, in the main, I wish to make my remarks stand upon the proposal that there are many Senators, and many persons in the United States, particularly many in the Southern States, who have been fighting for practical, workable, civil rights for a long, long time, and have been making great progress by that fighting. We do not want to be overlooked when the ardent advocates of the bill come forward with a measure which states things which they think should be done for the protection of civil rights. We do not like to have overlooked the several years—yes, the several decades—of great progress which has been made by pursuing the civil-rights projects which we thought were right, which have been enacted, and which have been responsible for the bringing of very great reform into the Southland, and very great good to many people.

Mr. President, I was somewhat amused, and a little irritated, too, to hear the distinguished Senator from Illinois [Mr. DOUGLAS] and the distinguished Senator from Michigan [Mr. MCNAMARA] talking this morning in rather suggestive or threatening terms about writing into the bill a provision to provide protection against lynching. I shall not attempt to quote in the RECORD all the things which were said in that colloquy, but here are two comments. The first was a question addressed by the Senator from Illinois to the Senator from Michigan:

> Is it not true that we who are supporting this proposed legislation have, up until now, not included any such provisions in the bill we are advocating?

He referred to antilynching provisions.

The distinguished Senator from Michigan answered:

> That is certainly true. I agree with the emphasis on "up until now," because there is every indication that such provisions will be introduced if amendments go to the degree there is indication they will go at this time.

Mr. President, the Senators from the South are perfectly willing and accustomed to yield to the persuasion of the dulcet words of their comrades when they speak to us in terms which are so

effective or logical that we cannot deny their logic. But we will not readily yield to efforts at coercion, even when they come from the amiable Senator from Illinois [Mr. DOUGLAS] and the amiable Senator from Michigan [Mr. MCNAMARA]. Particularly is that true when we happen to know what has been done in the very field of affording protection in our States against that hideous thing which was known as lynching, concerning which some of us have had a chance to find out something.

We are perfectly willing to talk about that a little bit, because we are very proud of the fact that in the South, lynching has ceased to exist. How do we know it has ceased to exist? The figures show it, for one thing. In the next place, Tuskegee Institute, which has kept, for many, many years, a record of the number of lynchings throughout the Nation each year, announced in 1955 that it was not necessary to keep any more records about the South, because the South was not having any lynchings. That happens to be the truth, Mr. President. We are happy that it is the truth.

That has come about, not because somebody from Washington or somebody from Illinois or Michigan has been threatening us, but because the conscience of the southern leadership and the southern people—and I include both the white people and the colored people—has reacted violently against that particular enormity. The conduct of both races has been so decidedly improved that we have forgotten about that particular crime against the law, the crime which is known as the lynching of other human beings.

Mr. President, the elimination of lynching, which has resulted from an aroused, aggressive, and combative southern conscience, is the product of many things, several of which are directly attacked by the bill. One is the effectiveness of the handling of cases by southern juries. Mr. President, say what you please, if ever there develops a condition of law in which juries are corrupt, and in which juries will not hear the facts and then act fairly upon them, and in which men and women will not be convicted on the basis of the cases made against them, then you can expect some citizens to resort to taking the law into their own hands. But, Mr. President, the jury system in the South has stood up under tests which have been most vital, and has stood up in such a fine way that it has made a great contribution to the ending of the crime of lynching in the Southland.

Mr. LONG. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. LONG. Since the crime of lynching has some relationship to the rights dealt with in the Constitution, it would seem that the proponents of this measure have decided that under the ordinary processes of justice it would be impossible to put a white citizen in jail in the South, so they have proposed that the rights guaranteed in the Constitution be eliminated, inasmuch as they take the position that under those constitutional rights, white citizens could not be convicted.

Mr. HOLLAND. The Senator from Louisiana is correct; and Members of Congress who have debated the bill, both in the other body and in the Senate, have referred to such situations as embodying legalized lynching. I prefer not to make such a reference, because I dislike lynching so heartily that I do not want to accuse anyone of doing anything which too closely resembles it.

In the first place, the southern juries have functioned capably and properly, so that our citizens, and so that the Nation, in looking upon that functioning, have in general found it good. Certainly lynchings have ceased.

The second point is that the trial judges and the appellate judges have risen to the test, and many times it has been the acid test. I wonder whether the Senate has taken time to realize that in the Senate there has been an opportunity to observe the type of men the South has used as its trial judges and as its appellate judges. One of those who has been heard frequently and capably in arguing the bill—I refer to the senior Senator of North Carolina [Mr. ERVIN]—comes to the Senate from the supreme court of his State.

Our former colleague, the distinguished gentleman from Georgia, who for years had the seat next to the majority leader—I refer to Senator Walter George—came to the Senate from the chief justiceship of his State, after a long experience, before that, as a trial judge.

The distinguished junior Senator from Mississippi [Mr. STENNIS] who delivered such an able address the other day—an address which was restrained, poised, patient, and so logical that no one can answer it—obtained his mature judgment—and he has developed mature, fine, and seasoned judgment—as a trial judge, sitting for many years on cases, many of which involved the question of whether life should be forfeited or spared.

Then there is the junior Senator from South Carolina [Mr. THURMOND], who also sat as the judge of a trial court; and there are other Members of the Senate, as the Senate knows, who have had experience of that sort.

In addition, the prosecuting machinery of the Southern States has stood the test. In recent years the Senate had as a distinguished Member Senator Price Daniel, of Texas, who came here after a fine and ripe experience as the attorney general of his State. He made a great United States Senator, and he is now serving as the Governor of the greatest Southern State, and one of the greatest States in the Union.

We have witnessed the fine service of the Senator from Arkansas [Mr. MCCLELLAN], a former prosecuting attorney, who has functioned so ably in so many capacities, and who has presided so fairly over the current investigation he is making, that I do not know of one word against him; there is not one word charging him with partiality or unfairness, or with baiting either labor, management, or any other group, because he has conducted himself as a gentleman and as a well trained public servant, in discharging that responsibility.

Mr. President, all those facets of our law-enforcement agencies in the South have stood up well in meeting this challenge, just as the governors of the Southern States and other southern leaders, in both public and private life, have had to stand up under the same kind of assault. It is to be said, to the glory of the South—and it should likewise be said with the possibility of its receiving a most pleasant reception from the rest of the country—that the entire South has done well in the case of the action taken against the crime known as lynching.

As I said a moment ago, we have done it without coercion from Washington or from the North. I could go further, and could say that we have done it without having had too good an example set in some other parts of the country. I say that without reflection upon any part of the country, because I know perfectly well that when there were the outbreaks in Chicago, Detroit, New York, Philadelphia, and other places, 99.9 percent of the citizens there felt just as the good citizens of the South felt when we were confronted with the matter of the perennial outbreak of violence in our area. They felt ashamed because of it; and they threw themselves in every way they could into the breach, so as to make sure that those things should not occur again.

I shall not mention all the details in that connection; but I wish to call to the attention of the Senate and to the attention of the general public that those who were killed in race riots in Detroit in 1943, 34 in number, and those who there were so badly wounded that they had to be taken to hospitals, nearly 500 in number, greatly exceeded the total number of Negroes who have suffered from acts of illegal violence at the hands of white men in the South in the whole period from 1943 to the present time. One has only to examine the figures, for instance, to be found on page 370 of the World Almanac or examine the reports to be found in various documents of the House of Representatives and the Senate, based on the hearings held in connection with this matter. The most recent and most current rundown of various facts concerning race riots, will be found in the civil-rights hearing held by the Subcommittee of the Judiciary Committee of the House of Representatives in this Congress, beginning on page 1113 and continuing over the following 50 pages or so. Of course I shall not attempt to read them into the RECORD.

I wish the Senate to remember and I wish the public to recall that such matters, which come from race friction, do not arise in only one place. Instead, they arise all over the country. Let me point out, further, that the amount of violence which has been perpetrated—particularly in Chicago, New York, Detroit, and Philadelphia—has not found its equal within the South, in recent years, by any manner of means; and in this connection I refer to the years beginning about 1940. I shall not state those details for the RECORD, because I think to do so would serve no useful purpose. But I want the people of the country to realize that the South has

done a good job in this matter, and that relative harmony, friendship, understanding, and mutual trust prevail in the South. Anyone who charges to the contrary simply does not know the Southland, consisting, as it does, of approximately 45 million persons, about two-thirds or more of them being white people, and the others being people of color, who reside in the States of the Nation which we call the South. As a result of the association of the two races their people have learned how to get along with each other to a very great degree, and they are doing it.

Therefore, Mr. President, in the first instance I wish to call attention to the fact that in the matter of a very great civil right—namely, the right to live, the right to be free from violent death at the hands of one's fellow men—the South and those who have stood up for the elimination of lynching have made great progress; and the threat coming today from our two friends—namely, the threat of the inclusion of antilynching provisions in the proposed law—is almost humorous, because they would be asking for the inclusion in the bill of proposed legislation against a crime which once existed, but which, thank God, has now ceased to exist.

Mr. President, the next thing I want to say before I leave that subject is that, having made a record of that kind, it would seem to me to be most unwise, to be the height of bad judgment, and to be the opposite of commonsense and good sense, to try to substitute coercion from an outside source, whether Federal or otherwise, in place of those forces which have made this fine record, and are continuing it, and will do so in the future, regardless of how much we may be irritated by the jibes of those who, not knowing very much about the problem, nevertheless think they know so much about it that they can tell what ought to be done to those who live with it, and in many particulars live with it so successfully that we have gotten rid of the things that were the worst, and I mention particularly now the lynching feature.

I next come to the field of education. There are many Members of the Senate who know what it is to stand up for better education for the Negroes and for the children of the poor white people of the South. Today we have good schools in the South, but some of us are old enough to remember when we did not have good schools in the South. They remember we have taxed ourselves to a greater degree than have other States in the Nation, in order to afford better education, and they recall how, sometimes, we were made the butt of criticisms by some of our older friends when we insisted on having more modern schools along with swimming pools, athletic fields, workshops, and agricultural gardens for the colored children, because some of the older generation thought that was unnecessary.

Mr. President, we have made progress in that regard to such a degree that I think we can call attention to it with great pride. We have made that progress in pursuance of a decision laid down by the Supreme Court in 1896. We have spent billions of dollars in the building of schools and equipping them, in the training of teachers, and in giving them what they need to enable them to teach, to best advantage, the white and colored children, separately, in the States throughout the South.

Mr. President, before I get away from the subject, I remind Senators that the record is abundantly clear that the segregated schools have done some jobs that were necessary, and they are going to have to continue to do them, whether they are segregated public schools or segregated private schools.

What are some of those things? One of them is in the teacher-training field. The figures amply show that the opportunity afforded a devoted Negro who desires to become a teacher of the young and to become a professional in that field is seven times greater in the South than it is in the rest of the Nation as a whole. The figures show that to be so. The statistics as reported by the Library of Congress show it so completely that it is not a subject for argument any more.

Those same figures likewise show that the education of nearly all the Negro boys and girls trained for service in the field of medicine, in which, in the main, they are serving their own people and helping them to obtain a higher standard of health and living generally, has taken place, principally in segregated schools. Why? Simply because the competition for admission to medical and dental schools, and other schools of that kind, is so great that only the cream of the applicants can get in.

I have in my possession, as I have mentioned on the floor heretofore, a letter from the dean of a college at the University of California, Los Angeles, which I received some years ago, when we were debating another question, asking me if I would use my good offices with the faculty of Howard University and of Meharry Medical College at Nashville, to see if they could not have one or two of their best-qualified Negro students in the field of medicine and dentistry come to their university. The letter went on to point out that, while all were allowed to file applications for admission, and while a large number of Negroes could pass the minimum test, though many of them barely so, the competition for admission was so keen that the college was able to take only those who made the best showing, and so it had not been able to admit any Negroes.

I shall close my comments on that subject with only one more illustration. I was asked to make a television appearance in the city of Philadelphia about 6 years ago. At that time I asked the Library of Congress to make a check to see what was happening with reference to the University of Pennsylvania Medical School and the University of Harvard Medical School, and with reference to Howard and Meharry, concerning the question of admission of Negro students. It was found, and I so announced in that television appearance, that there was, that night, one Negro youth of Pennsylvania in the four classes of the Medical College of the University of Pennsylvania, located as it was within the city of Philadelphia. At that same time there were about 30 young Negroes from the State of Pennsylvania who were attending medical schools at either Howard University here in Washington or Meharry College in Nashville, Tenn.

It was not necessary to show very much more to indicate the impossibility by keeping the doors open of all colleges to thus afford the opportunity which was sought by eager young Negro boys and girls who wanted to serve their people and the world by training themselves to become doctors and dentists. At that time there was 1 Negro in the 4 classes of the medical school at Harvard.

By the time we added them all up together, and got a report on all the accredited dental and medical schools in the North, East, and West, it was apparent they could not begin to attack the problem adequately, because they simply did not have the vacancies which would allow any substantial number of Negroes the chance to go into those schools.

Mr. President, in addition to the matter of education, the matter of training, and the matter of serving as teachers, I call to the attention of the Senate the fact that there is no limit to the advance which can be made in education by Negro teachers when they are in the field of segregated education.

I do not remember now exactly how many institutions of higher learning there are in the South which are segregated. My best recollection is that the number is approximately 70. Each of these institutions is headed by a president who is a Negro, and the deans and most of the faculty members are members of that race. Mr. President, there is no such showing made elsewhere in the Nation. Search as we could, at the time we made the inquiry, we could not find an instance of the president of any such institution in the North or the East or the West being a member of the Negro race.

So, Mr. President, we have been able to perform a service, and we have been getting better and better performance in the building of schools, the training of teachers, and the giving of educational opportunities to the youth of our Nation, and particularly to the Negro youth of the South.

Mr. SMATHERS. Mr. President, will the Senator yield for a question right at that point?

Mr. HOLLAND. I yield.

Mr. SMATHERS. First I should like to congratulate my very able colleague on the discourse he is making, which, of course, well proves and well establishes that there is no need that the type of bill which is now the subject of debate should become the order of business of the Senate.

In connection with what the Senator has said about Negro teachers having opportunities in our State colleges, it was my privilege 2 years ago to talk to the State convention of Negro teachers in Fort Lauderdale. During the course of that afternoon the head of the convention had all the teachers who were in the audience hold up their hands, to show where they had received their education. Actually, some few had come from Harvard, a couple had come from

Pennsylvania, and some from Howard, but most of them came from Meharry.

The significant point to me was that after the speeches were over and we were visiting around, the impression I definitely received from every one of those teachers was that they did not wish to see segregation in schools abolished, because if segregation were abolished they knew it would finally affect their jobs. They stated to me on that occasion that they knew then they would have to compete with the white teachers, and inevitably they would be the losers. Many of them had tried to get teaching jobs in the North, had not been able to get them, and so had moved to the South. They had come to Florida because it was the only place where they could get the benefit of and give the benefit of their educational training, and so they had come for that reason. They did not want to say so publicly, and they did not adopt any resolution about it, but they definitely told me and others there that they would hate to have the day come when segregation would be abolished, because it would mean they would lose, and in turn their students would lose.

Mr. HOLLAND. Mr. President, I certainly appreciate that completely true and helpful comment made by my distinguished colleague.

From my own experience I should like to recite, briefly, an instance in this field. Dr. R. E. Lee was a very eminent Negro educator who was president of our Florida Agricultural and Mechanical School for Negroes at Tallahassee, which is now a university, and was designated as a college while I was serving as Governor, and at a time before, when I was a member of the State senate. It was his custom at each session of the senate to ask me if I would handle their program, because he wanted it to be heard along with the program of the University of Florida, of which I was an alumnus. I was generally empowered to speak for that institution, and also for the college for girls, which has now become a university, too.

I talked with Dr. Lee many times about all sides of this educational problem. I do not know how many times he said to me:

Senator HOLLAND—

Or—

Governor HOLLAND—

As the case might be, at the time—

The greatest tragedy that could befall our Negro teachers would be to have segregated schools abolished, because we know perfectly well that here we have the opportunity to grow, prosper, and assume a leadership which is helpful to our own people. We know we have a very high standing and recognition among our own people. And we know that in competition with the white teachers, white professors and executives, too many of us would fail to meet the test.

So I greatly appreciate the comment made by my distinguished colleague.

Mr. President, is it wise to discount and forget all this record, and, in effect, repudiate all that progress? Shall we bypass legislatures, governors, and school officials at all levels, who have certainly shown by their progressive and very successful and helpful program what they think of conditions in this field and what they have been able to accomplish? Is it wise to bypass all of them and instead give the police power to the Attorney General in Washington, to be used in his sole discretion in this field which has proved so troublesome?

Mr. President, the obedience of the South to the orders of the Supreme Court has so far been largely deferred, and yet there are those who overlook the fact that in Texas, Arkansas, Maryland, the District of Columbia, and various other places there have been very ambitious integration programs started.

If there was ever a subject matter which needed some delay and some chance for observation, Mr. President, this is it. The very idea of substituting coercive Federal action, to be initiated in Washington at the discretion of one man, as opposed to the judgment of those who are handling this problem in the various States and who are working anxiously and cautiously on it, is repelling. They who work on this problem in the States are good American citizens, but they know perfectly well that if this program is hurried too fast in many of our States—and this may be true of some of the States, regardless of when it comes, whether it is hurried or not—that haste will mean the death knell of the public schools.

The other day I made a statement to that effect in a colloquy with the distinguished Senator from Georgia [Mr. RUSSELL], and I noted that one of the columnists said that it was a tactic of desperation. Mr. President, it is not a tactic of desperation. It so happens that the Senator from Florida does not believe in the discontinuance of the public schools. He would resort to every other device before he would ever consent to their discontinuance. He has been repeatedly on public record, in his own State and elsewhere, to that effect.

Mr. President, there are States which through the action of their legislatures—some by the adoption of amendments to the State constitution by their people—have already shown that they feel so keenly about that matter that abolition of public schools is the end to which they will go if they are forced to do so.

To talk about coercion in a situation of that kind, Mr. President, when the preservation of the public schools, at least as I see it, is one of the primary necessities for the improvement and advancement of our process of government, so that our citizens may decide the public questions which they alone can decide, and decide them intelligently, is unthinkable. It is necessary for us to keep the public schools going. In the light of the action already taken in various places, who would say that it was for a moment wise to force this issue, Mr. President, where there is ample power now—because the courts have it—but where the courts have declined to hurry the use of the power? I commend the courts for their wisdom, and their declination to use anything that looks like forceful tactics in this field, because it is a field which does not subject itself to the use of coercion either from outside or from nearer sources.

Mr. President, this is a field where the question arises: Can the young people get along in harmony, liking each other, advancing to the maximum degree without segregation, as they have with segregation? It is a question that reaches back to the attitudes in their homes, reaches back to the attitudes in their communities, and reaches back to the attitudes in their churches. It is something that will not be decided in a day or even in a generation, because it runs in terms of values that are deeply interwoven in the very warp and woof of the people who are so vitally affected by this problem.

Mr. President, I hope that out of this preliminary debate there will come, as apparently there is now coming—and I rejoice that that seems to be the case—realization of the fact that whatever else may be or may not be left in the bill, when we take it up for final debate on its merits, any coercive measure in the way of injunction, or in the way of Federal enforcement from the Federal level, by public fiat, against the public-school systems of the South, shall be forgotten. If it is not forgotten, and if such a provision is included, and if it does become a part of the proposed legislation, Mr. President, not only will the law be unsuccessful, not only will it bring all kinds of discord and disharmony and vexing situations upon the areas affected, but I wish to warn those who are promoting it, that they will be the sorriest people in the United States that they ever asked for such power, when, after using it a while, they find out what the result has been.

It would bring to them the most disastrous consequences in connection with the loss of prestige and loss of the friendship of the people of the Nation, as well as the loss of the confidence of others. I think it would be the greatest disaster they could ever help to visit upon themselves. I issue that warning. I do not think they realize the situation.

I do not question the good motives of those who differ with me in connection with this or any other legislation. I think they are trying to go in the right direction, but I think I have had enough experience in this field to be able to speak with a little more authority than they may speak. I am warning them that the most disastrous thing they could visit upon themselves would result from enacting a law requiring the Attorney General of the United States to assume responsibility for the coerced integration of the schools of the South. If that is once done, mark my words, the people who will be most distressed by the result will be the very people who have argued for the inclusion of that kind of monstrosity in the bill.

It is obvious that the wise course is to observe for a few years what happens, for example, in the districts in Texas. I believe nearly 100 districts there have started desegregation. We should observe the results in districts elsewhere, as well. It is obvious that we must learn a little more about what is involved before we push the issue. I think it is not necessary to dwell longer upon that aspect of the case.

I note that there are at least three results which could come from such a period of observation and testing. First, these experimental projects in desegregation might bring such failure as to turn public thinking against them, and turn public thinking in another direction. That is one of the possible results.

Second, the experiment might provide the detailed handling which would point the way to success, at least in some instances, such as local geographical subdivisions for school attendance, with only marginal cases arising; or such as some selective process, the giving of some elective rights to the individual, or the family of the individual.

The experiment might satisfy all, or satisfy many, as to the success which can be realized in some cases. I still think there would be some instances in which the abandonment of the public schools would be involved. But at least the part of wisdom is to observe for a while what is going on in the areas where there are relatively few members of the minority race, and where the effort is now under way to accomplish desegregation.

It seems to me that for the purpose of this bill, the truly wise course is to eliminate from the bill any provision relating to schools, and eliminate the provisions with respect to general law enforcement, such as would be involved in the case of antilynching legislation, and provisions dealing with all other fields of civil rights, except voting rights. After all, that is the subject toward which the effort was supposed to be tending when it began. That is the effort which was publicized by the President and by the Attorney General. That is the objective which has been discussed by the press, the radio, and other agencies.

I remember how pleased I was last Friday when the New York Times published a long editorial stating that it had not realized that various other fields had been included, because it had been made so clear to everyone that the protection of voting rights was intended. The bill had been pictured as a bill for the protection of voting rights so exclusively that even the learned editorial writers of the New York Times apparently had not realized, up to that time, that a plethora of civil rights—of which there are hundreds of examples—was involved in this particular bill.

I shall not discuss the force aspects of the bill, because I believe that no Member of the Senate wants to see them utilized. I do not believe that a single Senator would vote to continue in the bill the association of the force aspect of the Reconstruction Acts, as they are now included in the bill. Surely some amendment adequate to exclude them will be adopted.

I am talking about those things in which the South has made great progress, showing its devotion to civil rights. It is not a question whether we approve of civil rights as embraced in this particular bill. It is a question of what is practicable, what is possible, and what can be done for the very great advancement of the cause of the people who are affected throughout the Nation, and particularly in our own States.

I think the case is established that for years the South has been in active pursuit of practical methods of serving fine civil-rights objectives. I have already mentioned two of them, one in connection with the abolition of lynching, and the other in connection with education.

Why do I mention lynching? I mention it, because while the bill does not mention lynching, it relates to nearly every one of the things out of which grows the irritation which produces the overlap of violence, when there is lynching or when there are riots, such as the ones in Detroit, New York, Chicago, and elsewhere. Those results come from nonobservance of the rights of human beings.

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

Mr. HOLLAND. I yield to my learned friend from Wisconsin.

Mr. WILEY. I have listened with pleasure and profit to the distinguished Senator from Florida. I should like to ask him a question.

If I correctly understand his conclusion, he would support the bill if it were limited only to the enforcement of voting rights.

Mr. HOLLAND. I would support the bill if it were limited only to the enforcement of voting rights, and in a form which I think is practical. I have suggested for 10 years on the floor of the Senate the submission of an effective constitutional amendment to prohibit the requirement of the payment of a poll tax as a prerequisite to voting for any national officer. I think that is the clear legal way to approach the subject. That is the constitutional way.

I invite the attention of my learned friend to the fact that his own party, by its platform in 1944 approved that plan, and that his majority leader or minority leader—I do not remember which party was in power at the time—introduced such an amendment soon after I came to the Senate.

I invite the attention of the distinguished Senator to the fact that the present approach, in the bill now on the calendar, overlooks the fact that the great masses of people who are not voting are the ones found in those States where the poll-tax requirement is still asserted. and where both white and colored are not going to the polls for that reason. The Senator cannot possibly compare the percentage of participation in voting in my State, for example, or in the State of Louisiana or the State of North Carolina, with the percentage of voting participation in the States where the poll-tax requirement still exists, without coming inescapably to the conclusion that the first method of approach should be to bring relief to those great masses of people now prevented by that device from voting. I would certainly support the measure if it could be brought into such a position.

Mr. WILEY. Then, as I understand, my question would be answered in the affirmative. The Senator would not expect, would he, to place a poll-tax provision in this bill by way of amendment?

Mr. HOLLAND. My answer is that I certainly would support what I thought would be an effective method of eliminating the poll tax. I have stated repeatedly on the floor of the Senate that not only was I willing to be the sponsor of a constitutional amendment, but that I would assure my colleagues that I would go before my State legislature to plead with all my might, and do everything I could to obtain early approval by my State of such an amendment.

I invite the attention of the distinguished Senator to the fact that six of the fine States in the South have already eliminated the poll tax as a requirement for voting not only for national officials, but for State officials, county officials, school officials, and all elected local officials. Those States are: North Carolina, Louisiana, Florida, Georgia, South Carolina, and Tennessee. Senators will find strong sentiment in the South for extending the voting right and extending the voting privilege. As one who was successful in helping to have such a measure enacted in my State of Florida when it was not at all thought possible that it would be enacted, I wish to state that it is more popular now than it ever was in the past. I thought at the time that it was the thing to do. I still think it was the thing to do, in order to forge ahead.

We should not take merely a negative position on the floor, but should take an affirmative step in handling the matter in question by proper and effective constitutional amendment.

Mr. WILEY. It is good to hear the Senator say so. Of course I am one who would like to consider other matters, and not listen week after week to discussions which are more or less reptitious. I may say in that regard that the argument of the Senator from Florida has not been repetitious. He has given a very fine exposition of what might be called a localized issue, which is of great interest to the South.

However, if the Senator, in his very fine and persuasive manner, should take hold of the subject, and if he would be willing to limit the issue to the voting privilege, it would seem to me that we could get along nicely after Tuesday and get through with the bill by the end of the week.

Mr. HOLLAND. I invite the strong and aggressive support of the able and courageous Senator from Wisconsin for the substitute which I shall offer. I call attention to the fact that as many as 12 other Senators from the South have joined me at one time or another in presenting such a proposal, and that now 5 of us stand together on it, and I am sure others will vote for it. I believe if we could submit it to the States, the constitutional amendment would be approved very quickly by the States.

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

Mr. HOLLAND. I yield to my colleague.

Mr. SMATHERS. I should like to ask the very able Senator from Wisconsin if we can conclude from his remarks that he is prepared to vote for an amendment to the bill which would provide for jury trials, and whether he is prepared to vote for an amendment to the bill which would eliminate the so-called force section. I gather from what he

said that he would like to limit the bill to the question of the deprivation of voting rights.

Mr. HOLLAND. I ask unanimous consent that I may yield so that the Senator from Wisconsin may respond to the question of the Senator from Florida without my losing the floor.

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

Mr. WILEY. I shall probably speak when the bill is before the Senate and give my own views on it. I have been a lawyer for 30 years, and I cannot agree with a great many of the legal arguments which have been made. I have practiced in both equity and law courts. I know the power of the equity court to grant an injunction. I know the history of that power. There is merit on both sides of the issue, and reasonable men ought to be able to get together on it.

I have not seen the suggested substitute. I merely wanted to find out, after listening to the distinguished senior Senator from Florida, whether I understood his position. He said I did. In substance, it was, if the provision in the pending bill which is more or less an omnibus, all-inclusive section—covering schools and playgrounds, and lynchings, and so forth—were eliminated, and if the bill were restricted to the right to vote, whether he would be in favor of it. I think his answer was in the affirmative. I am not evading the question of the junior Senator from Florida; I merely say that I should like to study the full implications of the bill before I answer the question.

Mr. SMATHERS. I thank the able Senator from Wisconsin. After my senior colleague had indicated that he would support a bill which satisfied his own mind that voting rights would be guaranteed, I understood the senior Senator from Wisconsin to say it appeared to him that we could promptly dispose of the bill; that he thought other matters could be considered by the Senate; and that he would prefer not to listen to lengthy arguments. Therefore, I gathered that he was somewhat in agreement with the senior Senator from Florida.

Mr. WILEY. There are other provisions in the bill which need some study also. I do not wish to confine myself to a definite answer at this time.

Mr. SMATHERS. I appreciate that fact. I know the Senator from Wisconsin would also wish to extend the same latitude to those of us who may be discussing the bill at this time.

Mr. WILEY. Certainly.

Mr. HOLLAND. Mr. President, when I was last speaking, before the friendly interruptions occurred, I had mentioned the fact that I intended to offer a proposed constitutional amendment in the nature of a substitute, prohibiting the setting up of a poll tax requirement as a requisite for voting for President, Vice President, a Member of Congress, or any other Federal official. At this time, without reading my proposed amendment to the Constitution which I shall offer as a substitute for the language of H. R. 6127, I ask unanimous consent that it may be printed in full in the RECORD as a part of my remarks, and that it likewise be printed and lie upon the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendments are as follows:

Strike out the enacting clause and all after the enacting clause and insert the following:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The right of citizens of the United States to vote in any primary or other election for electors for President or Vice President, or for Senator or Representative in Congress, shall not be denied or abridged by the United States or any State by reason of failure to pay any poll tax or other tax or to meet any property qualification.

"SEC. 2. Nothing in this article shall be construed to invalidate any provision of law denying the right to vote to paupers or persons supported at public expense or by charitable institutions.

"SEC. 3. The Congress shall have power to enforce this article by appropirate legislation.

"SEC. 4. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the States wtihin 7 years from the date of its submission to the States by the Congress."

"Amend the title so as to read: 'A bill proposing an amendment to the Constitution of the United States, relating to the qualifications of electors.'"

Mr. HOLLAND. Mr. President, since the rulings of the Parliamentarians do not always follow the laws of the Medes and Persians, I may say that I understand, relative to the proposed substitute, and have been advised by the Parliamentarians, that it is in order to propose it as a substitute for the measure concerning which the motion of the Senator from California is pending. If adopted, it would be adopted with its title changed to that of a proposed constitutional amendment, provided, of course, the requisite number of votes were cast in its favor.

If the Parliamentarians see fit to change their minds before the subject is reached, I shall appreciate their advising me, something which they failed to do the last time a similar matter was pending, although I am sure it was not done with deliberate intention.

The proposed constitutional amendment simply would provide that no State and no Congress could ever prescribe a poll tax requirement as a condition for voting for Federal officials.

Going further, the proposed amendment in the nature of a substitute would make the same provision with reference to the imposition of any other property tax as a condition for voting, because many times in the history of our Nation, States which have not had poll taxes have had taxpaying requirements as conditions for participating in elections.

Third, the proposed amendment in the nature of a substitute would provide that property-ownership requirements could not be prescribed, as a prerequisite for voting.

In other words, this is a good-faith attempt to foresee and to avoid any prerequisites for voting for Federal officials which might be used as a means of defeating the right of citizens to cast their votes for Federal officers in general elections or primary elections. That amendment I shall offer at the proper time in the course of the debate on the bill, but I wanted all Senators to be advised of it.

Mr. President, there is no time now, and this is not the place, to discuss the amendment, except to say that I believe it to be the only constitutional way to approach this subject matter.

The Senate well knows that section 2 of article I of the Constitution requires that the qualifications for voting for Members of the House of Representatives shall be the same as those required by the several States for electors of the most numerous branch of their State legislatures. That has always been Federal law.

The same provision was inserted when the 17th amendment was adopted, permitting the popular election of Senators, and in exactly the same words as were written into the original Constitution in 1787. In other words, it has been a fixed part of our Constitution since the beginning. It has been reiterated in the same words in the part of our Constitution providing for the election of Senators.

The word used, "qualification," ties in so well with the practices at the time that there can be no doubt that the payment of a poll tax could be prescribed as one of the qualifications, because the State of New Hampshire, at the very time the Federal Constitution was adopted, had a poll-tax requirement in its constitution.

In 1912, when the proposal for the direct election of United States Senators was submitted, several States had poll-tax payment qualifications in their constitutions.

The point I am now making is that both in the case of New Hampshire and the case of other States which had such a provision at the time of the submission of the mentioned amendment, the word "qualification," "qualifications," or "qualify," as the text might require, was used in connection with the poll tax requirement. So there could be no question at all that the payment of a poll tax was considered a qualification, and was well known to be such, both at the time of the submission of the original Constitution and at the time of the submission of the amendment which I have mentioned.

Without arguing that point in detail today, I shall conclude my remarks.

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

Mr. HOLLAND. I yield.

Mr. LAUSCHE. I fail to see how the amendment which the Senator from

Florida proposes to offer will in any measure cure the complaint that the right to vote has been denied on the basis of color. The amendment which has just been read will remove the power to disqualify a person from voting on the basis of material or economic rights. But I cannot see how the amendment will help the colored voter who says, "I am denied the right to vote because of my color."

Mr. HOLLAND. I am perfectly willing to be frank and to admit to my distinguished friend from Ohio that there is no directly causal connection in the wording, but it is in the practice that the causal and result connection comes.

In my own State, there was no color requirement; there has never been any. But the poll-tax requirement practically excluded the Negro citizens from voting. A State law was passed in 1937 repealing the poll-tax requirement.

By the year 1944, which was 7 years after the adoption of the amendment, according to a table on page 33 of the book entitled "The Negro in Southern Politics," by Hugh D. Price, printed only recently, and called A Chapter of Florida History, 20,000 Negroes had registered, and most of them were voting.

The increase in number was very rapid after that. The report made to me by the Secretary of State of Florida—regarding the participation in voting in 1956 in the general election—shows that 148,636 Negro voters qualified to vote in that particular election. After there has been a practical requirement which has banned and barred any large group from voting, a little time is required before the members of the group begin to utilize their right; or, at least, apparently that is the case. As listed in the book I have mentioned, the figures show the following: The number rose from 20,000 in 1944 to 48,157 in 1946, to 64,015 in 1948, to 116,145 in 1950, to 120,913 by 1952, and to 128,329 by 1954. I have already read into the RECORD the figure for 1956, which shows 148,636 Negro registrants. So the banning of Negro voters and, for that matter, the banning of many white voters of small means, which resulted from the imposition of the poll tax, was a very real restriction; and the adoption of the provision prohibiting the requirement of the payment of the poll tax has been shown in each of the six States—Florida, North Carolina, and the others I have mentioned—as having resulted in an immediate release which has been recognized not only by Negro citizens but also by poor white citizens, so that the number of citizens participating in voting in the States which have abolished the poll-tax requirement, as compared to the total number of mature adults in the South, greatly exceeds in percentage the corresponding number in the States where the poll-tax requirement still exists.

Mr. LAUSCHE. Mr. President, I can see clearly how an amendment of that type would be a positive cure, if the only means of disqualifying voters were on the basis of the payment of a poll tax or the possession of property. But if we concede that there are other means of disqualifying voters—in addition to the requirement of the payment of a poll tax and the requirement that the voter be the owner of property—then obviously it is necessary to go beyond what is contemplated by the amendment of the Senator from Florida.

Mr. HOLLAND. Of course, the Senator from Ohio has a good point there. I do not claim, and neither do the others who advocate this particular procedure, that overnight it will cure the entire situation.

Mr. LAUSCHE. Yes.

Mr. HOLLAND. In my own State, it appeared the taking advantage of the right to vote, after the repeal of the poll-tax requirement, first occurred in some quite progressive and highly populated counties, but that in every succeeding year that development has been spreading to the other counties; and the list I have before me, as supplied to me by the secretary of state of Florida, shows that in Florida there has been a very substantial participation in voting, except in a very few of the most backward and very small counties; and even they in large measure have come into line.

So it is a practical step which, as demonstrated by the actual history of its trial, has shown a tremendous improvement in connection with this problem—a greater improvement, I think, than that which can be accomplished by any other means.

Let me say—and I say this with the greatest of respect for my distinguished friend, the junior Senator from Ohio, who has broken all records in respect to being elected and reelected and reelected; he has done that in his State, in which my party and his is a minority party; and I congratulate him—that if, following that repeal, we had begun by trying to coerce each of the counties which was not proceeding rapidly, we would have made much slower headway. For instance, in Duval County, the county in which Jacksonville, Fla., is located—27,368 Negroes are registered. That development has made itself felt in the adjoining counties; and, like a leaven, that development has spread throughout the State.

From having lived with this problem and from having been a party to the taking of that action when it was not popular in all parts of the State, we are sure it is the practical means—and, I believe, the only practical means; and certainly it is a constitutional means; and it is the same as the means the Nation adopted in permitting women to vote, and it is the same as the means used in connection with the 15th amendment—of banning the poll-tax requirement and all other kinds of requirements as a condition precedent in connection with voting.

If I may, I should like to state the other side of the picture. We believe the law now proposed will hopelessly fail to meet this problem; we believe it is blind to this problem.

If the Senator from Ohio will compare the small number of persons who participate in voting in the Southern States in which payment of a poll tax is required with the relatively large number of persons who vote in the Southern States in which the payment of a poll tax is not now required, he will see that great improvement has come in the case of the Southern States which have taken this step. We would prefer that it also be taken by the five States which have not yet taken it. They are slow to take it; we think they are not in step with the times; and we think our proposal of a requirement that at least in the election of Federal officials, the citizens of every other State may participate on terms of equality with the good citizens of Ohio and Florida, is not an unreasonable proposal, particularly when 43 States are already in line, and only five States are to be affected.

Mr. LAUSCHE. Mr. President, I pose the question because I am of the deep conviction that it is necessary that the Congress provide for every American citizen the right to vote, without discrimination on the basis of religion, color, or race. I think the Senator from Florida heard the presentation made this afternoon by the Senator from Minnesota [Mr. HUMPHREY]. He directed his remarks especially to the subject of giving every American citizen the right to vote.

Wanting unity of spirit, unity of strength for the preservation of our country, wanting no division on the basis of sections, and having in mind that the strength of the South is reflective of the strength of the North, and that the strength of both gives some reflection of what the strength of our country is, it is my hope and my desire that out of this discussion there shall emerge unquestionably a law which will provide to every American citizen, on an equal basis, the right to vote.

Mr. HOLLAND. Mr. President, I subscribe to the objectives and the ideals of the distinguished Senator from Ohio. But I call his attention to section 2 of article I of the Constitution, from which I now read, and which has been a part of our fundamental law since the beginning of our Government:

> The House of Representatives shall be composed of Members chosen every second year by the people of the several States, and the electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature.

Then, when we examine the amendment which provides for the direct election of United States Senators, we find exactly the same wording. It is the 17th amendment to the Constitution, from which I now read:

> The Senate of the United States shall be composed of 2 Senators from each State, elected by the people thereof, for 6 years; and each Senator shall have 1 vote. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

Mr. LAUSCHE. Yes; but what does the 15th amendment provide? It provides as follows:

> SECTION 1. The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude—
>
> SEC. 2. The Congress shall have the power to enforce this article by appropriate legislation.

Mr. HOLLAND. Of course that is a part of the Constitution; but I call to

the attention of my distinguished friend the fact that in the poll-tax requirement there is no reference to race, religion, or previous condition of servitude. The poll tax requirement would apply as fully and as equally to the Senator from Ohio as it would to a person of color. It is a requirement of one of the things which must be done—such as registration or the attainment of a certain age or the maintenance of residence in the State or county for a certain period of time—before a person can vote. Unless and until the Constitution be reshaped so as to get away from this, in my humble opinion the real question that is now before us will not be approached.

Mr. LAUSCHE. I concede the validity and the goodness of the proposal made by the Senator from Florida, and it may be a cure which in the end will be indispensable to eliminate the power to disqualify by the imposition of a poll tax or otherwise.

Mr. HOLLAND. I hope we may accomplish that objective. I say to the distinguished Senator, I have been trying for 10 years to get the Senate to agree to the submission of such a constitutional amendment. I do not know why it has not been agreed to, but I will have to say to my distinguished friend that the highly liberal groups, and particularly the NAACP, for one reason or another, have felt it was a subterfuge of some kind. They felt it was a trick and that it would not directly approach the matter. The fact is, and I am not trying to be legalistic, there is no way to directly approach the matter until the Constitution is amended, so long as there is one State that imposes a condition which bans large numbers of people from voting, particularly a condition which existed at the time the Constitution was adopted, and then later at the time it was amended by the adoption of the 17th amendment. There cannot be any serious question about it that so long as States are free to take that step and so long as some of them do it, there will be great groups of citizens who cannot vote. Large groups of citizens who are not now voting are prevented from doing so by the imposition of a poll tax.

Mr. LAUSCHE. I have an implicit belief in the sincerity of the purposes of the Senator from Florida. I cannot, however, bring myself to the conclusion that the adoption of such an amendment would in itself operate as a complete cure of the evils about which complaints have been made.

Mr. HOLLAND. I think that is completely the case, and I do not believe any legal action taken by the Senate is going to be a complete cure for the evils complained of, because—and this is the last point I was going to make—this is not a problem which is susceptible of being finally settled by the mere passage of a law, or by the adoption of a constitutional amendment. This whole group of problems concerning civil rights involves questions which arise primarily because of the attitudes in people's minds and hearts. Having fought with this problem a long, long time, and having been on the firing line in my own State a long, long time, and having advocated this particular proposal in the Senate for 10 years, I say to my friend I will welcome his studying the situation carefully, because I think he will come to the conclusion that any statute which we may enact will give only a modicum of relief, and any statute we may enact which depends on coercion to give relief is more likely to work in reverse, because the people who would be affected are just like the people of his own State of Ohio—they do not like to be told by some outside group or agency what to do about things that affect their intimate living. They like to work the problem out for themselves, in harmony, and they will do it if given a chance. We are doing it in Florida.

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

Mr. HOLLAND. I yield to my distinguished colleague.

Mr. SMATHERS. I should like to ask another question because it seems to me there was implicit in the question of the Senator from Ohio the suggestion that a condition existed which I do not think exists in our State. The question I should like to ask my colleague is this: Is it not a fact that my colleague knows of no instance in recent years in our State where a person has been deprived of the right to vote by reason of his race or his color or his religion?

Mr. HOLLAND. I will say to my colleague I know of no such case. At the same time, I would not be able to state that there has not been such a case, because when I look at the list of counties and see 3 or 4 of the least developed, naval stores and agricultural counties, which are thinly and sparsely settled, with only a handful of Negro registrants, or none at all, I am satisfied that the leaven of information and experience which is working in our State has not reached them yet. But it will reach them. It is reaching them now to the extent that 148,636 Negroes were entitled to vote in 1956. My prediction now is that next year, 1958, the number will be nearer 200,000.

I should like to make just one more point, and that is this: As is well known to my colleague, the tremendous increase in the population of the State of Florida has not been in Negro citizens, but in white citizens.

Mr. SMATHERS. Will the Senator not agree that in those counties where there is not very much participation in elections, in relation to the number eligible to vote, in many instances that results because, first, there is no general education among the people not voting, and, secondly, many times they do not wish to give up what they are doing on a particular day to take the time and the effort to register and vote?

Mr. HOLLAND. Of course, my colleague is correct. The changing of long-continued practices which have existed for decades in families and communities will at last communicate itself to communities of the type we are now talking about. I do not know if there has been one single citizen who has been prevented from participating in an election, but I am calling attention to the fact that I could not say unequivocally it has not happened. I would say the leaven of improvement that is working so rapidly and has shown itself so completely is reaching more and more places.

Mr. SMATHERS. I certainly know of no instance where there has been even a charge that a person has been deprived of the privilege of voting in our State merely because of his race, color, or religion. In the position which I am honored to hold, as Senator from the State of Florida, obviously that kind of information would have come to me, had such a condition existed. The whole point I am trying to make is that the condition which many people think exists, a mass deprivation of the right of Negro people to vote, does not exist in my State, and I think the condition is grossly exaggerated as to other States.

Mr. HOLLAND. I agree implicitly with my junior colleague. I have not had any such complaint brought to my attention. I know of no such infringement of personal rights in our State. At the same time, knowing how this question can work, and knowing how it does work in the hearts and experience of people, I would not dare to say that not one citizen in my State had been prevented from voting.

Mr. LAUSCHE. Mr. President, if the Senator will yield, it was not my purpose to imply that such a practice was prevalent in the State of Florida. I think it must, however, be generally conceded that, based upon the proof adduced, there are places within the United States where, on the basis of color, there is a deprivation of the right to vote. I had not in mind the State of Florida when I made that point, and I had no particular place in mind, but I think there are States in the North, and it has happened in my own State, where at times crafty politicians have tried to prevent citizens from voting, not on the basis of their color, but because certain candidates would develop the greatest strength by keeping those citizens away from the polls.

Mr. HOLLAND. Of course, the Senator is correct in that regard. There are always unscrupulous persons who try to interfere with the exercise of the rights of others.

Let me say, in concluding this particular point, if I may, that if the Senator from Ohio will study the statistics, he will see the great lack of voting strength is in the five States wherein the poll tax requirement still exists. He will see that the first approach, which I think is the only constitutional approach to the question of bringing relief to those people, is by the submission and ratification of a constitutional amendment.

In my State, I wish to say to my distinguished friend, there are over 148,000 Negroes registered and participating, which means that Florida has more Negro citizens who are now voting than the entire voting strength of several other States. We have more Negroes voting in Florida, in fact, than the population of one other State—or at least about as many as the population of one other State. We are not complaining about it. We are happy that is the case.

As I have already said to my distinguished friend, I was very active in helping to give an opportunity for the development of voting participation, and the development will become greater, because even in areas where there is no possible opposition to their registration and voting, the new registrations come along slowly.

If we considered the percentages, I know we would find that a smaller percentage of our total Negro adults vote than our total white adults. That is not because anybody is keeping them from doing so. In such counties as Duval County, for instance, the Negroes have been given every chance to participate. Really, they have almost been invited to register and vote, but still the percentage of qualified Negro adults is less than the percentage of qualified white adults. I am sure, because people do not overcome customs, habits, and practices of decades in a year or even in a few years.

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

Mr. HOLLAND. I yield to the Senator from North Carolina.

Mr. ERVIN. I wish to make the observation that the charges against the Southern States have been magnified in many instances far beyond the realm of reality.

For example, the Attorney General of the United States came before the Subcommittee on Constitutional Rights of the Senate Committee on the Judiciary and picked out, he said from FBI reports—which, incidentally, he would not let us see—examples of three election officials of North Carolina, from a total number of election officials of about 7,500. He complained that these three election officials had wrongfully denied a few colored people the right to vote. In one case it was two people.

Mr. HOLLAND. Does the Senator refer to precinct officials?

Mr. ERVIN. Three precinct officials. We have about 2,400 precincts in North Carolina.

As I stated, the Attorney General said that was the inference he drew from FBI reports. I asked the Attorney General to let the committee inspect the FBI reports to see whether the committee members would draw the same inference, but we were denied the right to look at the reports.

I contacted my State board of elections about these three precincts, and was informed that the complaint had arisen in May 1956 in the primary. I was assured by my State board of elections that the complaints were reported to it, that it had immediately contacted the county boards of elections of the three counties where the precincts were located, and that corrections were made by administrative proceedings within a few days, in every case that justified or required a correction.

Also, the NAACP made complaints that 29 colored people were denied the right to register and vote in my State that year. The representative of the NAACP who testified before the subcommittee stated that he reported the cases to the State board of elections and was assured by the State board of elections that attempts would be taken to correct any injustices in connection with the matter, and that he received no further complaints about these cases.

My State has a total population in excess of 4 million people, more than 1 million of them being members of the colored race. Yet those were all the complaints that came from my State.

So far as I have been able to ascertain, all complaints were corrected by administrative procedures within a very short time. Yet this bill seeks to give the Attorney General the power to nullify all State administrative remedies despite their usefulness in cases of this kind.

Mr. HOLLAND. Mr. President, may I ask my distinguished colleague, the Senator from North Carolina: Has there been any complaint with reference to the deprivation of voting rights in Florida? If so, I hope the Senator will so state, because I have had none brought to my attention.

Mr. ERVIN. I will state to the distinguished Senator from Florida that Florida was not orally mentioned in any accusation. I am not saying there was nothing at all in the record about Florida. The subcommittee put an end to the hearings on Tuesday, March 5, as I recall the date, and stated the record would close on May 8. On May 8, when there was no committee meeting, a great many organizations inserted a lot of statements in the record. Evidently the people who put statements in the record at that time did not wish to be cross-examined concerning the accuracy of their assertions. Excepting those statements, which I have not read, there was not an insinuation made that anybody in Florida or South Carolina or Tennessee or Arkansas or Texas had been discriminated against. And so far as Georgia was concerned, a colored attorney from Atlanta testified that the complaints which he had made were due to actions several years in the past. He testified that in the cities of Georgia, such as Atlanta, colored people registered and voted with the same freedom as white people.

Mr. HOLLAND. I thank my distinguished friend, the Senator from North Carolina. I hope that the witness likewise advised the committee that the citizens of Atlanta, both white and colored, voting together, have elected a colored citizen a member of their school board in the last two elections.

Mr. ERVIN. Mr. President, will the Senator yield further, for one additional observation along this line?

Mr. HOLLAND. I yield further.

Mr. ERVIN. A lot of the people who make the charges against the South simply look at the census figures. They see a census figure that among the residents of a State there are so many colored people 21 years of age, and then declare, "Only so many Negroes voted; therefore, you have denied the others the right to vote." You can take figures, and reach absurd results in this field. For example, we have over 1.7 million white people over the age of 21 years in my State, and only about 800,000 or 900,000 of them voted in the last Presidential election. According to the reasoning of some of the witnesses before the subcommittee, you could just as well infer that we did not allow 800,000 or 900,000 white citizens of North Carolina to register and vote.

The truth of the matter is, as the distinguished Senator from Florida knows, that most of the people of the South are Democrats. Those who had been Whigs, before the War Between the States, joined the Democratic Party on account of reconstruction.

We have in many counties of our States, and in many of our States, one-party systems. Since there are no opposing tickets, the people do not vote in very large numbers. There is not much incentive to do so when there is only one ticket of those running. A great many persons in the Southern States, which are one-party States, or in the areas of the Southern States where there are one-party counties, do not bother to vote, for that reason.

A great many white people who are qualified and a great many colored people who are qualified do not vote for that reason.

I live in a county in the foothills of the Blue Ridge Mountains, where there is a strong Democratic Party and a strong Republican Party. According to the last census our county has a population of 45,000. At the last election 19,500 persons voted, which I think would come up to the record almost anywhere in the country. This happened because we had hotly contested Congressional and county races between the two parties.

A great deal of hokum is being used to magnify out of all proportion to actuality the sins of the South.

Mr. HOLLAND. I thank my distinguished friend for his comment.

I close by stating the preeminent facts with which we are confronted.

First, this is not primarily a legalistic question. Whatever measure we pass, and whatever we determine, it will not settle the question. It must be settled in practice, through harmonious living and decent understanding between the people of the two races in the great area which is affected. The question will not be settled in any other way. We have made great progress toward the settlement of it in the way I have described.

Second, I think the most unwise thing we could do in working toward a settlement—which I hope will come soon and will be effective, and, by all means, harmonious—would be to try to substitute coercion for the peaceful, friendly, educational, understanding approach. When such coercion comes from Washington, and at the behest of people who have not the faintest conception of the details of the problem, it becomes particularly unwise, and particularly doomed to failure and defeat.

Mr. President, I yield the floor.

LETTER TO THE VICE PRESIDENT FROM THE PRIME MINISTER OF JAPAN

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The Chair lays before the Senate a letter from the Prime Minister of Japan, thanking the Senate for the opportunity of addressing

it recently. Without objection, the letter will be printed in full in the RECORD.

The letter is as follows:

OFFICE OF THE PRIME MINISTER,
Tokyo, July 2, 1957.

The Honorable RICHARD M. NIXON,
President of the United States Senate,
Washington, D. C.

DEAR MR. PRESIDENT OF THE SENATE: I wish to express my deep gratitude for the cordial reception accorded me by you and the Members of the United States Senate. It was indeed a great honor and thrilling experience for me to have been given an opportunity to speak before the Senate.

Throughout my trip in the United States, I was deeply impressed by the warmth with which I and my party were received. This, I believe, is a testimony to the friendly feelings which your people entertain toward my country. I have returned to Japan with the firm resolve that Japan should continue to work closely with the United States not only for the welfare and prosperity of the two nations, but also for the peace, prosperity, and progress of mankind.

I wish your continued health.

Yours most sincerely,
NOBUSUKE KISHI,
Prime Minister of Japan.

AUTHORIZATION FOR SECRETARY OF AGRICULTURE TO EXCHANGE CERTAIN LANDS IN NEW MEXICO

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate the amendment of the House to Senate bill 44, a bill providing for an exchange of land between the Federal Government and the State of New Mexico.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 44) to authorize the Secretary of Agriculture to exchange certain lands in the State of New Mexico, which was, on page 2, line 5, strike out "79.24" and insert "79.34."

Mr. JOHNSON of Texas. Mr. President, when S. 44 passed the Senate, it contained a technical error in the amount of one-tenth of an acre of the 79.34 acres involved in the exchange. The House, in its action on the bill, has corrected this error and that is the only amendment before the Senate.

I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to.

ORDER FOR RECESS TO 11:30 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in recess until 11:30 a. m. tomorrow.

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

ORDER FOR TRANSACTION OF ROUTINE BUSINESS TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that on tomorrow there be a morning hour for the transaction of routine business, with a limitation of 3 minutes on statements in connection therewith.

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

ORDER FOR RECOGNITION OF SENATOR BYRD FOLLOWING MORNING HOUR TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the senior Senator from Virginia [Mr. BYRD] be recognized for 30 minutes at the conclusion of the morning hour tomorrow.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Without objection, it is so ordered.

CIVIL RIGHTS

The Senate resumed the consideration of the motion of Mr. KNOWLAND that the Senate proceed to the consideration of the bill (H. R. 6127) to provide means of further securing and protecting the civil rights of persons within the jurisdiction of the United States.

The PRESIDING OFFICER. The present occupant of the chair desires to make an announcement that, as soon as he may be recognized tomorrow, it will be his intention to address the Senate for a brief period upon the subject of the amendment which he has submitted, to provide for jury trials.

Mr. JOHNSON of Texas. Mr. President, I note the presence in the Chamber of the distinguished Senator from Oregon [Mr. MORSE]. I understand that he intends to make a motion tomorrow to refer the bill to the Committee on the Judiciary with instructions, in the event the motion of the Senator from California is agreed to.

I should like to ask the Senator how much time he thinks will be consumed, and whether he thinks there is a possibility, if the Senate votes upon the motion of the Senator from California at 4 o'clock in the afternoon or shortly thereafter, of reaching a vote on his motion soon thereafter—say, within an hour or so.

Mr. MORSE. Mr. President, let me say to the majority leader that I should like to make a very brief announcement with respect to my motion.

It will be recalled that last Friday I discussed my motion at some length on the floor of the Senate. I said that I would confer with my colleagues with regard to it before I made an announcement as to the final form the motion should take.

I am pleased to announce that my motion will read as follows:

I move that the bill (H. R. 6127), the Civil Rights Act of 1957, be referred to the Committee on the Judiciary with instructions to report the same back to the Senate within 7 days, either with or without amendment, as the committee, in its judgment, may determine.

Let me say to the majority leader that I have discussed this question with a considerable number of my colleagues in the Senate. I do not mean that those of us who think the bill should be referred to the committee for some period of time are unanimous that the period should be 7 days; but in view of the debate which has taken place on the floor of the Senate, I think that is a reasonable period of time. My motion will be subject to amendment on the floor if other Senators think the time should be lengthened. I hope the motion will be agreed to, and that the Judiciary Committee will meet morning, afternoon, and evening in the effort to report back a bill.

There has been a great deal of discussion since the bill was first placed on the Senate Calendar. I am pleased that some of my colleagues have said that, on second thought, they believe that what I now propose should have been done in the first place.

Let me say to my friends in the Senate who have discussed this subject with us that I think it will be possible for us to join ranks again. Approval of my motion would reestablish committee procedure in the Senate. It would give us the benefit of a committee report on the bill. It would demonstrate—which I am satisfied is the case, as the Senator from North Carolina [Mr. ERVIN] pointed out the other day—that the Judiciary Committee has always been ready and willing to compare the two bills, and that many members of the committee have been waiting to get the two bills before them in order to submit a report to the Senate based upon the two bills.

I shall press my motion immediately following action on the Knowland motion. I am perfectly willing to vote on it tomorrow night, but I have no way of controlling the debate on the question. The vote upon my motion may go over until Wednesday. But so far as the Senator from Oregon is concerned, his speech has already been made. All I shall do tomorrow night is to summarize the points I have already made.

Mr. JOHNSON of Texas. I thank my friend from Oregon.

I should like to have all Senators placed on notice as to the possibility of another yea-and-nay vote after the vote on the Knowland motion.

Mr. President, the distinguished minority leader [Mr. KNOWLAND] and I have been discussing the schedule for tomorrow in the Senate.

So far as we are aware, there will be no requests for the hour of time allocated to the minority leader and no requests for the hour of time allocated to the senior Senator from Georgia [Mr. RUSSELL]. Therefore, I should like all Senators to be on notice that it is possible, as soon as a quorum is obtained at 4 o'clock tomorrow, that all the time allotted, or a goodly portion of it, will be yielded back, and that the Senate will proceed forthwith to vote on the motion of the Senator from California.

Mr. O'MAHONEY. Mr. President, I should like to address a question to the Senator from Oregon. Does his motion carry with it permission to the Judiciary Committee to meet during sessions of the Senate during the 7 days the committee will have custody of the bill?

Mr. MORSE. I shall see to it that that is clearly stated in the motion, so that it will be understood. I have talked with members of the Judiciary Committee.

Those with whom I have talked assure me that they intend to meet continuously until they have a report ready to submit to the Senate.

Mr. McNAMARA. Mr. President, I should like to raise a question as to the parliamentary situation which will arise.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNAMARA. It appears that the Senate has already voted on the question which is to be raised. The Senate has already decided that the bill would not be sent to committee. Now we have a motion which indicates——

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Chair will state to the Senator from Michigan, in response to his parliamentary inquiry——

Mr. McNAMARA. I have not made a parliamentary inquiry.

The PRESIDING OFFICER. The Senator has indicated that he would make an inquiry.

Mr. McNAMARA. I intend to do some research on the subject to find out what the parliamentary situation will be when that question is raised.

The PRESIDING OFFICER. The Chair will state to the Senator from Michigan that the parliamentary situation will be such that the motion of the Senator from Oregon will be in order. Whenever a bill is made the pending business of the Senate, a motion to refer it to committee is in order. The bill is not the pending business at this time. That question will be decided tomorrow, when a vote on the motion of the Senator from California will be had.

Mr. McNAMARA. I wish to take this opportunity of thanking the Presiding Officer for ruling on a parliamentary inquiry that I did not make. [Laughter.]

Mr. MORSE. I thought the Senator from Michigan was going to ask me a question, and I was going to give him my answer.

The PRESIDING OFFICER. Whenever the Senator from Michigan rises to ask a question, the Chair is always eager to answer it.

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

Mr. MORSE. First I should like to state to the Senator from Michigan that my motion will be to send the bill to committee with instructions, and I respectfully submit to my friend from Michigan that the Senate certainly never voted on such a motion in connection with the bill being discussed by the Senate.

Mr. KNOWLAND. I should like to say to the distinguished Senator from Michigan, who had a question answered which he had not raised, that I understand from the Senator from Oregon he does not intend to get into a prolonged discussion on his motion to commit the bill with instructions. I can assure him that I do not intend to enter into any prolonged remarks in opposition to his motion. Of course, I shall oppose the motion. As I said once before, and as I am sure the Senator from Oregon thoroughly understands, I hope his motion will be rejected by as large a vote as the pending motion will be carried tomorrow.

Mr. MORSE. I may say to my good friend from California that, after 13 years in the Senate, I have learned that merely because a proposal is rejected does not mean that those who supported it were not right.

Mr. SMATHERS. Mr. President, I should like to take this opportunity to congratulate my distinguished senior colleague [Mr. HOLLAND] for the very logical and persuasive discourse he has delivered on the so-called civil-rights bill.

His remarks deserve particular consideration because as a United States Senator, as a former governor of our State, as a former member of the Florida State Senate, as a former county judge, and as a graduate of the University of Florida Law School, he has always demonstrated that he was interested in having individuals protected by the laws which had been enacted, irrespective of whether a person may or may not have the same religious code he has, and irrespective of whether the person is white or colored.

The discourse which he has delivered this afternoon amply demonstrates that, certainly insofar as our State is concerned, this particular piece of legislation is just about as outmoded and unnecessary as a law to regulate the speed of horses and buggies all over the Nation.

Mr. HOLLAND. I should like to express my grateful thanks for the gracious remarks of my colleagues.

Mr. THURMOND. Mr. President, I should like to extend my congratulations to the distinguished senior Senator from Florida for the magnificent address he has delivered on the subject before the Senate at this time. The Senator from Florida is one of the ablest men in the Senate. He is one of the finest debaters I have ever heard. I do not believe there is another Member of the Senate who has the power of analysis of the senior Senator from Florida. In his discussion of the civil-rights bill he has made a valuable contribution to constitutional government. We are very proud of the fine address he has made, and we are proud of what he has said about upholding constitutional government.

Mr. HOLLAND. I wish to express my grateful thanks to the distinguished Senator from South Carolina.

SENATOR LANGER OF NORTH DAKOTA AND SENATOR NEELY OF WEST VIRGINIA

Mr. MORSE. Mr. President, in our busy days in the Senate, I think that too frequently we overlook some of the human factors which we would not overlook except for the rush of business. An event occurred in the Senate a few days ago which I know warmed our hearts and filled them with joy, when we saw the great Senator from North Dakota, Mr. WILLIAM LANGER, return to the floor of the Senate after many weeks of serious illness. We personally welcomed him, literally with open arms.

For the record today, I wish to express formally my great delight at the fact that Senator LANGER has sufficiently recovered so that he is now with us almost every day, most of the time.

There is another Member of the Senate whom, in our thinking, we associate with Senator LANGER so frequently, another great populist, because I think of Senator LANGER and Senator MATT NEELY as the two remaining great populists of the Senate. In fact, I think that to understand their great contributions to American statesmanship and their monumental records of public service, we need to understand the populist movement.

MATT NEELY is not with us each day, except in spirit, although, I may say, as a member of the Committee on the District of Columbia, of which the senior Senator from West Virginia is the chairman, that when that committee has emergency business which requires a meeting of the full committee, frequently, and against our advice, Senator NEELY insists on being brought to the Senate, so that he can participate in the meetings of our committee; and all of us have seen him from time to time on the floor of the Senate.

Today, in his behalf, I shall ask to have printed in the body of the RECORD a statement which this great humanitarian and liberal and representative, at all times, of human values, has asked to have made a part of the RECORD on the general subject, Canadian Elections Show Up Shadowy Figures Behind the Pipeline Promotion. But before I insert in the RECORD the statement by Senator NEELY, I wish to make these comments about him by way of personal tribute and by way of expressing my sincere desire that he continue to make the improvement which he is making in overcoming the illness which has kept him away from us a considerable part of this session of Congress.

We miss Senator NEELY's illuminating presence, and we miss the fighting heart and gallant spirit of MATTHEW NEELY from the Senate, although, as I have pointed out, on critical votes he has insisted from time to time that he come to the Senate and vote.

I wish to take a few minutes from the rush of business to express what I am certain is the feeling of all Senators about Senator NEELY and our hope that he will soon rejoin us, fully recovered from his illness.

From the time he entered public life almost 50 years ago, MATTHEW NEELY has fought the fight of the American people for their social, economic, and political liberty. In the House of Representatives, in the United States Senate, and in the Statehouse of West Virginia, he has never failed the people. He has lived the doctrine set forth by Lincoln:

> This country, with its institutions, belongs to the people who inhabit it. * * * Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?

Indeed, although he is noted as a special scholar of Shakespeare and of the Bible, I know of no more appropriate text of Senator NEELY's public service than the one I have just quoted from Abraham Lincoln.

In times of war and peace, as in years of deadening depression and record-

breaking prosperity, Senator NEELY has steadfastly propounded the rights and interests of humanity. With tireless vigor he has exposed and attacked privilege and exploitation. His leadership and his matchless prose have always been found where there was a new freedom to be won, or a new menace to human welfare and progress to be fought.

Our friend and colleague is probably the greatest student among us of the literature of our language, and I know that even now the words of Ulysses live in his heart as well as on his lips:

Come, my friends,
'Tis not too late to seek a newer world.
Push off, and sitting well in order smite
The sounding furrows; for my purpose holds
To sail beyond the sunset, and the baths
Of all the western stars, until I die.
It may be that the gulfs will wash us down;
It may be we shall touch the Happy Isles,
And see the great Achilles, whom we knew.
Tho' much is taken, much abides; and tho'
We are not now that strength which in old days
Moved earth and heaven, that which we are, we are,—
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

As much as ever, the Senate as an institution, and Senators as human beings, need his stalwart example.

I say to Senator NEELY, "My dear friend, we need in this body not only your works, but your inspiration. For there is in this country no more devastating and ruthless critic of cant, hypocrisy, and materialism than you. Sanctimony in public life has known no refuge from your penetrating mind and acid tongue.

"American men and women of today and of tomorrow need your courage in seeking the truth, and your wisdom in making their laws. I hope and pray for your vigor and health, and for your return to this Chamber, where you belong."

Therefore, Mr. President, it is a personal honor for me, upon request of the Senator from West Virginia [Mr. NEELY], to ask unanimous consent that there be printed at this point in the body of the RECORD a statement which the great Senator from West Virginia has prepared on the subject, Canadian Elections Show Up Shadowy Figures Behind the Pipeline Promotion.

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

CANADIAN ELECTIONS SHOW UP SHADOWY FIGURES BEHIND THE PIPELINE PROMOTION

(Statement by Senator NEELY)

The recent elections in Canada have a special significance to the Federal Power Commission and all Members of Congress who are interested in the proposed pipeline from the Dominion to midwestern United States. For anyone who has not yet recognized the dangers prevalent in the applications which the international pipeline people have filed with the FPC, remarks on the subject made by the man who has now become Prime Minister of Canada will be particularly illuminating. Mr. John Diefenbaker, who last month became the Prime Minister, has expressed himself so emphatically on this subject that I feel compelled to insert certain of his remarks in the CONGRESSIONAL RECORD.

Mr. Diefenbaker was perhaps the leading opponent of the manner in which Trans-Canada Pipe Lines, the company which would be a part of the necessary pipeline systems to supply natural gas to United States markets under the program now being considered by the FPC, was financed. He was understandably suspicious of the motives of some of the promoters of this international venture, and he so stated before the House of Commons. He referred to its promotion as a "labyrinth of financial twisting and turning."

When Mr. Diefenbaker's statements and their implications are studied closely, I am certain that Members of Congress and the Federal Power Commission will recognize the danger that is posed in the plan to import natural gas through this company. He examines very closely the background of the corporate structure, disclosing that one of the promoters was none other than Clint Murchison of Texas—a name familiar to all Americans who know of the part that big oilmen have played in the financing of the present Republican administration. An excerpt from House of Commons Debates for May 17, 1956, states:

"While Clint Murchison has not the controlling interest today, he is the owner of Canadian Delhi and, through that company, he will own over 25 percent of all the stock of Trans-Canada Pipe Lines. According to the records today, of the 1,928,183 shares Mr. Murchison, as the head and owner of Canadian Delhi, will have 497,000 shares. It is true, as I said a moment ago, that he is no longer on the executive board of Trans-Canada Pipe Lines.

"Who is this man Murchison, this builder, this man who is so interested in Canada? His biographical sketch was written in 1954. It is a revealing one. It begins by saying: 'According to affectionate legend, he has found and has been able to add $1 and $1 and get $11 million.' That was 2 years ago, before he improved on that previous record. It says in his biographical sketch:

" 'He possesses the popular Texas ambition of buying the rest of the United States.'

"That was 2 years ago. While the biography was being written, and since it has been written, he raised his sights. It goes on to say, and this is a great description of this man, this beneficiary of Canada:

" 'His companies are as varied as a pirate's treasure.'

"That is an appropriate description. The mention of pirates does not require too much amplification. It adds:

" 'He juggles multimillion deals with the unconcern of a racetrack teller counting $2 bills.' "

Further on Mr. Diefenbaker offers this description of another personality involved in the pipeline:

"There has been a change recently. Mr. Gardiner Symonds has come into the picture. I am not going into particulars with regard to this gentleman, except to say that he, too, has a biography that is set out in detail in Business Week. It indicates that this man has indeed been a tremendous success in bringing together various pipeline companies in the United States, and also in establishing and building new ones. In 1954 his company marketed 6 percent of all the natural gas marketed in the United States, and that amount has been increased in 1955.

"It is interesting to know, as far as Mr. Symonds is concerned, the man who is to be the guardian of Canadian interests; that he has already made a deal in anticipation with Trans-Canada Pipe Lines, a company of which he will be one of the major shareholders, whereby Mr. Symonds' companies in the United States will benefit to the extent of $2 million a year for 25 years. Already he has made that arrangement. Already the price that is to be paid by Midwestern Pipe Lines Co. in the United States is so much lower than that offered by Natural Gas and the other two companies associated with it that Mr. Symonds will reap a profit on the basis of the anticipated supplies of this pipeline of approximately $20,000 every day in the year.

"That is the kind of thing that demands to be looked into. That is the kind of thing that demands investigation, examination, and consideration by Parliament."

Mr. Diefenbaker spoke at length on the details of the transaction which was to get the pipeline started eastward from the producing fields of Alberta and Saskatchewan. On June 4, 1956, his address before the House of Commons included the following statement:

"I remind this house again that when we spoke about the reorganization of Trans-Canada Pipe Lines, we were suggesting that action in view of the fact that this was the organization which without any reservation had stated in this house through its spokesman that it could construct the whole Canadian line without any export and without government assistance. As a matter of fact as recently as last year Mr. Clint Murchison, the favored figure for this whole transaction, the man who has the largest single block of shares in this whole transaction, this wealthy man who does not put out his money unless he has to—and he certainly is not being called upon to do so in this case—in his letter to the Minister of Trade and Commerce left no doubt about his assertion that this could be built without government assistance. Then all this has fallen apart.

"How they must be laughing at us. How Mr. Clint Murchison and Mr. Gardiner Symonds and the other United States promoters associated with this operation must be laughing at us here. They get the charter on the promise that they can build the line and then, just because they are the only people that know everything about it, this government promises to do the major financing with the Canadian taxpayers' money."

Mr. Diefenbaker, who so strenuously objected to the manner in which the pipeline was carried out, is now the chief government official of the Dominion of Canada. As a fervent patriot and dedicated government leader, he could not in conscience permit the further exploitation of Canadian resources and Canadian people by the likes of Clint Murchison and his associates.

How can Mr. Diefenbaker bring about redress and compensation for Canada? There is an obvious remedy. Recognizing that the oil promoters have taken advantage of the Canadian Government, allegedly perpetrating a hoax through which these promoters have made millions of dollars of profit at the expense of the Canadian taxpayer, it would come as no surprise if Mr. Diefenbaker would at some time propose a tax through which some of the exorbitant losses to the government could be recaptured. Any assessment on the gas supply would of course have to be absorbed by consumers, and the burden would naturally be expected to fall on American markets. American customers would be the obvious victims, for they would have no recourse once they became reliant upon a foreign source of supply.

Mr. Diefenbaker's government would certainly be justified in taking such action. The new Prime Minister gave adequate warning of his feelings about the matter last May 17 when his attitude toward the Texas oil tycoons was questioned. Mr. Diefenbaker stated:

"The right honorable gentleman says that we are anti-American. We are not; we are pro-Canadian. That is the difference. We think it is pro-Canadian to get the largest possible price from an available market rather than turn over this natural resource to the vagaries of decisions by a foreign board. Sir, Trans-Canada as constituted at the present time is controlled by United States financial interests—this is what this memorandum says—and is dominated by Tennessee Gas Transmission Co., so the

principal interest behind Canada's pipeline is dealing with itself as the principal purchaser in the United States."

In view of what Mr. Diefenbaker has asserted, I trust that the supporters of the pipeline plan will reconsider their position. Aside from these very serious charges leveled by the new Prime Minister of Canada, the pipeline would be undesirable for a number of other reasons. It would take from the coal industry many important customers whose business accounts for considerable employment in the State of West Virginia and in other Appalachian mining regions, as well as in the lignite mines of North Dakota. Canadian gas would displace railroad workers. It would have a devastating impact on the dock industry. Add to these victims the numerous other townspeople who benefit from the coal industry's revenue and sales, and you will discover the misery that would be imposed upon thousands of American workers and their families.

When America's security is considered, Canadian gas must be ruled out summarily. To reject oil and coal in their traditional market in Midwest in favor of a foreign fuel would be to dispense with standby sources of energy that could not be returned to quick production and delivery during an emergency. To keep coal production capacity at the level needed in periods of mobilization requires a steady market of availability at all times. Mines that are shut down sometimes require from 1 to 2 years to reactivate. Railroads do not maintain standby fleets of rolling stock. They cannot afford to do so. Coal docks on the Great Lakes will be abandoned or converted to other uses if adequate cargo does not move through them. To allow a foreign fuel to displace that which is produced in this country would jeopardize the Nation's defense structure.

In conclusion, I ask that close attention also be given to the following article from Time magazine of July 1, 1957:

"QUICK QUARTER-BILLION

"While Tory John Diefenbaker shouted 'Buccaneers!' and Trade Minister C. D. Howe roared 'Who's going to stop us?', Canada's Liberals a year ago bulled legislation through Parliament for a pipeline to carry natural gas across the country from the Alberta fields. Though Trans-Canada Pipe Lines Ltd., was a private enterprise, the Liberal Government generously agreed to build the northern Ontario section of the line, which the promoters gloomily called 'uneconomic,' and even lent Trans-Canada $50 million when it claimed to be hard up. Only last week did the full measure of the big deal come clear: Before a whiff of gas has moved eastward, backers of the pipe network have piled up more than a quarter of a billion dollars in stock market gains.

"The five original companies backing the line, headed by Texan Clint Murchison, invested some $15 million in stock at the insiders' price of $8 a share. These holdings are now worth $43 a share, or $82 million. Influential speculators got big chunks of the $37.5 million public issue, which is now worth $161 million. Fantastic speculative profits were also made in three companies set up to gather or distribute the gas Trans-Canada will bring. Vancouver oilman Ralph K. Farris, son of a Liberal senator and founder of the Northern Ontario Natural Gas Co., paid $300 for stock now worth $750,000. Two insiders invested $12,012 in stock now priced at $3,200,000. Quebec Natural Gas Co., another distributor, made $32.2 million in paper profits, and again the big chunk went to insiders. By contrast, the Alberta government thoroughly policed the Alberta Gas Trunk Line Co., and waitresses and farm hands all got a share of profits that now total $45.9 million.

"The grand total of paper profits from the 4 companies, based on last week's stock prices, came to $300,691,246. The companies' biggest worry now is the angry glint in the eye of John Diefenbaker, the country's new Prime Minister, which might lead to a royal commission to find out who all the lucky insiders were."

Mr. CASE of New Jersey. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. CASE of New Jersey. I wish to join the Senator from Oregon in his eloquent tribute to the two stalwart Senators he has mentioned; and, as a younger and newer Member of the Senate, I wish to add my own very personal word of appreciation of these two veterans, each of whom in his different way has been extremely kind to me, and has been completely lacking in the arrogance which sometimes might be expected in the attitude of older men toward younger men.

The Senator from West Virginia [Mr. NEELY] is chairman of the Committee on the District of Columbia, of which I had the honor also to be a member for several years. That experience was made much pleasanter and more satisfying because of his leadership and personal warmth toward me.

The same is true of our colleague, the senior Senator from North Dakota [Mr. LANGER] who has just returned from a long and serious illness, and regarding whose return to duty and to active service in this body I share wholeheartedly the satisfaction and pleasure and the deep feeling which have been expressed by the Senator from Oregon.

Mr. MORSE. Mr. President, I am very happy to have the Senator from New Jersey associate himself with my remarks.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield to me?

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

Mr. MORSE. I yield.

Mr. DOUGLAS. I should like to take this occasion to join the Senator from Oregon in the tributes he has paid to these two stalwart warriors. I know of no men who have warmer hearts or who have greater courage than do the Senator from North Dakota [Mr. LANGER] and the Senator from West Virginia [Mr. NEELY]. I felt very close to them long before I entered this body; and my association with them here has deepened my affection and my admiration for them. We welcome one of them back, and we hope the other will very soon join us again.

Mr. MORSE. Mr. President, I am sure that both the Senator from North Dakota [Mr. LANGER] and the Senator from West Virginia [Mr. NEELY] will be warmed in their hearts and their spirits by the comment the Senator from Illinois has just made about them, because I happen to know the great admiration which both these great statesmen have for the Senator from Illinois.

Mr. DOUGLAS. I thank the Senator from Oregon.

KEROSENE DARKNESS, 1957 VERSION

Mr. MORSE. Mr. President, I turn briefly to another subject, which I would entitle "Kerosene Darkness, 1957 Version, by the Eisenhower administration."

Mr. President, the private electric utilities in their propaganda publications often like to create the impression that they exist to provide public service in the best sense of that term. The fact is, however, that when these electric utility monopolies get down to cases, they have no conception of the meaning of public interest. In instance after instance, they fight against the best interests of people throughout the Nation.

By their dog-in-the-manger activities, these utilities go to the very inner circles of the White House to exert unbelievable pressures in the Congress against full development of such great natural resources as Hells Canyon. Whether many people or few are involved, their work against the public interest goes on unceasingly. This backward-looking program of the utilities is applied to our farms today whenever a private electric-utility monopoly concludes that insufficient profit dollars are immediately available.

For a moment, Mr. President, let us recall the unpleasant period in the history of the private electric utilities prior to 1935. It was not at all uncommon in those days of "kerosene darkness," preceding the creation of the REA by Executive order of the great Franklin Delano Roosevelt, to find that a farmer who sought electric power from a private-electric utility was asked to put up sums of money beyond his financial means, in order to pay for the transmission lines to his farm. In many instances, the power company would ask in excess of $1,000 to bring a transmission line to a farm. The standard excuse for this demand for a substantial payment was that it would not be profitable to the company to install transmission lines to the farm. Perhaps it could be done later on, of course, when the demand increased, they said. There were so many instances of this type that a Democratic administration dedicated to the public interest brought into being the REA program, with its countless blessings to our farm communities.

The present Presiding Officer of the Senate [Mr. CARROLL] will recall that historic fight, in which it was pointed out by those who insisted that a public utility is vested with a public interest that it also had the duty to contribute to the creation of demand, that it also had the duty of running the transmission line into an area which was not heavily populated, but in which, as a result of running the line into the area, where there was a known demand for the power, the population and the demand would subsequently increase. But the private utilities would have none of it. In other words, they said, "You must put the profits on the barrelhead first." That was the position of the private utilities; and it will continue to be their position,

if we let this administration get by with its squeezing program against the REA and with the increase in interest rates charged to the REA and with the favoritism to the private utilities.

That is why on the floor of the Senate tonight I say to the farmers of America, "You had better be on guard as to what will happen to your REAs unless you stop this administration from its favoritism toward private-utility monopolies in the United States." The one little instance I cite now, Mr. President, is but an example of what the farmers of the United States can expect if they let the Eisenhower administration get by with what I am satisfied is a cleverly designed program to put the squeeze on the REAs in the United States.

Twenty-two years have passed since the inception of the REA, but still the private electric utilities have not learned, or refuse to learn, the meaning of public interest. Let me give an example of what is still going on today in the thinking processes and actions of the private electric utilities when they are asked to help our farmers who are just a little removed from the heavy-profit areas of electric transmission—at least, where there is no threat of the formation of a local REA program.

An Oregon farmer, Mr. Robert Humphrey, who resides near Central Point, in southern Oregon, wrote to me, telling me of his unsuccessful efforts to get electric power on his farm from the private electric utility of his area. He indicated that the power company wanted more money than he could afford to bring electricity to his farm. He inquired of my office about the possibility of REA assistance.

I consulted the REA on this case and received an answer bearing date of July 9, 1957. I ask unanimous consent that the REA letter be inserted at this point in my remarks.

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

UNITED STATES
DEPARTMENT OF AGRICULTURE,
RURAL ELECTRIFICATION ADMINISTRATION,
Washington, D. C., July 9, 1957.

Hon. WAYNE MORSE,
United States Senate.

DEAR SENATOR MORSE: This is in further reference to our letter of June 4, 1957, relative to the extension of electric service to the residence of Mr. Robert Humphrey, of Central Point, Oreg.

There is no REA-financed system serving near this area. The California-Oregon Power Co. advised us that it had made a field check of the area on May 6 and determined that approximately 3½ miles of line would be required to serve the 6 landholders interested in obtaining electric service, but that Mr. Humphrey was the only applicant living on any of the properties, and, further, that his residence was 1 mile from the company's nearest line.

The company stated that Mr. Humphrey had been advised that he either would be required to make an advance payment of $1,586, which would be refunded as other customers developed, or construct a portion of the line as a private holding. In this latter instance he could sell interests in such line to future customers or negotiate with the company for the sale of all or a part of it as subsequent revenues might warrant.

We are returning Mr. Humphrey's letter of May 20, as you requested.

Sincerely,

FRED H. STRONG,
Deputy Administrator.

Mr. MORSE. Mr. President, the foregoing letter speaks for itself. It demonstrates that if we leave to the private electric utilities the determination of what is good and what is not good for the farmers of our Nation, they will effectively impede, through inaction, the development of an important portion of our farm economy.

Anyone who knows anything about the electric utility industry knows that it is virtually a cost-plus industry. As a regulated monopoly, an electric utility is legally entitled to a 6-percent return on its depreciated investment. Since this is true, why would a utility refuse to make the investment necessary to serve any consumer, such as this citizen of my State? Even if his immediate use of electricity would not cover all costs, the utility is free to absorb these costs until such time as this rural line would support itself financially.

The company cannot rightfully contend that it cannot operate in this fashion, because it is notorious that in dealing with industry an electric utility will frequently sell power below cost. The explanation is simple: The industry, if it is large enough, can construct its own electric plant. This compels the power company to cooperate or lose all of the revenues from the industry. But farmers cannot build their own powerplants except by cooperating with each other and using REA loan funds. Where there are only a few farms without electricity, a cooperative is not feasible, and the unserved farmer can only await that day when the power company in its monopolistic arrogance sees fit to finance the construction of the line.

The foregoing illustrates why I have opposed the present administration's activities to curtail the REA program. In crippling REA, the administration is playing the private electric utility game. If we of the Congress make it known to this administration in no uncertain terms that we want REA activities to be expanded to assist in the modernization and full development of many remote farm areas of our country, we can eliminate the deplorable type of situation illustrated by the REA letter concerning Mr. Robert Humphrey's problem in his dealings with a private electric utility.

The last point I wish to make is that the administration seeks to cover up the true REA situation by pointing out that a tremendously large percentage of American farmers now have electric lines going to their farms. What the administration does not tell us is that one REA co-op after another REA co-op does not have powerlines large enough to meet the new electric power needs of the farms. The powerlines need to be firmed up. New installations are needed that will carry more kilowatts into the farms in order to meet the new electric power needs of the modern farms. We need new REA loans.

What is the answer of this administration? It is an attempt to increase interest rates; in other words, an attempt to place the REA's at a financial disadvantage.

I shall always be proud, Mr. President, that the very day the Secretary of the Treasury, Mr. Humphrey, made public announcement of his high interest rate, tight money policy, I came to the floor of the Senate and protested the move. The speech which I made on that day, Mr. President, forewarned small business what it could expect and what the farmers, including our REA co-ops, could expect from the Humphrey program. It has come to pass.

The Senate today had the advantage of attending what amounted to a fiscal seminar conducted by the great Senator from Oklahoma [Mr. KERR] in regard to the fiscal policies—the high interest rate, tight money policies—of the administration.

Let me say that the senior Senator from Oregon is never going to quit speaking on this subject, because we find the fiscal policy of the Eisenhower administration results in one handout to the big boys, to the disadvantage of the small taxpayers. We find that its program is not one which is in the interest of the people, but one which is in the interest of the moneyed profiteers. The record of the administration, so far as its fiscal policies are concerned, is not a record of protecting the public interest. It is not a record of protecting the home builder, the REA co-op, the farmer, the small business; but it is a record of helping the financier barons of whom Mr. Humphrey, the Secretary of the Treasury, is a good example.

THE IMPORTANCE OF AFRICA IN WORLD AFFAIRS

Mr. HUMPHREY. Mr. President, the 5-year-old private, nonpartisan association, the American Committee on Africa, has been performing a valuable function in directing our attention to the growing importance of Africa in world affairs. On July 2, our colleague, the junior Senator from Massachusetts [Mr. KENNEDY] performed a similarly valuable function in discussing the Algerian question on the floor of the United States Senate.

July 14 was the 164th anniversary of the storming of the Bastille in France. Appropriately enough, the board chairman of the American Committee on Africa, the Reverend Donald Harrington, issued a statement urging the United States Government to take the leadership in the United Nations to work for a solution of the north African conflict.

I ask unanimous consent that Mr. Harrington's Statement of Policy on Algeria, be printed at this point in the RECORD.

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

STATEMENT OF POLICY ON ALGERIA

(By Donald Harrington, chairman on behalf of the American Committee on Africa)

One hundred and sixty-eight years ago today Frenchmen stormed the gates of the Bastille. This historic act, together with the American Revolution 13 years earlier, ignited a universal popular movement in quest of

independence and the fulfillment of human dignity. The spirit of France itself has become synonymous with mankind's aspirations for liberty, equality, and fraternity. The spark of liberty has traveled far since Frenchmen sacrificed their lives before the gates of the Bastille. Scores of new nations have won their independence—many at a price in human lives too costly to evaluate in material terms.

Today the people of Algeria are the embodiment of that irresistible drive for freedom. Algerians are dying each day by scores and by hundreds to achieve their liberty. Ironically, they are dying at the hands of Frenchmen—the same Frenchmen whose forefathers ignited the spark of liberty and who brought to the Algerian people the concepts underlying the French Revolution.

France has rigidly refused to acknowledge the right of the Algerian people to rule themselves. For more than 3 years France has conducted unrelenting warfare, employing almost 500,000 soldiers, to attempt to repress Algeria's movement for independence. But the movement has survived and it has grown. And today it represents the will of most Algerians. Tragically, thousands of Frenchmen—as well as Algerians—have died in this seemingly endless slaughter. And still Algeria's drive for independence remains uncrushed.

As the leader of the Free World, the United States has faced this critical issue with ambiguity and equivocation. Our fundamental friendship with France and our military commitments through the North Atlantic Treaty Organization have conflicted with our traditional dedication to the principles of national independence and equality and with the maintenance of world peace. Our just concern with the menace of Soviet imperialism has mitigated our concern for the peoples still suppressed by the last vestiges of western imperialism. In its overriding focus on the security of Western Europe, the American Government has paid scant consideration to the threat to our security resulting from the bitterness and conflict in other parts of the world, particularly North Africa. Our Government has consistently looked the other way while American arms, ammunition, and military materiel destined for NATO have been diverted to Algeria in order to suppress the legitimate independence movement there. Without this assistance, the French Government could not meet the extravagant expenses of the Algerian war, now estimated at $2,800,000 a day.

On July 2, 1957, Senator JOHN F. KENNEDY rose to the floor of the United States Senate to speak for the conscience of America. In words which were consistent with the democratic traditions of both France and the United States, he said: "The problem is no longer to save a myth of French empire. The problem is to save the French nation as well as to free Africa."

It is no longer possible to deny the international effects of this long and bitter war in Algeria. In the context of the current world scene, this war touches the interest of almost every nation in the world. It directly injures the relations of the West, particularly the United States, with the newly independent nations of Africa and Asia. By denying to the NATO countries the troops and equipment deemed vital to their security, it jeopardizes their security and our own. These ramifications contradict the archaic insistence that Algeria is a question of purely French concern, an issue of solely "domestic jurisdiction." "Whatever the original truth of these cliches may have been," Senator KENNEDY stated to the United States Senate, "the blunt facts of the matter today are that the changing face of African nationalism and the ever-widening byproducts of the growing crisis have made Algeria a matter of international and consequently American concern."

The American Committee on Africa, composed of Americans from all walks of life, from all sections of our Nation, and reflecting all nontotalitarian points of view, rejects Secretary of State Dulles' assertion that no good purpose can be served by American concern for Algeria. We reject the notion that only Soviet imperialism is a proper concern for our countrymen. We see no good purpose served by denying the evils of French colonialism while correctly condemning the brutal colonialism of the Soviet Union. Such compartmentalized thinking is intellectually and morally inconsistent; it is inadequate to meet the challenge presented by Communist ideology in the non-Western World.

The American Committee on Africa urges the United States Government to exercise its influence immediately within the North Atlantic Treaty Organization to end the French practice of deploying American-supplied arms and equipment for use in Algeria. Until this is achieved the blood of Algerian patriots indirectly tarnishes American hands.

We further urge the United States to take the leadership through the United Nations, as proposed in a resolution by Senator KENNEDY, to arrange a cease-fire in Algeria and to initiate negotiations which recognize from the outset the achievement of an independent Algerian personality. American influence should be exerted simultaneously to safeguard the rights and property of all minority groups in Algeria but in no way should the interests of a European minority be supported as paramount to the welfare and collective will of the vast majority of the Algerian people.

We call upon the American people, through their elected representatives, to adhere to their traditional sympathy for national independence, by notifying their Congressmen and Senators, as well as the Secretary of State, of their support for the Kennedy resolution, which embodies these proposals.

BENEFACTIONS BY CYRUS S. EATON

Mr. HUMPHREY. Mr. President, last week there was a distinguished gathering of 24 Russian, Chinese, Japanese, and western scientists, meeting in Nova Scotia under the auspices of Mr. Cyrus S. Eaton. This is only the latest of Mr. Eaton's magnificent benefactions for which all of us are indebted to him.

The statement signed by the participating scientists last Thursday is of international concern. I ask unanimous consent that three articles on this conference which appeared in the New York Times for July 11 and 12, be printed at this point in the RECORD.

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

[From the New York Times of July 11, 1957]

MILLIONAIRE PHILOSOPHER: CYRUS STEPHEN EATON

Cyrus S. Eaton, whose "Thinkers' Retreat" in the little lobstering village of Pugwash, Nova Scotia, is once more a gathering place for some of the world's great minds, long has insisted: "A man's first moral obligation is to earn his living and his second is to be intelligent."

MAN IN THE NEWS

There is no question about Mr. Eaton's having earned a handsome living. He made and lost one of America's largest fortunes, only to start all over again during the Great Depression and amass an even greater one. Mr. Eaton has made his fortune in half a dozen enterprises.

Though keeping tight hand on his $150 million coal, steel, iron ore, utilities, and transportation empire, Mr. Eaton, who is 73 years old, devotes more and more of his energy to broadening the frontiers of human knowledge.

He not only makes a point of devoting a large part of every day to intellectual pursuits, but has made it his hobby in the last several years to help others do the same by playing host to a series of high-caliber cerebrations on the part of international "thinkers" and scientists.

It is Mr. Eaton's theory that an exchange of views between men of many nations and ideologies is useful if not absolutely necessary to the preservation of peace. Thus, this week he has assembled in his ancestral summer home a group of physicists from around the world—from Communist China, the Soviet Union, France, the United States and Japan, among others.

He recognizes the difficult adjustments that must be made among such varying minds as those that are meeting. He acknowledges that "reaching compromises by peaceful persuasion is a slow and tedious process," but he says, "it is infinitely to be preferred to the use of the hydrogen bomb."

LIKE A BENIGN UNCLE SAM

The man who launched these gatherings is tall, slender and white-haired and has a spring and bounce that bely his years. In appearance he reminds one of a benign Uncle Sam without the beard.

His critics—and there are many—charge him with naivete in his openminded approach. One irate gentleman once wrote about the "hogwash from Pugwash" that was published when Mr. Eaton was quoted as having paid high compliments to some of his guests from the Soviet Union.

However, this gentle-speaking tycoon, who is generally regarded as one of the shrewdest and most powerful businessmen of today, is earnestly determined to help tear through any iron curtains that prevent philosophers or scientists from opening their minds to one another.

As a youngster Cyrus Eaton was trained for the Baptist ministry. Perhaps that is why he attained his present lofty position in the business world. His uncle preached at a Baptist church in Cleveland frequented by John D. Rockefeller. Young Eaton paid an extended visit to his uncle one summer with the object of learning more about the church. He met Mr. Rockefeller, and abruptly the course of his life changed.

Mr. Rockefeller gave young Eaton his first real job at a sort of secretarial assistant. The young man so impressed his employer with his business acumen that he was sent to Manitoba to open a powerplant. It was his start to prosperity. The venture succeeded and by the time Mr. Eaton was 27 he was a millionaire and on his own.

During the period of utility-company empire building of the late twenties, Mr. Eaton was one of the most aggressive of investors. He survived a stock-buying war with Samuel Insull, only to see his combine finally go on the rocks in 1933. Temporarily, he retired to his century-old farmhouse in a Cleveland suburb to lick his wounds.

Within a year, however, he began to build his second fortune with the investment banking firm of Otis & Co., of which he was majority owner; it was one of the few valuable possessions he had salvaged from the depression. Otis & Co. flourished to a greater degree than many of its competitors.

After World War II, it became embroiled with the Kaiser-Fraser Corp. and the sale of $10 million worth of the automobile company's stock. A long legal battle ensued.

Mr. Eaton's association with the investment banking house gained him powerful friends; among them Robert R. Young, and his railroad interests. Today, Mr. Eaton is chairman and principal stockholder of the Chesapeake

& Ohio Railway, which Mr. Young controlled until 1954.

Mr. Eaton is chairman of the West Kentucky Coal Co., director of the Cleveland Cliffs Iron Co., chairman of the Steep Rock Iron Mines, and owner of an estimated 1 billion tons of iron ore, as yet undeveloped on Ungawa Bay, Quebec.

[From the New York Times]

SCIENTISTS WARY ON GIVING DATA OF NUCLEAR PERILS TO THE WORLD

(By Raymond Daniell)

PUGWASH, NOVA SCOTIA, July 10.—Leading scientists from the Communist and non-Communist countries debated today how much they should tell the world about their conclusions on the outlook for civilization and survival of humanity in this nuclear age.

They have been meeting here since Sunday as guests of Cyrus S. Eaton, the Canadian-born Cleveland industrialist and financier. Among them are two of the Soviet Union's outstanding nuclear physicists. Also present are Prof. Chou Pei-yuan, vice rector of Communist China's Peiping University, and distinguished scholars from the United States, Britain, France, and half a dozen other countries.

In their private sessions, many of the distinguished scholars in physics, genetics, biochemistry, and related studies were inclined to agree with the views expressed by the absent sponsor of the conference, Bertrand Russell, British philosopher and Nobel prize winner, that either war must be abolished or civilization will be destroyed.

Some, like Dr. Brock Chisholm, former Director General of the United Nations World Health Organization, wanted and argued for a declaration that war in the nuclear age was impossible and that no nation on earth could protect its people from destruction once atomic war broke out.

The whole concept of a resort to force to settle international disputes must be abandoned and a system of world government, international police and international control of nuclear weapons must be devised for the preservation of peace and humanity, Dr. Chisholm said.

Prof. Hidiki Yukawa, director of physics research at Tokyo University and a Nobel prize winner, urged his colleagues from other nations to join in an appeal to Britain, the Soviet Union, and the United States to agree to a cessation of further test firings until science could determine definitely the effects of fallout on this generation and on succeeding ones.

The Japanese appeal, which bore the signatures of several important Japanese societies, said the purpose behind it was a "firm conviction that hydrogen-bomb tests are pregnant with the possibility of inflicting suffering of an unpredictable magnitude upon the people of the entire world who are desirous of leading a peaceful existence.

"We are further convinced that if there were to be any disturbance in the balance of power in hydrogen bombs, so precariously maintained today there is danger of imminent disaster to the whole of mankind," Professor Yukawa added.

The gravity of the matters before the conference was illustrated by a statement by Prof. Rotblat of London University, an executive vice president of the Atomic Scientists Association, who declared that "a little publicized effect of fallout radiation and that of related character (such as X-rays) is its shortening of the length of life."

SHORTENING OF LIFE SPAN

In a statement to the conference, he said that persons exposed to 300 roentgen units over a period of months or years as could happen in a fallout region, might have their lives shortened by as much as 4 years.

If they received most of the dose within a few hours and survived, he said, their life span would be reduced still further. The effect of radiation and the loss of man-days is even greater than the effect of radiation in causing leukemia and cancer.

The Soviet delegates to the conference—A. V. Topchiev, secretary general of the Soviet Academy of Science; D. F. Skobeltsyn and A. H. Kuzin of the Academy of Sciences—kept to themselves and kept their own council.

There was an agreement at the beginning of the conference that the sessions would be closed and that the conferees could express their own views but might not report what others said at the formal session, which ended tonight.

[From the New York Times of July 12, 1957]

SCIENTISTS WARN OF ANNIHILATION—NOVA SCOTIA GROUP DECLARES MISUSE OF NUCLEAR ENERGY CAN BE FATAL TO MANKIND

(By Raymond Daniell)

PUGWASH, Nova Scotia, July 11.—Twenty-four Russian, Chinese, Japanese, and western scientists joined today in a warning to the governments of the world that misuse of nuclear energy could lead to the annihilation of mankind.

The statement by the scientists was made after 4 days of deliberation as the guests of Cyrus Stephen Eaton, Cleveland industrialist and financier, in the friendly and informal atmosphere of a Nova Scotia fishing village. The scientists included geneticists, physicists, chemists, physicians, and other experts, some of whom had helped to develop nuclear energy.

The statement of the scientists, in which three of the Soviet Union's leading physicists joined, said that observations based on the results of test explosions already made led them to the "unquestioned conclusion" that unrestricted nuclear war would be a "disaster of unprecedented magnitude." They found little ground for hope that nuclear war, once begun, could be limited to any region.

First, they said nuclear energy must never be used in war. The scientists, from 10 countries from both sides of the Iron and Bamboo Curtains, agreed among themslves that the effects of radioactive fallout from bomb tests thus far conducted "were not widely different though somewhat greater than those recently presented by official government agencies."

Nevertheless, they agreed in a final statement that the hazards to life on this planet, compared to others to which mankind is subjected from natural causes, is small from the tests so far conducted. However, the scientists warned that because of the fact that some areas might be subject "to effects much above the average, close attention to the dangers should be maintained especially if the tests of bombs which give large radioactive fallout continue to be made."

The principal effects of radiation, the scientists said, was due to strontium 90. The scientists agreed that the tests conducted over the past 6 years will be responsible for an increase of about 1 percent over the natural incidence of leukemia and bone cancer during the next few decades. In the next 30 years this increase would amount to about 100,000 additional cases of leukemia and bone cancer, they said.

The second principal effect of global fallout, the report of the committee on radiation hazards said, would cause serious injury to about as many individuals as those in whom leukemia or bone cancer will be produced by the strontium 90. The effect from any given amount of fallout, unlike the effects from strontium 90, will be scattered over many generations, they said.

EFFECTS IN GENERAL WAR

In the event of an outbreak of general war, the scientists said:

"The radiological hazards would be thousands of times greater than those due to fallout effects of test explosions. In combatant countries hundreds of millions of people would be killed outright by the blast of heat and by the ionizing radiation at the instant of explosion whether clean or dirty bombs were used."

By clean bombs they meant bombs 90 percent free of harmful radioactive fallout, such as President Eisenhower recently was assured by United States technicians could soon be made. Dirty bombs are those of the old type with their deadly radioactive effects.

If "dirty" bombs were used in warfare, the scientists agreed, large areas would be made uninhabitable for extended periods of time and additional hundreds of millions would die from the delayed effects of radiation from local fallout, some in the exposed generation from direct radiation and some in succeding generations as a result of genetic effects.

Even those countries not directly hit by bombs would suffer through global fallout, which, under certain conditions, may be of such intensity as to cause large-scale genetic and other injury, the scientists agreed.

By that the scientists warned that even those who escaped death or mutilation might pass on the danger to children yet unborn.

EFFECTS OF TESTING

The report said:

"With regard to the effects of nuclear testing we have found that separate calculations carried out independently in Great Britain, Japan, the United States, and the U. S. S. R. have yielded in results in good agreement with one another on the amount of fallout and on its effects.

"A principal effect is due to strontium 90. If, as some evidence indicates the production of leukemia and bone cancer by radiation is proportional to the dose, even down to very small doses, then we may estimate that the tests conducted over the past 6 years will be responsible for an increase of about 1 percent over the natural incidence of leukemia and bone cancer during the next few decades. Over the next 30 years this increase would amout to about 100,000 additional cases of leukemia and bone cancer. The correct number may be several times larger or smaller. These additional cases could however, not be identified among the 10 million or so normal cases of the same diseases.

A second principal effect of global fallout consists of genetic mutations. We estimate that these will cause serious injury to about as many individuals as those in whom leukemia or bone cancer will be produced by the strontium 90. However, the genetic effects from a given amount of fallout, unlike the effects of strontium 90 will be scattered over many generations.

The scholars who sounded the warning included A. V. Topchiev, of the Soviet Union; Hideki Yukawa, of Tokyo University; Prof. Chou Pei-yuan, of Peiping University, and an array of other famous scientists from the United States, Britain, France, and other Western nations.

From their observations on the effects of tests thus far and the probable future effects of the use of nuclear weapons, the scientists declared that if the human race was to be preserved war must be abolished and not merely regulated by limiting the weapons that may be used.

They saw the greatest peril to mankind in the delicate strategic balance now prevailing that makes negotiated settlements of even secondary questions difficult because every solution seems to be to the advantage of one or the other disputants.

All agreed that the greatest danger before the world today was that the United States and the Soviet Union might intervene on opposite sides and resort to atomic or nuclear weapons in a war between two small countries. In such a case the scientists agreed it would be difficult to limit a local war once atomic bombs were used.

In the preamble to their statement the scientists from both East and West agreed that there were two aspects to the international problem of this age. One was technical and the other political, their statement said.

They could discuss with authority, they said, only the scientific and technical implications of atomic energy. At the same time they noted that they must take into account the political problems which are the background to international negotiations.

The time had come, the statement said, for scientists to consider the implications of their own work. Their views on politics, they said, were as diverse as those of other men. This made it extremely difficult for them to reach agreement on such controversial matters as the political and strategic problems of the nuclear age. Nevertheless, their meeting here under the most informal circumstances, free of the responsibility of speaking for their governments, had made it possible to define the areas of disagreement and agreement and reach an understanding of each other's opposing opinions.

The meeting, inspired by Bertrand Russell, Britain's 85-year-old philosopher, and made possible by Mr. Eaton, is to be followed by others on an even broader base. This opening session ended with a dinner last night at which representatives of the 10 countries toasted the host and each other in the warmest terms, each spokesman pledging himself to work for the cause of peace.

THE ATTENDING SCIENTISTS

Those participating in the conference were:

Prof. M. L. Oliphant, physicist, director of the Post-Graduate Research School of Physical Sciences at the National University of Australia; Dr. H. Thirring, professor of physics, University of Vienna; Dr. Brock Chisholm, of Victoria, British Columbia, and former Director-General of the United Nations World Health Organization; Prof. John Stuart Foster, professor of physics at McGill University, Montreal; Prof. Chou Pei-yuan, vice director of Peiping University; Dr. E. H. S. Burhop, physicist, University College, London; Prof. C. F. Powell, of the H. H. Wills Physical Laboratory at Bristol, England, Nobel Prize winner in physics; Prof. J. Rotblat, professor of physics, University of London and executive vice president of Atomic Scientists Association; Prof. A. M. B. Lacassagne, L'Institut du Radium, Paris; Prof. S. Tomonaga, department of physics, Tokyo University. Prof. Hideki Yukawa, director of the Research Institute for Fundamental Physics, Tokyo University, a Nobel Prize winner in physics; Prof. H. Ogawa of Tokyo University; Prof. Marian Danysz, of the University of Warsaw; A. M. Kuzin, of the Soviet Academy of Sciences; D. F. Skobeltsyn of the National Academy of the Soviet Union and director of T. N. Lebedev, Institute of Physics, Moscow; A. V. Topchiev, head of the Institute of Silicates of the Soviet Academy of Sciences; Prof. Paul Doty, department of chemistry, Harvard University; Prof. H. J. Muller, professor of zoology at Indiana University, Nobel Laureate in medical physiology; Prof. Eugene Rabinowitch, research professor, University of Illinois; Prof. Walter Selove, department of physics, University of Pennsylvania; Prof. Leo Szilard, physicist, collaborator with Enrico Fermi in setting up chain reaction at University of Chicago where he is now professor of physics; Prof. Victor Weiskopf, Prof. David F. Cavers, associate dean at Harvard Law School.

RECESS UNTIL 11:30 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, if there is no other business to come before the Senate, I move, in accordance with the order previously entered, that the Senate now stand in recess until 11:30 a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 21 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, July 16, 1957, at 11:30 a. m.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 15, 1957

The House met at 12 o'clock noon.

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

Eternal God, our Father, may we enter upon this new week acknowledging gladly and gratefully our complete dependence upon Thy leading.

We are encouraged and sustained by the many gracious promises in Thy Holy Word that where Thou dost guide Thou wilt provide.

Inspire us in our moments of prayer with a reassuring sense of Thy greatness and goodness.

Grant that we may interpret the meaning of life in terms of service and always be the loyal champions of every noble and righteous cause.

May the close of each day be marked by some added measure of accomplishment in giving hope and help to struggling humanity.

Hear us in His name who went about doing good. Amen.

The Journal of the proceedings of Friday, July 12, 1957, was read and approved.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

MEAT PROMOTION PROGRAM

The Clerk called the bill (H. R. 7244) amending the Packers and Stockyards Act, 1921, to permit deductions for a self-help meat promotion program.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WEAVER, Mr. BYRNES of Wisconsin, and Mr. MARSHALL objected.

AMENDING LEGISLATIVE REORGANIZATION ACT OF 1946

The Clerk called the bill (H. R. 6900) to amend section 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BOW, Mr. BROWN of Ohio, and Mr. FORD objected.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

The Clerk called the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD, Mr. TABER, and Mr. HORAN objected.

PEANUTS FOR BOILING

The Clerk called the bill (H. R. 6570) to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 359 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1359 (c)), be amended to read as follows:

"(c) The word 'peanuts' for the purposes of this act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts. Any producer who establishes to the satisfaction of the Secretary, in accordance with regulations issued by the Secretary, that any peanuts marketed by such producer of the 1954, 1955, or 1956 crop were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts shall be relieved from any liability for penalties under this section in connection with the marketing of such peanuts, and if such producer has paid the penalty under this section in connection with the marketing of such peanuts he shall be entitled to a refund of such penalties. There is hereby authorized to be appropriated sums as are necessary for the payment of the refunds provided for herein, and in addition sums collected as peanut marketing quota penalties under this section which are on special deposit for refund of excess collections may be used to make the refunds provided for herein."

This amendment shall be effective for the 1957 and subsequent crops of peanuts.

With the following committee amendments:

Page 2, beginning with the word "any" on line 3, strike out all of the language to and including the word "herein" on line 20.

Page 2, lines 21 and 22, strike out "and subsequent" and insert a comma and "1958, and 1959."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HUNDREDTH ANNIVERSARY OF THE CIVIL WAR

The Clerk called the resolution (H. J. Res. 253) to establish a commission to commemorate the 100th anniversary of the Civil War, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. FORD. Mr. Speaker, reserving the right to object, a Member of this body came to me in the early part of last week and asked me specifically that the bill be passed over primarily because he is going to be out of town today. On his behalf, I ask unanimous consent that the bill may be passed over without prejudice.

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

There was no objection.

LAND TO CAPE FLATTERY SCHOOL DISTRICT, WASHINGTON

The Clerk called the bill (H. R. 993) to provide for the conveyance of certain land by the United States to the Cape Flattery School District in the State of Washington.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey by quitclaim deed to the Cape Flattery School District, Clallam County School District No. 401, State of Washington, all the right, title, and interest of the United States and the Makah Indian Tribe in and to the following-described land: Lot 1, block 36, village of Neah Bay, Wash.; lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14, in block 41, village of Neah Bay, and lots 1, 2, 3, 4, 5, 6, 7, 8, and 9, block 50, village of Neah Bay and that portion of Seventh Street lying between blocks 41 and 50, village of Neah Bay plus that portion of Sixth Street, lying between lot 1, block 36, and lot 1, block 41, village of Neah Bay, containing 5.56 acres, plus the land in Makah allotment No. 80 described as the southeast quarter of the northwest quarter of the northeast quarter of section 15, township 33 north, range 15 west, Willamette meridian, containing 10 acres.

With the following committee amendment:

Page 2, line 9, change the period to a colon and add the following: "*Provided*, That such conveyance shall not take place until the Cape Flattery School District, Clallam County School District No. 401, State of Washington, shall have conveyed by quit claim deed to the United States, in trust for the Makah Indian Tribe, all right, title, and interest of the Cape Flattery School District, Clallam County School District No. 401, State of Washington, in the following described land: Lot 4, section 16, township 32 north, range 15 west, Willamette meridian. Clallam County, Wash., containing 13.60 acres lying west of the Suez River and adjoining the south boundary of the Makah Indian Reservation: *And provided further*, That in the event the Clallam County School District has no further use for the land transferred by the Makah Tribe it shall revert to tribal trust status."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MODIFYING SECTION 3 OF THE ACT OF JUNE 30, 1945

The Clerk called the bill (H. R. 6521) to repeal section 3 of the act of June 30, 1945 (59 Stat. 265).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 3 of the act of June 30, 1945 (59 Stat. 265), is hereby repealed.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "Notwithstanding the provisions of section 3 of the act of June 30, 1945 (59 Stat. 265), the Secretary of the Interior is directed to disburse the sums due to the heirs or devisees of deceased claimants who have been identified on or before June 30, 1957."

The committee amendment was agreed to.

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

The title of the bill was amended so as to read: A bill to modify section 3 of the act of June 30, 1945 (59 Stat. 265).

A motion to reconsider was laid on the table.

REIMBURSE OWNERS OF LANDS FOR MOVING EXPENSES

The Clerk called the bill (H. R. 6940) to authorize the Secretary of the Interior to reimburse owners of lands acquired under the Federal reclamation laws for their moving expenses, and for other purposes.

Mr. CUNNINGHAM of Iowa. Mr. Speaker, reserving the right to object, I would like to make an inquiry of the author of the bill or some member of the committee.

Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

TRANSFER OF ARCHIVES AND RECORDS TO PUERTO RICO

The Clerk called the resolution (H. J. Res. 275) transferring to the Commonwealth of Puerto Rico certain archives and records in possession of the National Archives.

There being no objection, the Clerk read the resolution, as follows:

Whereas the last paragraph of article VIII of the Treaty of Paris of 1898, between the Crown of Spain and the United States stated that "In the aforesaid relinquishment or cession, as the case may be, are also included such rights as the Crown of Spain and its authorities possess in respect of the official archives and records, executive as well as judicial, in the islands above referred to, which relate to said islands or the rights and property of their inhabitants. Such archives and records shall be carefully preserved, and private persons shall without distinction have the right to require, in accordance with law, authenticated copies of the contracts, wills, and other instruments forming part of notarial protocols or files, or which may be contained in the executive or judicial archives, be the latter in Spain or in the islands aforesaid"; and

Whereas a considerable number of documents which relate to Puerto Rico and its inhabitants are now housed in the National Archives; and

Whereas with the creation of the Commonwealth of Puerto Rico, it is fitting that such documents be now placed in the custody of the government of the said Commonwealth: Now, therefore, be it

Resolved, etc., That the official archives and records, executive and judicial, of the former Spanish authorities in Puerto Rico, now deposited with the National Archives of the United States, including those relating to right and properties of the inhabitants of the Commonwealth of Puerto Rico, shall be transferred to the Commonwealth of Puerto Rico at its own expense: *Provided*, That the Commonwealth of Puerto Rico (1) agrees to accept and carry out the obligations of the last paragraph of article VIII of the Treaty of Paris aforesaid, and (2) makes provisions for the safekeeping, repair, and preservation of such archives and records in fireproof, air-conditioned storage space under professional archival direction: *Provided further*, That the Administrator of General Services shall determine that the conditions imposed by (1) and (2) above have been met prior to his release of such archives and records for transfer to the Commonwealth of Puerto Rico.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS PIGEON RIVER, MINN.

The Clerk called the bill (S. 1361) to revive and reenact the act entitled "An act authorizing the department of highways of the State of Minnesota to construct, maintain, and operate a bridge across the Pigeon River."

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved May 29, 1945, authorizing the department of highways of the State of Minnesota to construct, maintain, and operate a free highway bridge and approaches thereto across the Pigeon River so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation below High Falls on said Pigeon River, is hereby revived and reenacted. This act shall be null and void unless the actual construction of the bridge herein referred to is commenced within 4 years and completed within 6 years from the date of enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ENLISTMENT OF ALIENS IN THE REGULAR ARMY

The Clerk called the bill (S. 2420) to extend the authority for the enlistment of aliens in the Regular Army, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act of June 30, 1950, as amended (69 Stat. 297), is further amended by striking out the words "until June 30, 1957," and inserting in place thereof the words "before July 1, 1959."

SEC. 2. Section 3253 (c), title 10, United States Code, does not apply to enlistments made under the act of June 30, 1950, as amended (69 Stat. 297), on and after the date of enactment of this act and before July 1, 1959.

SEC. 3. Enlistments made under the act of June 30, 1950, as amended (69 Stat. 297),

after June 30, 1955, and before the date of enactment of this act are considered to have been made under a suspension of (1) that portion of section 2 of the act of August 1, 1894 (28 Stat. 216), as amended, which read: "In time of peace no person who is not a citizen of the United States or who has not made legal declaration of his intention to become a citizen of the United States, shall be enlisted for the first enlistment in the Army." or (2) section 3253 (c) of title 10, United States Code, as the case may be.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING NAVY RATION STATUTE TO PROVIDE FOR SERVING OLEOMARGARINE OR MARGARINE

The Clerk called the bill (H. R. 912) to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine.

Mr. BYRNES of Wisconsin. Mr. Speaker, I object.

Mr. VINSON. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

AMENDING SECTIONS 102, 301, AND 302 OF THE SERVICEMEN'S AND VETERANS' SURVIVOR BENEFITS ACT

The Clerk called the bill (H. R. 5382) to amend section 301 of the Servicemen's and Veterans' Survivor Benefits Act to provide for expeditious payment of the death gratuity by the military departments.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That (a) subsection (a) of section 301 of the Servicemen's and Veterans' Survivor Benefits Act is amended by striking out "immediately" and inserting ", in accordance with subsection (c),".

(b) Such section 301 is further amended by adding at the end thereof the following:

"(c) If any of the survivors of a deceased member of a uniformed service were living with him at or in the vicinity of his duty station at the time of his death, the amount to which each survivor is entitled under this section shall be paid to him immediately. In all other cases, the amount to which a survivor is entitled under this section shall be paid to him as expeditiously as possible."

With the following committee amendment:

Page 1, strike out all after the enacting clause and insert the following: "That sections 101 (10) (A) and 102 (11) (D) of the Servicemen's and Veterans' Survivor Benefits Act are each amended by inserting '507,' immediately after '201 (f).'

"SEC. 2. The amendments made by this act shall take effect as of January 1, 1957, but shall govern payments under title II of the Servicemen's and Veterans' Survivor Benefits Act only for periods after the last day of the first month which begins after the date of the enactment of this act.

"SEC. 3. Section 301 (a) of the Servicemen's and Veterans' Survivor Benefits Act is amended by striking out the word 'immediately' and inserting the words 'in accordance with section 302' in place thereof.

"SEC. 4. Section 302 of the Servicemen's and Veterans' Survivor Benefits Act is amended to read as follows:

"'SEC. 302. In order that the payments under section 301 may be made immediately to the survivors of a deceased member of a uniformed service who were living with him at or in the vicinity of his duty station at the time of his death, the Secretary concerned (1) shall authorize the commanding officers of military or naval commands, installations, or districts to determine the eligibility of such survivors and (2) shall authorize the disbursing or certifying officer of each such command, installation, or district to make immediate payment to the survivors so determined or certify the payments due such survivors, as appropriate. In all other cases the amount to which a survivor is entitled under section 301 shall be paid as expeditiously as possible.'"

The committee amendment was agreed to.

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

The title was amended to read as follows: "A bill to amend sections 102, 301, and 302 of the Servicemen's and Veterans' Survivor Benefits Act."

A motion to reconsider was laid on the table.

ERECTION OF SUITABLE MARKERS AT FORT MYER, VA., TO COMMEMORATE EARLY AIRPLANE FLIGHTS

The Clerk called the bill (H. R. 6078) to provide for the erection of suitable markers at Fort Myer, Va., to commemorate the first flight of an airplane on an Army installation, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Army shall provide for the erection of a suitable marker at Fort Myer, Va., to commemorate the first flight of an airplane on an Army installation, which occurred on September 3, 1908, when Wilbur and Orville Wright demonstrated their "flying machine" for possible purchase by the Army. Such marker shall be unveiled with appropriate military ceremonies on September 3, 1958, the 50th anniversary of such flight.

SEC. 2. The Secretary of the Army shall also provide for the erection of a suitable bronze plaque at Fort Myer, Va., to mark the approximate site of the first crash of an airplane on an Army installation, which occurred on September 17, 1908. As a result of such crash Lt. Thomas E. Selfridge subsequently lost his life and became the first Army officer to pay the supreme sacrifice in an effort to aid man's endeavor to fly.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING TITLE 10, UNITED STATES CODE, TO AUTHORIZE A REGISTRAR AT THE UNITED STATES MILITARY ACADEMY

The Clerk called the bill (H. R. 7140) to amend title 10, United States Code, to authorize a registrar at the United States Military Academy, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, I wonder if some member of the committee can tell me what the situation is at the other Military Academies, such as the Naval Academy, the Air Academy, and the Merchant Marine Academy?

Mrs. ST. GEORGE. Mr. Speaker, I will be happy to tell the gentleman. The situation at the Naval Academy is that they do not have a permanent professor as registrar. The Military Academy does have a permanent officer. The Naval Academy also has a civilian registrar. I might also say to the gentleman that the Merchant Marine Academy has only a civilian who acts as registrar. The Coast Guard Academy has an officer who is assigned to those duties only temporarily. It is not a continuous proposition.

Mr. BYRNES of Wisconsin. It occurs to me that the functions of a registrar and other administrative activities of the Academies are not tied up with the military functions as such of the different services. I am wondering why an effort is not made to bring uniformity into the system of operating our Academies, at least from the business standpoint. I notice this bill relates specifically to the Academy at West Point and I am wondering whether the gentlewoman would not agree that there might be some reason for looking into this particular function as far as all of the Academies are concerned and putting them on an equal basis?

Mrs. ST. GEORGE. I agree with the gentleman, but that would take time. In the meantime the registrar at the Military Academy is definitely there permanently and he should be treated as the other professors at the Academies. For that reason this was introduced specifically for him. I agree uniformity would be desirable if it could be obtained for all services.

Mr. BYRNES of Wisconsin. I concur with the gentlewoman that this is an advisable procedure for the Army. I will not object to present consideration of the bill, but I do raise the point that it might be advisable to look into the situation at all of the Academies and see if we cannot get some uniformity of treatment in them.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That title 10, United States Code, is amended as follows:

(1) Section 3075 (b) (2) is amended by inserting the word "registrar," after the word "professors."

(2) Section 3204 is amended to read as follows:

"§ 3204. Regular Army: commissioned officers on active list

"The authorized strength of the Regular Army in commissioned officers on the active list is the sum of—

"(1) the numbers authorized by sections 3205, 3206, and 3207 of this title;

"(2) the number of permanent professors of the United States Military Academy authorized by section 4331 of this title and the registrar thereof; and

"(3) the numbers in designated categories specifically authorized by law as additional numbers."

(3) Section 3205 (3) is amended by inserting the words "and the registrar" after the word "professors."

(4) Section 3283 (a) is amended by inserting the words "or register" after the word "professors."

(5) Section 3296 (a) is amended by inserting the words "and the registrar" after the word "professors."

(6) Section 3883 is amended by inserting the words "or the registrar" after the word "professor."

(7) Section 3886 is amended by inserting the words "and the registrar" after the word "professor."

(8) Section 4331 (a) is amended—

(A) by redesignating clauses (8) and (9) as clauses "(9)" and "(10)", respectively; and

(B) by inserting the following new clause after clause (7):

"(8) a registrar;".

(9) Section 4333 is amended—

(A) by redesignating subsection (c) thereof as subsection "(e)"; and

(B) by inserting the following new subsections after subsection (b):

"(c) The registrar of the Academy shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such duties as the Superintendent of the Academy may prescribe with the approval of the Secretary of the Army.

"(d) Any officer of the Regular Army in a regular or temporary grade above captain may be detailed to perform the duties of registrar without being appointed as registrar. Such a detail does not affect his position on the applicable promotion list."

(10) Section 4334 (d) is amended by inserting the words "and the registrar" after the word "professors."

(11) Section 4336 is amended—

(A) by inserting the designation "(a)" before the words "A permanent professor of the Academy";

(B) by adding the following new subsections at the end thereof:

"(b) A person appointed as registrar of the Academy has the regular grade of lieutenant colonel, and, after he has served 6 years as registrar, has the regular grade of colonel. However, a person appointed from the Regular Army has the regular grade of colonel after the date when he completes 6 years of service as registrar, or after the date when a promotion-list officer, junior to him on the promotion list on which his name was carried before his appointment as registrar, is promoted to the regular grade of colonel, whichever is earlier.

"(c) Unless he is serving in a higher grade, an officer detailed to perform the duties of registrar has, while performing those duties, the temporary grade of lieutenant colonel and, after performing those duties for a period of 6 years, has the temporary grade of colonel."; and

(C) by amending the catchline to read as follows:

"§ 4336. Permanent professors; registrar."

(12) The analysis of chapter 403 is amended by striking out the following item:

"4336. Permanent professors."

and inserting the following item in place thereof:

"§ 4336. Permanent professors; registrar."

SEC. 2. No increase in pay or allowances accrues by reason of the enactment of this act for service performed before this act takes effect.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING CERTAIN PERSONS TO WEAR THE UNIFORM OF A RESERVE OFFICERS' TRAINING CORPS

The Clerk called the bill (H. R. 7696) to authorize certain persons to wear the uniform of a Reserve officers' training corps.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TEAGUE of Texas. Mr. Speaker, reserving the right to object, will some member of the committee explain the bill?

Mr. VINSON. Mr. Speaker, this bill was introduced by the gentleman from Louisiana [Mr. BROOKS] who is unavoidably absent today. The purpose of the bill is to authorize certain persons to wear the ROTC uniform. The military service has had requests from colleges, that have students enrolled in the ROTC program who cannot be commissioned in our Armed Forces, for authority to allow these students to wear the ROTC uniform. This includes persons with disabilities and other disqualifications and, in addition, certain foreign students. These students train with the ROTC and, at the present time, are not authorized under the law to wear the ROTC uniform. The bill would simply authorize these students to wear the uniform of the ROTC, of which they are members.

Mr. GROSS. Mr. Speaker, reserving the right to object, is this designed to take care of foreign students?

Mr. VINSON. Of course, some foreign students attend the universities. They have been permitted to enroll in ROTC courses but they cannot wear the ROTC uniform, and this bill is merely to permit that authorization. But, that is not the sole purpose of the bill. Of course not. This bill also authorizes students who, because of physical disqualifications are not entitled to commissions, to wear the uniform.

Mr. GROSS. Of course, these foreign students would never become members of the Armed Forces.

Mr. VINSON. There are many, including the foreign students, who will take the ROTC course but who will never be commissioned. But, nevertheless, while they are taking the course, it is believed that they should be entitled to wear the uniform. And, it does not cost the Government anything.

Mr. GROSS. Let me ask the gentleman this question. There are American students in foreign universities. Are they in training in foreign military units, and are they permitted to wear the foreign uniforms?

Mr. VINSON. For instance, take the example of a boy from England who goes to school here. He is permitted to enroll in the ROTC course, along with American boys, in the same organization. While he is a student in the ROTC this bill will permit him to wear the ROTC uniform. That is all it does.

Mr. GROSS. What do you mean, it does not cost anything? Does it not cost the price of the uniform?

Mr. VINSON. No; not at all.

Mr. GROSS. Who pays for it?

Mr. VINSON. The student pays for it.

Mr. GROSS. As long as they pay for it, I withdraw my reservation of objection.

Mr. HOFFMAN. Mr. Speaker, further reserving the right to object, do they wear the uniform after they complete their course here and go back home?

Mr. VINSON. Of course not. He cannot wear the uniform as an ROTC student after he leaves the college.

Mr. HOFFMAN. There is nothing in the bill that limits him?

Mr. VINSON. The only time he can wear it is when he is a student.

Mr. HOFFMAN. Does the bill so state?

Mr. VINSON. It is not necessary to state it. The law does not permit anyone to wear the ROTC uniform unless he is actually in the ROTC program.

Mr. GROSS. Mr. Speaker, will gentleman yield?

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

Mr. GROSS. What happens to the uniform? Does the foreign student take it with him back to his homeland and wear it back there?

Mr. VINSON. Of course, he might wear it, I do not know how we could prevent that, but he could not wear it as if he were an ROTC student. He could probably wear part of it, such as the trousers or the jacket without insignia, but he cannot wear the uniform if he is not in the ROTC.

Mr. GROSS. But why let him take it home?

Mr. VINSON. Of course he can take it home. After all, he will purchase it with his own funds.

Mr. GROSS. And he can wear it in his homeland.

Mr. VINSON. He would have to take the insignia off of it, because he would not be entitled to wear anything to indicate that he is an ROTC student after he is no longer participating with an ROTC unit.

Mr. GROSS. The next thing we know we will have to outfit the Air Force, the Army, and the Navy with brandnew uniforms at a huge bill of expense because they are being worn all over the world by foreigners.

Mr. HOFFMAN. Mr. Speaker, unless there is something which limits the time to wearing it while they are students here, I object.

The SPEAKER. Objection is heard.

AUTHORIZING TRAILER ALLOWANCES TO DEPENDENTS

The Clerk called the bill (H. R. 7912) to authorize, in case of the death of a member of the uniformed services, certain transportation expenses for his dependents.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the 10th sentence of the last proviso of section 303 (c) of the Career Compensation Act, as amended (37 U. S. C. 253 (c)), is further amended—

(1) by inserting immediately after the words "who transports" the words "or in the

case of his death his dependents who transport"; and

(2) by inserting immediately after the words "whichever he" the words "or they."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMEND CAREER COMPENSATION ACT OF 1949

The Clerk called the bill (H. R. 7914) to amend the Career Compensation Act of 1949 to provide incentive pay for human test subjects.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 204 (a) of the Career Compensation Act of 1949, as amended (37 U. S. C. 235 (a)), is further amended—

(1) by striking out the word "and" at the end of clause (11);

(2) by striking out the period at the end of clause (12) and inserting "; and" in lieu thereof; and

(3) by adding the following clause: "(13) duty as human test subjects in thermal stress experiments."

SEC. 2. Section 204 of the Career Compensation Act of 1949, as amended (37 U. S. C. 235 (c)), is further amended by striking out "(12)" and inserting "(13)" in lieu thereof.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTABLISHING THE OFFICE OF THE DEPUTY JUDGE ADVOCATE GENERAL OF THE NAVY

The Clerk called the bill (H. R. 8121) to establish the Office of the Deputy Judge Advocate General of the Navy, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. NICHOLSON. Mr. Speaker, reserving the right to object, may I ask some member of the committee if this promotes another captain to admiral.

Mr. VINSON. No; this does not create any more officers at all.

Mr. NICHOLSON. Then, why do we need this?

Mr. VINSON. Let me tell the distinguished gentleman from Massachusetts the objective of the bill and why it is necessary. The purpose of this bill is to establish the Office of Deputy Judge Advocate General of the Navy. The officer designated as Deputy Judge Advocate General of the Navy under the proposed legislation will be entitled to the pay and allowances of a rear admiral of the lower half. The officer designated as Deputy Judge Advocate General will be appointed for a term of not more than 3 years and may not be reappointed except that his term may be extended for a total of 3 years if his original appointment was less than 3 years. The Deputy Judge Advocate General so appointed must be appointed from among officers of the Navy designated for special duty in law, or officers of the Marine Corps who are members of the bar of a Federal court or the highest court of a State or Territory, who have had at least 8 years of experience in legal duties as commissioned officers. The present law provides for an Assistant Judge Advocate General at the highest pay of the rank of captain. The proposed legislation will give the Navy closer parity with the other services. There are only two flag officers who are law specialists today in the Navy. The proposed legislation will assure the creation of one more flag rank billet. The Army has 5 general officers, the Air Force has 5 general officers utilized as law specialists. The responsibility of the Deputy Judge Advocate General justifies the billet of rear admiral of the lower half.

That is all the bill does.

Mr. NICHOLSON. The gentleman says the Army has 5 and the Air Force has 5. How many does the Navy have?

Mr. VINSON. The Navy only has one legal specialist and the Judge Advocate General.

Mr. NICHOLSON. Mr. Speaker, I withdraw my reservation of objection.

Mr. FORD. Mr. Speaker, reserving the right to object, I wonder if this bill also requires that the principal Judge Advocate of the Navy be a member of the bar?

Mr. VINSON. That is the law today.

Mr. FORD. I regret to differ with the distinguished chairman of the Committee on Armed Services, but within the last 2 or 3 years the person who was Judge Advocate of the Navy was not a member of the bar.

Mr. VINSON. Under the law today and since 1950 a judge advocate must be a lawyer and must have at least 8 years of legal experience.

Mr. FORD. Can the distinguished chairman of the committee tell me when the law was changed in that regard, because prior to the last year or two as I understand that was not the case? Again I say I believe a recent Judge Advocate of the Navy was not a member of the bar.

Mr. VINSON. In the Uniform Code of Military Justice it was specifically provided that the Judge Advocate General must be a lawyer. In years gone by, I grant what the gentleman says was correct, but since 1950 every Judge Advocate General has had to be a lawyer admitted to practice, and must have at least 8 years of law experience.

Mr. FORD. The gentleman has not answered my question. I asked the gentleman whether the law today required that the Judge Advocate General of the Navy be an admitted member of the bar.

Mr. VINSON. The law requires the Judge Advocate General of the Navy to be a member of the bar.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice until that point is specifically cleared up.

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

There was no objection.

AMENDING NORTH PACIFIC FISHERIES ACT OF 1954

The Clerk called the bill (H. R. 7974) to amend the North Pacific Fisheries Act of 1954.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. BONNER. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 2212, be considered in lieu of the House bill.

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

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the North Pacific Fisheries Act of 1954 (68 Stat. 698) is amended as follows:

In section 12 strike out the words "contiguous to the territorial waters of Alaska" and substitute therefor the words "north of the parallel of north latitude of 48 degrees and 30 minutes: *And provided further*, That no such regulations shall apply in the convention area south of the 49th parallel of north latitude with respect to sockeye salmon Oncorhynchus nerka) or pink salmon (Oncorhynchus gorbuscha)."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 7974) was laid on the table.

NORTH HALF OF SECTION 33, TOWNSHIP 28 SOUTH, RANGE 56 EAST, COPPER RIVER MERIDIAN, ALASKA

The Clerk called the bill (H. R. 6562) relating to the north half of section 33, township 28 south, range 56 east, Copper River meridian, Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the withdrawal and reservation of the north half, section 33, township 28 south, range 56 east, Copper River meridian, near Klukwan, Alaska, by an order of the Secretary of the Interior dated April 27, 1943, for school, health, and other purposes, under the provisions of the act of May 31, 1938 (52 Stat. 593), is hereby revoked.

SEC. 2. The reservation established by Executive Order No. 1764, dated April 21, 1913, and amended as to the boundaries thereof by Executive Order No. 3673, dated May 15, 1922, for the use of the natives of Alaska residing near the village of Klukwan, is hereby enlarged to include the north half of said section 33.

SEC. 3. Said reservation, as so enlarged, may be leased for mining and other industrial or business purposes by Chilkat Indian Village organized under the provisions of the act of June 18, 1934 (48 Stat. 984), as amended by the act of May 1, 1936 (49 Stat. 1250), with the approval of the Secretary of the Interior, on such terms and for such periods of time as are approved by the Secretary of the Interior.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That until otherwise provided by Congress, lands within any reservation in Alaska established for the use of Indians, Eskimos, or Aleuts may be leased by such Indians, Eskimos, or Aleuts, with the approval of the Secretary of the Interior, in accordance with the provisions of the act of May 11, 1938 (52 Stat. 347), as amended or supplemented, and the act of August 9, 1955 (69 Stat. 539), as amended or supplemented: *Provided*, That leases for mining purposes may be for such term of years as may be deemed advisable

by the Secretary of the Interior, may include provisions for the suspension of operations during and after the primary term of the lease with the approval of the Secretary when economic conditions warrant such action, and may provide for development and operation under unit plans approved by the Secretary.

"SEC. 2. Public lands in Alaska that are withdrawn and reserved for school, health, or other purposes related to the administration of Indian affairs may be leased for mining purposes in accordance with the provisions of the act of August 7, 1947 (61 Stat. 913), as amended or supplemented.

"SEC. 3. The withdrawal of the north half, section 33, township 28 south, range 56 east, Copper River meridian, near Klukwan, Alaska, by an order of the Secretary of the Interior, dated April 27, 1943, for school, health, and other purposes, under the provisions of the act of May 31, 1938 (52 Stat. 593), is hereby revoked, and such land is added to and made a part of the reservation that was established by Executive Order Numbered 1764, dated April 21, 1913, and amended as to the boundaries thereof by Executive Order Numbered 3673, dated May 15, 1922, for the use of the natives of Alaska residing near the Village of Klukwan."

The committee amendment was agreed to.

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

The title was amended so as to read: "A bill to clarify the law relating to leasing of lands within Indian reservations in Alaska, and for other purposes."

A motion to reconsider was laid on the table.

LEASING OF OIL AND GAS DEPOSITS IN ALASKA

The Clerk called the bill (H. R. 8054) to provide for the leasing of oil and gas deposits in lands beneath inland navigable waters in the Territory of Alaska.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HESELTON. Reserving the right to object, Mr. Speaker, may we have an explanation of this bill, particularly of section 6, containing the limitation of 640 acres on any single lease under any single body of inland navigable waters?

Mr. BARTLETT. That is in conformity with existing law. This would enable the Secretary of the Interior to lease lands under upland lakes, rivers, and in certain restricted instances on tidal waters, under conditions carefully spelled out and with acreages limited so that one individual would not get excessive acreage in any case.

Mr. HESELTON. What I should like to have clearly in the RECORD is why the limitation is placed at 640 acres of land beneath any single body of navigable waters. Is that in conformity with existing law in similar circumstances, or is it something that comes to us first in this bill?

Mr. BARTLETT. No; it does not come to us first in this bill. It is in accordance with existing law and for that reason was inserted in this bill to conform with the practice and the law now in effect.

Mr. HESELTON. Can the gentleman cite what existing law contains that limitation?

Mr. BARTLETT. No; I cannot give the gentleman that reference at this time, but I am assured that that is the case.

Mr. HESELTON. While I have no doubt whatever that the gentleman is stating the facts, I think it is of great importance that we should have some information as to how that limitation was adopted, particularly in terms of leases that have been granted by the Department. I ask unanimous consent, Mr. Speaker, that this bill be passed over without prejudice so that we may have that information.

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

Mr. SAYLOR. Reserving the right to object, Mr. Speaker, may I say to the gentleman from Massachusetts that the land that is involved here is in very unusual circumstances. At the present time no one can lease it. Unless this bill is passed, no company can go up and lease it. The Federal Government has no right whatsoever under the existing law to lease land in Alaska under navigable streams. There is no right in the Territory of Alaska to lease this. This is the same limitation of 640 acres which was included when similar legislation was considered with respect to the 17 public-lands States. That is the reason it was included in this bill.

Mr. HESELTON. Mr. Speaker, I find nothing in the committee report to explain this or spell it out. I should like to see that the RECORD is clear. Therefore I renew my request.

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

Mr. HESELTON. I yield to the gentleman from Colorado.

Mr. ASPINALL. As I understand the general law as far as public lands of the United States are concerned, anyone can lease up to not to exceed 2,560 acres. This is a special case for these particular lands in Alaska, and it is one-fourth of what the authority is in the United States.

Mr. HESELTON. If it is true that the general law is something like 4 or 5 times the acreage involved here, I think this limitation still ought to be spelled out. Therefore, Mr. Speaker, I renew my request.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts that the bill be passed over without prejudice?

There was no objection.

SHELBY COUNTY, TEX.

The Clerk called the bill (H. R. 2136) to amend section 124 (c) of title 28 of the United States Code so as to transfer Shelby County from the Beaumont to the Tyler division of the eastern district of Texas.

Mr. FORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

NATIONAL SAFE BOATING WEEK

The Clerk called the resolution (H. J. Res. 378) designating the week beginning June 30, 1957, as National Safe Boating Week.

There being no objection, the Clerk read the resolution, as follows:

Whereas the United States Coast Guard and the Coast Guard Auxiliary have declared the week of June 30 through July 6 as National Safe Boating Week; and

Whereas boating has become the No. 1 family recreational activity in the country today with more and more individuals taking to the water each year for relaxation and recreation, and

Whereas the growing popularity of boating makes it necessary for every boatman to use commonsense and courtesy afloat to keep boating one of the safest of all outdoor activities, there is a definite need to observe safety practices on the water,

Resolved, etc., That, in order to emphasize the effort to keep boating one of the safest of outdoor recreational activities in the United States, the week beginning June 30, 1957, and ending July 6, 1957, both dates inclusive, is hereby designated as National Safe Boating Week. The President is authorized and requested to issue a proclamation urging all persons and groups connected with boating to join in the observance of such week.

With the following committee amendment:

Strike out all after the resolving clause and insert "That the President of the United States is authorized and requested to proclaim annually the week which includes July 4 as 'National Safe Boating Week.' "

The committee amendment was agreed to.

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

The preamble was amended to read as follows:

Whereas our people in increasing numbers are taking part in boating activities on the waters of our Nation, with more than 20 million expected to participate during 1957; and

Whereas safety is essential for the full enjoyment of boating; and

Whereas many lives can be spared and injuries and property damage avoided by safe boating practices; and

Whereas it is proper and fitting that national attention should be focused on the need for safe boating practices: Therefore be it.

The joint resolution was passed.

The title was amended so as to read: "A joint resolution to authorize the President to proclaim annually the week which includes July 4 as 'National Safe Boating Week.' "

A motion to reconsider was laid on the table.

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

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

There was no objection.

Mr. SHELLEY. Mr. Speaker, as national commander of the Coast Guard League and also as an avid and active boat owner, I am very happy to support House Joint Resolution 378 proclaiming an annual observance of National Safe Boating Week.

I am sure it will be of interest to the House Members if I spend a moment in describing the great developments which have taken place in the past few years in the field of small boating and recreational boat activities. Back in 1947, a decade ago, it is reliably estimated there were almost 2½ million pleasure craft in operation. Within 6 months this figure had been more than doubled. And in 1956, the total number of recreational boats in use in the United States, on all waters, approximated six million. Statistically this breaks down as follows: 397,000 motorboats numbered by the United States Coast Guard for use on Federal waters; 450,000 inboard motorboats; 4,000 inboard cruisers and auxiliary sailboats; 4,545,000 outboard motors in use in the United States; 575,000 sailboats without inboard power.

It has been estimated in 1956, Mr. Speaker, that 28 million persons, or 17 percent of the total population, according to the most recent Bureau of the Census figures, have taken part in recreational boating, making use of the waterways more than once or twice during 1956. The causes for various accidents in small boats range from capsizing and overloading to overturning in sudden squalls and windstorms. From these accidents, insurance-company statistics indicate that annually some 1,200 lives are lost in small-boat accidents and that nearly half of these lives are lost during the 3 months of May through July. And, even today, we can read in the papers almost every weekend about drownings of boating enthusiasts. Capsizing and overturning of small boats are appearing in the headlines of our daily newspapers with stories of rescues being made by the United States Coast Guard and other agencies helping with those who are victims of these disasters.

It is my firm belief that the recreation of small boating will certainly increase in popularity with more and more leisure time available to the average working person and this resolution before the House today is a step in the right direction of emphasizing the necessity for courtesy and commonsense in the handling and operation of small boats for recreational purposes. I am very happy to see this resolution presented in the House and wholeheartedly endorse the idea as expressed for having a yearly observance, to be declared by the President, of National Safe Boating Week.

ESTABLISHING A BOUNDARY BETWEEN STATES OF OREGON AND WASHINGTON

The Clerk called the bill (H. R. 7153) giving the consent of Congress to a compact between the State of Oregon and the State of Washington establishing a boundary between those States.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby given to the compact between the States of Oregon and Washington as contained in chapter 94, Oregon laws, 1957 (senate bill No. 1, 49th legislative assembly), and chapter 90, laws of 1957, State of Washington (enrolled senate bill No. 38 passed by the 1957 Legislature of the State of Washington, and approved by the Governor, March 13, 1957) establishing a boundary between the States of Oregon and Washington from one marine league due west of the mouth of the Columbia River to the northeasterly point at which the 46th parallel of north latitude crosses such river.

With the following committee amendments:

1. Page 1, line 6, after "49th Legislative Assembly" insert "approved by the Governor, April 4, 1957."

2. Page 2, line 3, add at the end thereof the following section:

"SEC. 2. The right to alter, amend or repeal this act is expressly reserved."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUSPEND AND MODIFY EXCESS LAND PROVISIONS OF FEDERAL RECLAMATION LAWS

The Clerk called the bill (H. R. 4410) to suspend and to modify the application of the excess land provisions of the Federal reclamation laws to lands in the East Bench unit of the Missouri River Basin project.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. ENGLE. Mr. Speaker, I ask unanimous consent that the bill (S. 977) to suspend and modify the application of the excess land provision of the Federal reclamation laws to lands in the East Bench unit of the Missouri River Basin project, an identical bill, be considered in lieu of the House bill.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That except as provided in section 2 of this act, the excess land provisions of the Federal reclamation laws shall not apply to lands in the Beaverhead Valley, Mont., lying below the proposed Clark Canyon Dam of the East Bench unit of the Missouri River Basin project, authorized in section 9 (a) of Public Law 534, 78th Congress, approved December 22, 1944 (58 Stat. 887), that are irrigated under existing State water rights, whether the waters used for their irrigation are passed through, regulated by, or stored in the Clark Canyon Reservoir by the United States.

SEC. 2. Any lands of the East Bench unit which are held in private ownership by a person whose holdings of bench lands alone or of bench and valley lands combined exceed the equivalent of 130 acres of class 1 land shall, to the extent they exceed that acreage, be deemed excess lands. No water shall be furnished to such excess lands from, through, or by means of East Bench unit works unless (1) the owner's total holdings do not exceed 160 irrigable acres or (2) said owner shall have executed a valid recordable contract with respect to the excess in like manner as provided in the third sentence of section 46 of the act of May 25, 1926 (44 Stat. 636, 649, 43 U. S. C., sec. 423e). In computing "the equivalent of 130 acres of class 1 land" under the first sentence of this section, each acre of class 2 land shall be counted as thirteen-fourteenths of an acre if in the valley and as thirteen-sixteenths of an acre if on the bench, each acre of class 3 land shall be counted as thirteen-seventeenths of an acre if in the valley and as thirteen-twenty-seconds of an acre if on the bench, and each acre of class 4–P land shall be counted as thirteen-forty-fourths of an acre.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H. R. 4410, was laid on the table.

AMENDING BANKRUPTCY ACT

The Clerk called the bill (H. R. 106) to amend the Bankruptcy Act to authorize courts of bankruptcy to determine the dischargeability or nondischargeability of provable debts.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (a) of section 2 of the Bankruptcy Act, as amended (11 U. S. C. 11 (a)), is amended by adding at the end thereof the following:

"(22) Determine the dischargeability or nondischargeability of all provable debts. If a case is reopened solely for the purpose of determining such dischargeability or nondischargeability, no additional filing fees shall be collected."

SEC. 2. That subsection (a) of section 11 of the Bankruptcy Act, as amended (11 U. S. C. 29a), is amended to read as follows:

"(a) A suit which is founded upon a claim from which a discharge would be or is claimed to be a release, and which is pending against a person at the time of the filing of a petition by or against him, shall be stayed until an adjudication or the dismissal of the petition; if such person is adjudged bankrupt, such action may be further stayed until the question of his discharge and the question of the dischargeability or nondischargeability of the claim are determined by the court after a hearing, or by the bankrupt's filing a waiver of, or having lost, his right to a discharge, or, in the case of a corporation, by its failure to file an application for a discharge within the time prescribed under this act: *Provided, however*, That such stay shall be vacated by the court if, in a proceeding under this act commenced within 6 years prior to the date of the filing of the petition in bankruptcy, such person has been granted a discharge, or has had a composition confirmed, or has had an arrangement by way of composition confirmed, or has had a wage earner's plan by way of composition confirmed."

SEC. 3. Subsection (c) of section 14 (11 U. S. C. 32c) of the Bankruptcy Act, as amended, is amended by striking the word "or" preceding the figure 3 in parentheses and by striking all of clause (3). The succeeding clauses of subsection (c) are renumbered as follows: Clause (4) is renumbered clause (3), clause (5) is renumbered clause (4), clause (6) is renumbered clause (5), and clause (7) is renumbered clause (6).

With the following committee amendments:

Page 2, line 8, delete "adjudged bankrupt, such action may be further stayed until" and substitute "adjudged a bankrupt, any action upon a claim from which a discharge would be or is claimed to be a release may be stayed until."

Page 2, line 22, delete "(11 U. S. C. 32c)."

Page 2, line 23, after the phrase "as amended", insert "(11 U. S. C. 32c)."

Add the following new section at the end of the bill:

"SEC. 4. Subdivision a of section 17 of the Bankruptcy Act, as amended (11 U. S. C. 35a), is amended to read as follows:

"a. A discharge in bankruptcy shall release a bankrupt from all of his provable debts, whether allowable in full or in part, except such as (1) are due as a tax levied by the United States, or any State, county, district, or municipality; (2) are liabilities for obtaining money or property by false pretenses or false representations, or for obtaining money or property on credit or obtaining an extension or renewal of credit in reliance upon a materially false statement in writing respecting his financial condition made or published or caused to be made or published in any manner whatsoever with intent to defraud, or for willful and malicious injuries to the person or property of another, or for alimony due or to become due, or for maintenance or support of wife or child, or for seduction of an unmarried female, or for breach of promise of marriage accompanied by seduction, or for criminal conversation; (3) have not been duly scheduled in time for proof and allowance, with the name of the creditor if known to the bankrupt, unless such creditor had notice or actual knowledge of the proceedings in bankruptcy; or (4) were created by his fraud, embezzlement, misappropriation, or defalcation while acting as an officer or in any fiduciary capacity; or (5) are for wages which have been earned within 3 months before the date of commencement of the proceedings in bankruptcy due to workmen, servants, clerks, or traveling or city salesmen, on salary or commission basis, whole or part time, whether or not selling exclusively for the bankrupt; or (6) are due for moneys of an employee received or retained by his employer to secure the faithful performance by such employee of the terms of a contract of employment."

Mr. FRAZIER. Mr. Speaker, I offer an additional committee amendment.

The Clerk read as follows:

Amendment offered by Mr. FRAZIER as a committee amendment: Page 2, line 10, strike out the word "further."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING ACT AUTHORIZING CONSTRUCTION OF TWO SURVEYING SHIPS

Mr. BONNER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2250) to amend the act of August 5, 1955, authorizing the construction of two surveying ships for the Coast and Geodetic Survey, Department of Commerce, and for other purposes.

The Clerk read the title of the bill.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, is this bill presently on the Consent Calendar?

Mr. BONNER. This bill, or a similar bill at least, was passed by the House in the last session of the Congress. Some considerable length of time had elapsed since the estimates of costs of construction had been made and the price had advanced to such an extent that they could not build the ships for the price that was in the original bill. This is for the purpose of amending it so that they can build the ship. The Coast and Geodetic Survey has not built a ship in 30 years and it is absolutely necessary.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act of August 5, 1955, chapter 577 (69 Stat. 537, 538) is amended by deleting the figures "$3,700,000" and inserting in lieu thereof the figures "$6,793,243" and by striking out "January 1, 1955" and inserting in lieu thereof "April 4, 1957."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H. R. 8192, was laid on the table.

ELIGIBILITY OF WIDOWS FOR BENEFITS

Mr. TEAGUE of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 3658) to liberalize certain criteria for determining eligibility of widows for benefits, with an amendment, which I send to the desk.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) sections 302, 432 (d), 434 (c), 436 (c), and 441 (b) of the Veterans' Benefits Act of 1957 are each amended by striking out paragraph (2) and inserting in lieu of such paragraph the following new paragraphs:

"(2) for five or more years; or

"(3) for any period of time if a child was born of the marriage."

(d) Section 443 of such act is amended by striking out subsection (b) and inserting in lieu thereof the following:

"(b) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

"(1) before January 1, 1957, in the case of a widow of a veteran of World War II, or before February 1, 1965, in the case of a widow of a veteran of the Korean conflict; or

"(2) for five or more years; or

"(3) for any period of time if a child was born of the marriage."

SEC. 2. (a) Section 103 of the Veterans' Benefits Act of 1957 is amended to read as follows:

"SPECIAL CASES INVOLVING CLAIMS OF WIDOWS

"SEC. 103. (a) Whenever, in the consideration of any claim filed by a woman as the widow of a veteran for gratuitous death benefits under laws administered by the Veterans' Administration, it is established by evidence satisfactory to the Administrator that she, without knowledge of any legal impediment, entered into a marriage with such veteran which, but for a legal impediment, would have been valid, and thereafter cohabited with him for 5 or more years immediately before his death, the purported marriage shall be deemed to be a valid marriage, but only if no claim has been filed by a legal widow of such veteran who is found to be entitled to such benefits. No duplicate payments shall be made by virtue of this section.

"(b) Where a widow has been legally married to a veteran more than once, the date of original marriage will be used in determining whether the statutory requirement as to date of marriage has been met."

(b) The table of contents contained in the first section of the Veterans' Benefit Act of 1957 is amended by striking out

"SEC. 103. Determination of date of marriage."

and inserting:

"SEC. 103. Special cases involving claims of widows."

SEC. 3. Veterans Regulation No. 10 is amended by inserting immediately after paragraph IX thereof the following:

"X. (a) The date on which a woman married a veteran shall not disqualify her for pension or compensation under any of the laws administered by the Veterans' Administration is she was married to him—

"(1) for five or more years; or

"(2) for any period of time and a child was born of the marriage.

"(b) Whenever, in the consideration of any claim filed by a woman as the widow of a veteran for gratuitous death benefits under laws administered by the Veterans' Administration, it is established by evidence satisfactory to the Administrator of Veterans' Affairs that she, without knowledge of any legal impediment, entered into a marriage with such veteran which, but for a legal impediment, would have been valid, and thereafter cohabited with him for five or more years immediately before his death, the purported marriage shall be deemed to be a valid marriage, but only if no claim has been filed by a legal widow of such veteran who is found to be entitled to such benefits. No duplicate payments shall be made by virtue of this subsection."

The SPEAKER. Is a second demanded?

Mrs. ROGERS of Massachusetts. Mr. Speaker, I demand a second.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. TEAGUE of Texas. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. SISK], the author of the bill.

Mr. SISK. Mr. Speaker, this bill seeks to accomplish 2 purposes—first, provide a new definition of widow for the purposes of pension and compensation; second, to modify existing requirements to authorize the recognition of certain purported marriages as valid.

Section 1 of the bill provides that a widow, for the purposes of laws administered by the Veterans' Administration in the fields of pension and compensation, shall be deemed to qualify for these benefits if she was married to the veteran 5 or more years, or for any period of time during which a child was born of the marriage. This provision is in substantial conformity with Public Law 881 of the 84th Congress, the Survivors' Benefits Act, which relates entirely to service-connected—compensation—deaths.

The disparity in various laws relating to marriage requirements is shown by the existing marriage delimiting dates:

Indian Wars: March 3, 1917.

Civil War: June 27, 1905.

Spanish-American War: January 1, 1938—pension.

Spanish-American War: September 1, 1922—compensation.

World War I: December 14, 1944.

World War II: December 31, 1956.

Korean war: January 31, 1965.

Peacetime: Within 10 years after veteran's separation from service—compensation.

It is obvious from the foregoing dates that this subject is a matter which is worthy of clarification and greater uniformity. It was that intent in mind that caused the committee and the House to pass, in the 84th Congress, H. R. 10542. This bill is identical to that proposal.

Section 2 of the bill provides for the recognition of certain marriages as valid. These are marriages which the woman entered into without any knowledge of any legal impediment and where she lived with the veteran for 5 or more years immediately prior to his death.

Many cases have been called to the attention of the committee of the hardships occasioned by the present law. The Veterans' Administration favors this proposal and estimates that the cost of the first section of the bill would be approximately $6,559,000.

Mr. Speaker, as I say, this bill does simple justice on behalf of the widows of veterans of our various wars. Of course the particular second section alleviates some very harsh and unjust situations throughout the country.

It is my hope that this bill may be passed unanimously.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. SISK. I yield.

Mr. HOFFMAN. Does it apply to widows who have remarried?

Mr. SISK. Of course not. It would not change the present law in that sense at all. It would have no effect at all on the present law pertaining to remarriage, where pensions are discontinued because of remarriage.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have no requests for time. This bill was unanimously voted out of the committee.

Mr. Speaker, I have in the last several Congresses sponsored legislation to liberalize the definition of widow of a veteran governing the payment of compensation or pension.

H. R. 3658, the bill under consideration today proposes to liberalize certain criteria for determining the eligibility of widows for certain benefits under laws administered by the Veterans' Administration. An identical bill to this one passed the House unanimously last year. Unfortunately it was not favorably acted upon by the Senate prior to adjournment.

All laws administered by the Veterans' Administration pertaining to the payment of death compensation or death pension, with one minor exception, include, as an element of entitlement, a requirement that the widow must have been married to the veteran prior to a specified date. There is disparity between the dates applicable to the widows of veterans of the various wars. In addition, some laws include an alternative requirement that the widow must have been married to the veteran 10 or more years prior to the date of his death. Section 1 of H. R. 3658 would not specifically chance the existing marriage date requirements for compensation and pension, but would provide that a widow who could not meet such requirements may nevertheless qualify if she was married to the veteran for 5 or more years, or for any period of time if a child was born of the marriage. The proposal has a desirable objective to provide uniformity in this area among widows of veterans. This liberalization would be in line with the marriage requirements for dependency and indemnity compensation. As the Members will recall, there is the new service-connected death benefit authorized by the last Congress in the Servicemen's and Veterans' Survivor Benefits Act.

Under laws administered by the Veterans' Administration, a person claiming gratuitous benefits as the widow of a veteran must establish that she is his legal widow. The Veterans' Administration conducted a study of the matter last year which revealed that application of the law has sometimes produced harsh results. Accordingly, the Veterans' Administration recommended to the 84th Congress the enactment of amendatory legislation. Section 2 of H. R. 3658 embodies in principle the provisions of the Veterans' Administration proposal. It would authorize the recognition as valid of a purported marriage which the woman entered into without knowledge of any legal impediment to the marriage, after which she lived with the veteran for 5 or more years immediately before his death. This would be permitted only if no claim has been filed by a legal widow of such veteran who is found to be entitled to such benefits.

As I have stated, this bill is identical with the proposal that we approved unanimously last year. It is most equitable and I am confident that the House will again express its approval of the measure.

If there are any questions anyone wishes to ask, the very distinguished and able gentleman from Indiana, Mr. ADAIR, will be pleased to answer them.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. LANE] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. LANE. Mr. Speaker, because the laws governing benefits for the veterans of various wars were passed at various times, a number of contradictions and inequities inevitably appear.

For widows of veterans of World War I or earlier wars, under certain circumstances, there is an alternative requirement of marriage to the veteran for 10 or more years prior to death. In peacetime cases, for compensation purposes under Public No. 2, marriage to the veteran must occur within 10 years after his separation from service. For the different wars there are different marriage delimiting dates. The present bill is designed to bring order out of this confusion, and to establish uniform rules as to widow eligibility for Veterans' Administration benefits.

This lack of coordination has led to disappointment, hardship, and bitterness on the part of some widows who entered into marriage with veterans in good faith, only to find that a calendar rule deprived them of eligibility for certain benefits.

It is the opinion of the Committee on Veterans' Affairs "that the requirements provided in section I of this bill are reasonable and will add no great cost to veterans' benefits. It is estimated by the Veterans' Administration that a maximum of 12,000 widows of veterans of World War I, prior wars, and peacetime service, would become eligible for compensation and pension benefits under section I of the bill, during the first year, at an estimated cost for that year of $6,559,000. There is insufficient data upon which to base an estimate of the additional pension cost in World War II cases. There will be no additional cost for Korean conflict cases until after January 31, 1965. The Veterans' Administration believes that the cost of section 2 of the bill would be relatively small and favors the section in principle."

As to section I, the bill recognizes that a veterans' widow should not be excluded from entitlement to benefits because her husband married later in life, and died before a stated number of years had passed. The bill would ease these rigid requirements by reducing from 10 to 5 years, the length of married life that would make a widow eligible. She would qualify at any time, if a child is born of the marriage.

Section 2 of the bill would modify existing requirements to authorize the recognition of certain purported marriages as valid. Briefly stated, these are marriages which the woman entered into without knowledge of any legal impediment to the marriage, after which, she lived with the veteran for five or more years immediately before his death. Many cases have been called to the attention of the committee of the hardship which has been worked on individual widows in these cases without any fault on their part.

In the name of fair and equal treatment for the widows of all veterans, this bill will remove obvious injustices.

And, by a happy circumstance, it will require an insignificant addition to expenditures.

Therefore, to remove present disparities, and to approximate a uniform rule governing the eligibility of widows for VA benefits, it is advisable for us to approve of H. R. 3658.

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

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

There was no objection.

Mr. TEAGUE of Texas. Mr. Speaker, the amendment which has been offered is technical in nature and in substance and is required by the enactment of Public Law 85-56, which consolidated all the laws on pension, compensation, hos-

pitalization, burial benefits, and administration. This would become effective January 1, 1958.

GENERAL LEAVE TO EXTEND

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this bill.

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

There was no objection.

Mrs. DWYER. Mr. Speaker, I rise to speak in support of H. R. 3658—a piece of legislation which I feel, as a member of the Veterans' Affairs Committee, will serve to correct existing inequities and conflict in widows' eligibility for Veterans' Administration benefits.

It should be pointed out that this legislation would not specifically amend present laws which establish marriage date requirements for benefit eligibility. It would, however, provide a liberalized basis for determining eligibility of veterans' widows for benefits.

At present, there is wide conflict in the eligibility requirements set for the widows of veterans of various wars. As the Veterans' Committee pointed out in its report on this bill—in detailing the various eligibility requirements—it requires no elaboration to show that this aspect of the veterans' law is in need of greater uniformity.

I also would like to point out that a recent study by the Veterans' Administration clearly shows that existing laws for widows' benefits produce harsh and unfair results.

Section 1 of this bill, as you will note, provides a new definition of widow applicable to all wars and applying both to pension and compensation.

It provides that a veteran's widow who does not otherwise meet present eligibility requirements insofar as date of marriage is concerned shall be eligible for pension or for compensation if she was married to the veteran for 5 or more years, or for any period of time during which children were born as the result of the marriage.

Section 2 of this bill would modify existing requirements by authorizing the recognition of certain purported marriages as valid, provided the claimant had no knowledge of a legal impediment to her marriage with the veteran and no claim had been filed by a legal widow entitled to such benefits.

This section is important, for it has been shown by the Veterans' Administration study that there have been many cases in which a claimant was unable to establish the legal dissolvement of a prior marriage, with the result that benefits were denied even though the claimant had entered into marriage with the veteran in good faith, and in some instances bore children.

The bill, which would be uniformly applicable to claims of widows of all wars, the Korean conflict, and peacetime service, has the support of the Veterans' Administration. I strongly urge its passage by this House.

INSPECTION OF POULTRY AND POULTRY PRODUCTS

Mr. WATTS. Mr. Speaker, I move to suspend the rules and pass the bill (S. 1747) to provide for the compulsory inspection by the United States Department of Agriculture of poultry and poultry products, with an amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Poultry Products Inspection Act."

LEGISLATIVE FINDING

SEC. 2. Wholesome poultry products are an important source of the Nation's total supply of food. Such products are consumed throughout the Nation and substantial quantities thereof move in interstate and foreign commerce. Unwholesome poultry products in the channels of interstate or foreign commerce are injurious to the public welfare, adversely affect the marketing of wholesome poultry products, result in sundry losses to producers, and destroy markets for wholesome poultry products. The marketing of wholesome poultry products is affected with the public interest and directly affects the welfare of the people. All poultry and poultry products which have or are required to have inspection under this act are either in the current of interstate or foreign commerce or directly affect such commerce. That part that enters directly into the current of interstate or foreign commerce cannot be effectively inspected and regulated without also inspecting and regulating all poultry and poultry products processed or handled in the same establishment.

The great volume of poultry products required as an article of food for the inhabitants of large centers of population directly affects the movement of poultry and poultry products in interstate commerce. To protect interstate commerce in poultry and poultry products inspected for wholesomeness, from being adversely burdened, obstructed, or affected by uninspected poultry or poultry products, the Secretary of Agriculture is authorized, pursuant to the provisions of this act, to designate major consuming areas where poultry or poultry products are handled or consumed in such volume as to affect the movement of inspected poultry or poultry products in interstate commerce.

DECLARATION OF POLICY

SEC. 3. It is hereby declared to be the policy of Congress to provide for the inspection of poultry and poultry products by the inspection service as herein provided to prevent the movement in interstate or foreign commerce or in a designated major consuming area of poultry products which are unwholesome or otherwise unfit for human food.

DESIGNATION

SEC. 4. Upon application by the appropriate governing official or body of a substantial portion of any major consuming area or upon application by an appropriate local poultry industry group in such an area, where the Secretary has reason to believe that poultry or poultry products are handled or consumed in such volume as to affect, burden, or obstruct the movement of inspected poultry products in interstate commerce, the Secretary shall conduct a public hearing to ascertain whether or not it will tend to effectuate the purposes of this act for such area to be subject to the provisions of this act. If, after public hearing, the Secretary finds that poultry or poultry products are handled or consumed in such volume as to affect, burden, or obstruct the movement of inspected poultry products in commerce and that the designation of such area will tend to effectuate the purposes of this act, he shall by order designate such area and prescribe the provisions of this act which shall be applicable thereto and grant such exemptions therefrom as he determines practicable. Such designation shall not become effective until 6 months after the notice thereof is published in the Federal Register. On and after the effective date of such designation, all poultry and poultry products processed, sold, received, or delivered in any such area shall be subject to the provisions of this act.

ANTE MORTEM AND POST MORTEM INSPECTION, REINSPECTION, AND QUARANTINE

SEC. 5. (a) For the purpose of preventing the entry into or flow or movement in commerce or a designated major consuming area of any poultry product which is unwholesome or adulterated, the Secretary shall, where and to the extent considered by him necessary, cause to be made by inspectors ante mortem inspection of poultry in any official establishment processing poultry or poultry products for commerce or in, or for marketing in a designated city or area.

(b) The Secretary, whenever processing operations are being conducted, shall cause to be made by inspectors post mortem inspection of the carcass of each bird processed, and such quarantine, segregation, reinspection as he deems necessary of poultry and poultry products in each official establishment processing such poultry or poultry products for commerce or in, or for marketing in a designated city or area.

(c) All poultry carcasses and parts thereof and poultry products found to be unwholesome or adulterated shall be condemned and shall, if no appeal be taken from such determination of condemnation, be destroyed for human food purposes under the supervision of an inspector: *Provided*, That carcasses, parts, and products, which may by reprocessing be made not unwholesome and not adulterated, need not be so condemned and destroyed if so reprocessed under the supervision of an inspector and thereafter found to be not unwholesome and not adulterated. If an appeal be taken from such determination, the product shall be appropriately marked and segregated pending completion of an appeal inspection, which appeal shall be at the cost of the appellant if the Secretary determines that the appeal is frivolous. If the determination of condemnation is sustained the product shall be destroyed for human food purposes under the supervision of an inspector.

(d) The Secretary shall refuse to render inspection to any establishment whose premises, facilities, or equipment, or the operation thereof, fail to meet the requirements of section 6 of this act.

SANITATION, FACILITIES, AND PRACTICES

SEC. 6. Each official establishment slaughtering poultry or processing poultry products for commerce or in or for marketing in a designated major consuming area shall have such premises, facilities, and equipment, and be operated in accordance with such sanitary practices, as are required and approved by the Secretary for the purpose of preventing the entry into or flow or movement in commerce or in a designated city or area of poultry products which are unwholesome or adulterated.

LABELING

SEC. 7. (a) Each shipping container of any poultry product inspected under the authority of this act and found to be wholesome and not adulterated shall at the time such product leaves the official establishment bear, in distinctly legible form, the official inspection mark and the approved plant number of the official establishment in which the contents were processed. Each immediate container of any poultry product inspected under the authority of this act and found to be wholesome and not adulterated shall at the time such product leaves the official

establishment bear, in addition to official inspection mark, in distinctly legible form, the name of the product, a statement of ingredients if fabricated from two or more ingredients including a declaration as to artificial flavors, colors, or preservatives, if any, the net weight or other appropriate measure of the contents, the name and address of the processor, and the approved plant number of the official establishment in which the contents were processed. The name and address of the distributor may be used in lieu of the name and address of the processor if the approved plant number is used to identify the official establishment in which the poultry product was prepared and packed.

(b) The use of any written, printed, or graphic matter upon or accompanying any poultry product inspected or required to be inspected pursuant to the provisions of this act or the container thereof which is false or misleading is prohibited. No poultry products inspected or required to be inspected pursuant to the provisions of this act shall be sold or offered for sale by any person, firm, or corporation under any false or deceptive name; but established trade name or names which are usual to such products and which are not false and deceptive and which shall be approved by the Secretary are permitted. If the Secretary has reason to believe that any label in use or prepared for use is false or misleading, he may direct that the use of the label be withheld unless it is modified in such manner as the Secretary may prescribe so that it will not be false or misleading. If the person using or proposing to use the label does not accept the determination of the Secretary, he may request a hearing, but the use of the label shall, if the Secretary so directs, be withheld pending hearing and final determination by the Secretary. Any such determination by the Secretary shall be conclusive unless within 30 days after the receipt of notice of such final determination the person adversely affected thereby appeals to the United States court of appeals for the circuit in which he has his principal place of business or to the United States Court of Appeals for the District of Columbia Circuit. The provisions of section 204 of the Packers and Stockyards Act of 1921, as amended, shall be applicable to appeals taken under this section.

PROHIBITED ACTS

SEC. 8. The following acts or the causing thereof are hereby prohibited:

(a) The processing, sale or offering for sale, transportation, or delivery or receiving for transportation, in commerce or in a designated major consuming area of any poultry product, unless such poultry product has been inspected for wholesomeness and unless the shipping container, if any, and the immediate container are marked in accordance with the provisions of this act.

(b) The sale or other disposition for human food of any poultry or poultry product which has been inspected and declared to be unwholesome or adulterated under this act.

(c) Falsely making or issuing, altering, forging, simulating, or counterfeiting any official inspection certificate, memorandum, mark, or other identification or device for making such mark or identification, used in connection with the inspection of poultry, or poultry products under this act, or causing, procuring, aiding, assisting in, or being a party to, such false making, issuing, altering, forging, simulating, or counterfeiting, or knowingly possessing, without promptly notifying the Secretary of Agriculture or his representative, uttering, publishing, or using as true, or causing to be uttered, published, or used as true, any such falsely made or issued, altered, forged, simulated, or counterfeited official inspection certificate, memorandum mark, or other identification, or device for making such mark or identification, or representing that any poultry or poultry product has been officially inspected under the authority of this act when such poultry or poultry product has in fact not been so inspected.

(d) Using in commerce, or in a designated city or area, a false or misleading label on any poultry product.

(e) The use of any container bearing an official inspection mark except for the poultry product in the original form in which it was inspected and covered by said mark unless the mark is removed, obliterated, or otherwise destroyed.

(f) The refusal to permit access by any duly authorized representative of the Secretary, at all reasonable times, to the premises of an establishment engaged in processing poultry or poultry products for commerce, or in or for marketing in a designated city or area, upon presentation of appropriate credentials.

(g) The refusal to permit access to and the copying of any record as authorized by section 10 of this act.

(h) The using by any person to his own advantage, or revealing, other than to the authorized representatives of the Government in their official capacity, or to the courts when relevant in any judicial proceeding under this act, any information acquired under the authority of this act, concerning any matter which as a trade secret is entitled to protection.

(i) Delivering, receiving, transporting, selling, or offering for sale or transport for human consumption any slaughtered poultry or any part thereof, separately or in combination with other ingredients (other than poultry products as defined in this act), in commerce or from an official establishment or in a designated major consuming area, except that such poultry may be permitted to be transported between official establishments and to foreign countries pursuant to rules and regulations prescribed by the Secretary.

SEC. 9. No establishment processing poultry or poultry products for commerce or in or for marketing in a designated city or area shall process any poultry or poultry product except in compliance with the requirements of this act.

RECORDS OF INTERSTATE SHIPMENT

SEC. 10. For the purpose of enforcing the provisions of this act, persons engaged in the business of processing, transporting, shipping, or receiving poultry slaughtered for human consumption or poultry products in commerce or in a designated major consuming area, or holding such products so received shall maintain records showing, to the extent that they are concerned therewith, the receipt, delivery, sale, movement, or disposition of poultry and poultry products and shall, upon the request of a duly authorized representative of the Secretary, permit him at reasonable times to have access to and to copy all such records. Nothing in this section shall be construed as requiring the maintenance of a record for a period longer than 2 years after the transaction, which is the subject of such record, has taken place.

PENALTIES

SEC. 11. (a) Any person who violates the provisions of section 8, 9, 10, or 17, shall be guilty of a misdemeanor and shall on conviction thereof be subject to imprisonment for not more than 6 months, or a fine of not more than $3,000, or both such imprisonment and fine; but if such violation is committed after one conviction of such person under this section has become final such person shall be subject to imprisonment for not more than 1 year, or a fine of not more than $5,000, or both such imprisonment and fine; but if such violation is committed after two or more convictions of such person under this section have become final such person shall be subject to imprisonment for not more than 2 years, or a fine of not more than $10,000, or both such imprisonment and fine. When construing or enforcing the provisions of said sections the act, omission, or failure of any person acting for or employed by any individual, partnership, corporation, or association within the scope of his employment or office shall in every case be deemed the act, omission, or failure of such individual, partnership, corporation, or association, as well as of such person.

(b) No carrier shall be subject to the penalties of this section for a violation of the provisions of sections 8 or 17 by reason of his receipt, carriage, holding or delivery, in the usual course of business as a carrier of slaughtered poultry or poultry products, owned by another person unless the carrier has knowledge, or is in possession of facts which would cause a reasonable person to believe that such slaughtered poultry or poultry products were not inspected or marked in accordance with the provisions of this act or were not eligible for transportation under this act. Any carrier who with or without knowledge violated section 10 of this act shall be subject to the penalties of this section.

SEC. 12. Before any violation of this act is reported by the Secretary to any United States attorney for institution of a criminal proceeding the person against whom such proceeding is contemplated shall be given reasonable notice of the alleged violation and opportunity to present his views orally or in writing with regard to such contemplated proceeding. Nothing in this act shall be construed as requiring the Secretary to report for criminal prosecution or for the institution of injunction proceedings violations of this act whenever he believes that the public interest will be adequately served and compliance with the act obtained by a suitable written notice or warning.

REGULATIONS

SEC. 13. The Secretary shall promulgate such rules and regulations as are necessary to carry out the provisions of this act.

EXEMPTIONS

SEC. 14. (a) The Secretary shall, by regulation and under such conditions as to sanitary standards, practices, and procedures as he may prescribe, exempt from specific provisions of this act—

(1) poultry producers with respect to poultry of their own raising on their own farms which they sell directly to household consumers or restaurants, hotels and boarding houses for use in their own dining rooms in the preparation of meals for sales direct to consumers only: *Provided*, That such poultry producers do not engage in buying or selling poultry products other than those produced from poultry raised on their own farms.

(2) Retail dealers with respect to poultry products sold directly to consumers in individual retail stores: *Provided*, That the only processing operation performed by such retail dealers is the cutting up of poultry products on the premises in which such sales to consumers are made.

(3) For such period of time as the Secretary determines that it would be impracticable to provide inspection and the exemption will aid in the effective administration of this act, any person engaged in the processing of poultry or poultry products for commerce and the poultry or poultry products processed by such person: *Provided, however*, That no such exemption shall continue in effect on and after July 1, 1960.

(4) Persons slaughtering, processing, or otherwise handling poultry or poultry products which have been or are to be processed as required by recognized religious dietary laws, to the extent that the Secretary determines necessary to avoid conflict with such

requirements while still effectuating the purposes of this act.

(b) The Secretary may by order suspend or terminate any exemption under this section with respect to any person whenever he finds that such action will aid in effectuating the purposes of this act.

VIOLATIONS BY EXEMPTED PERSONS

SEC. 15. Any person who sells, delivers, transports or offers for sale or transportation in commerce or in a designated major consuming area any poultry products which are exempt under section 15, knowing that such products are unwholesome and are intended for human consumption, shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties set forth in section 12.

IMPORTS

SEC. 16. (a) No slaughtered poultry, or parts or products thereof, of any kind shall be imported into the United States unless they are healthful, wholesome, and fit for human food, not adulterated, and contain no dye, chemical, preservative, or ingredient which renders them unhealthful, unwholesome, adulterated, or unfit for human food and unless they also comply with the rules and regulations made by the Secretary of Agriculture to assure that imported poultry or poultry products comply with the standards provided for in this act. All imported slaughtered poultry, or parts or products thereof, shall after entry into the United States in compliance with such rules and regulations be deemed and treated as domestic slaughtered poultry, or parts or products thereof, within the meaning and subject to the provisions of this act and the Federal Food, Drug, and Cosmetic Act, and acts amendatory of, supplemental to, or in substitution for such acts.

(b) The Secretary of Agriculture is authorized to make rules and regulations to carry out the purposes of this section and in such rules and regulations the Secretary of Agriculture may prescribe the terms and conditions for the destruction of all slaughtered poultry, or parts or products thereof, offered for entry and refused admission into the United States unless such slaughtered poultry, or parts or products thereof, be exported by the consignee within the time fixed therefor in such rules and regulations.

(c) All charges for storage, cartage, and labor with respect to any product which is refused admission pursuant to this section shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against any other products imported thereafter by or for such owner or consignee.

GENERAL PROVISIONS

SEC. 17. (a) For the purpose of preventing and eliminating burdens on commerce in poultry and poultry products, the jurisdiction of the Secretary within the scope of this act shall be exclusive and poultry and poultry products shall be exempt from the provisions of the Federal Food, Drug, and Cosmetic Act, as amended, to the extent of the application or the extension thereto of the provisions of this act.

(b) In carrying out the provisions of this act, the Secretary may cooperate with other branches of government and with State agencies and may conduct such examinations, investigations, and inspections as he determines practicable through any officer or employee of a State commissioned by the Secretary for such purpose.

COST OF INSPECTION

SEC. 18. The cost of inspection rendered under the requirements of this act shall be borne by the United States. The Secretary of Agriculture is authorized in his discretion to pay employees of the Department of Agriculture, employed in establishments subject to the provisions of this act, for overtime or holiday work performed at such establishments at such rates as he may determine and to accept from such establishments wherein such premium-pay work is performed reimbursement for any sums paid out by him for such work, such reimbursements to be available without fiscal year limitation to carry out the purposes of this section.

APPROPRIATIONS

SEC. 19. There is hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this act.

SEPARABILITY OF PROVISIONS

SEC. 20. If any provision of this act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the act and of the application of such provision to other persons and circumstances shall not be affected thereby.

DEFINITIONS

SEC. 21. For purposes of this act—

(a) The term "commerce" means commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State or the District of Columbia, but through any place outside thereof; or within the District of Columbia.

(b) The term "Secretary" means the Secretary of Agriculture.

(c) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(d) The term "poultry" means any live or slaughtered domesticated bird.

(e) The term "poultry product" means any poultry which has been slaughtered for human food from which the blood, feathers, feet, head, and viscera have been removed in accordance with rules and regulations promulgated by the Secretary, any edible part of poultry, or, unless exempted by the Secretary, any human food product consisting of any edible part of poultry separately or in combination with other ingredients.

(f) The term "wholesome" means sound, healthful, clean, and otherwise fit for human food.

(g) The term "unwholesome" means:

(1) Unsound, injurious to health, or otherwise rendered unfit for human food.

(2) Consisting in whole or in part of any filthy, putrid, or decomposed substance.

(3) Processed, prepared, packed, or held under unsanitary conditions whereby a poultry carcass or parts thereof or any poultry product may have become contaminated with filth or whereby a poultry product may have been rendered injurious to health.

(4) Produced in whole or in part from poultry which has died otherwise than by slaughter.

(5) Packaged in a container composed of any poisonous or deleterious substance which may render the contents injurious to health.

(h) The term "adulterated" shall apply to poultry and poultry products under one or more of the following circumstances:

(1) If they bear or contain any poisonous or deleterious substance which may render them injurious to health; but, in case the substance is not an added substance, such poultry and poultry products shall not be considered adulterated under this clause if the quantity of such substance in such poultry and poultry products does not ordinarily render them injurious to health.

(2) If they bear or contain any added poisonous or added deleterious substance, unless such substance is permitted in their production or unavoidable under good manufacturing practices as may be determined by rules and regulations hereunder prescribed by the Secretary or other provisions of Federal law limiting or tolerating the quantity of such added substance on or in such poultry and poultry products: *Provided*, That any quantity of such added substance exceeding the limits so fixed shall also be deemed to constitute adulteration.

(3) If any substance has been substituted, wholly or in part, therefor.

(4) If damage or inferiority has been concealed in any manner.

(5) If any valuable constituent has been in whole or in part omitted or abstracted therefrom.

(6) If any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength or make it appear better or of greater value than it is.

(i) The term "inspector" means: (1) an employee or official of the United States Government authorized by the Secretary to inspect poultry and poultry products under the authority of this act, or (2) any employee or official of any State government authorized by the Secretary to inspect poultry and poultry products under authority of this act, under an agreement entered into between the Secretary and the appropriate State agency.

(j) The term "official inspection mark" means the symbol, formulated pursuant to rules and regulations prescribed by the Secretary, stating that the product was inspected.

(k) The term "inspection service" means the official Government service within the Department of Agriculture, designated by the Secretary as having the responsibility for carrying out the provisions of this act.

(l) The terms "container" or "package" include any box, can, tin, cloth, plastic, or any other receptacle, wrapper, or cover.

(m) The term "official establishment" means any establishment as determined by the Secretary at which inspection of the slaughter of poultry, or the processing of poultry products, is maintained under the authority of this act.

(n) The term "label" means any written, printed, or graphic material on the shipping contained, if any, or upon the immediate container, including but not limited to an individual consumer package, or the poultry product, or accompanying such product.

(o) The term "shipping container" means any container used or intended for use in packaging the product packed in an immediate container.

(p) The term "immediate container" includes any consumer package; or any carton, box, barrel, or other receptacle in which poultry carcasses or poultry products, not consumer packaged, are packed.

EFFECTIVE DATE

SEC. 22. This act shall take effect upon enactment, except that no person shall be subject to the provisions of this act prior to January 1, 1959, unless such person after January 1, 1958, applies for and receives inspection for poultry or poultry products in accordance with the provisions of this act and pursuant to regulations promulgated by the Secretary hereunder, in any establishment processing poultry or poultry products in commerce or in a designated major consuming area. Any person who voluntarily applies for and receives such inspection after January 1, 1958, shall be subject, on and after the date he commences to receive such inspection, to all of the provisions and penalties provided for in this act with respect to all poultry or poultry products handled in the establishment for which said application for inspection is made.

SEC. 23. This act shall not be construed as invalidating any provision of State law which could be valid in the absence of this act unless there is a direct and positive conflict between an express provision of this act and such provision of State law so that the two cannot be reconciled or consistently stand together.

The SPEAKER. Is a second demanded?

Mr. REECE of Tennessee. Mr. Speaker, I demand a second.

The SPEAKER. Without objection a second will be considered as ordered.

There was no objection.

The SPEAKER. Under the rule the gentleman from Kentucky [Mr. WATTS] will be recognized for 20 minutes and the gentleman from Tennessee [Mr. REECE] for 20 minutes.

Mr. WATTS. Mr. Speaker, this bill is the same bill I attempted to substitute for the House bill that was passed last Tuesday by a vote of 93 to 23.

As the Members will remember, on last Tuesday the rule was debated for an hour and there were 2 hours of general debate on the measure, during the course of which it was fully explained. The bill was open to amendment at any point. Several amendments were offered, and some were adopted. The bill was finally passed on a division vote by 93 to 23.

At that time I asked unanimous consent to take from the Speaker's table the Senate bill, strike out all after the enacting clause, and substitute the provisions of the bill passed by the House. The gentleman from Tennessee objected to that consent request, as he had a perfect right to do.

The purpose of bringing the bill up today is to see to it that the will of the House is carried out and that we are put in such position that we can go directly to conference with the measure and come back with a bill that is agreed to by the conferees of both the House and the Senate.

This bill I am calling up today was unanimously passed by the Senate. I think it would serve no useful purpose to go into detail again, after the 3 hours of general debate we had so recently.

The measure merely provides for the compulsory inspection of all poultry moving into interstate commerce and into certain designated areas that the Secretary of Agriculture after hearing might have the right to name.

The committee in drafting this bill had three purposes in mind: First, to provide wholesome poultry to the people of this country; second, to do it in a manner that would not interfere with the processors of poultry any more than necessary; and, third, to make the bill broad enough so that almost anybody who wanted to could come under its protection.

We have heard the objection raised that it would mitigate against the little producer. In my opinion the bill will aid the little producer more than the large producer. Another objection raised is that it will increase the price of poultry. This is not so; it will have a tendency to decrease it.

Mrs. SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. WATTS. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. I would like to say to the House that this is definitely a compromise bill. It does not go as far as I would like in a number of respects. I can show the Members letters I have received from the Food and Drug Administration and from the Public Health Service and from other experts in the field of protecting the public health outlining the steps which we should take if we are going to have the ideal poultry inspection law, and this bill is not ideal or perfect by any means.

But there is no sense in seeking the perfect bill if the result is to end up with no legislation at all. This bill can do a great deal—it can meet the most serious aspects of this problem of diseased or unfit poultry. I feel I can support it in good conscience. And it is a remarkable example of how Members of Congress with the bill to reach an acceptable compromise to a controversial problem can put their good will to the task and come up with an effective solution.

I might say to the Members of the House that we in St. Louis get a good deal of our poultry from Georgia, and only a small part of that is inspected under the voluntary program. As consumers, we want to be sure the poultry we buy is wholesome and suitable, and inspection under a compulsory program is the only answer to that problem. Otherwise, our housewives would certainly turn elsewhere for poultry, and buy products stamped with the official seal of approval. So it is very much to the advantage of the poultry producer and the poultry processor in Georgia, for instance, to see this program enacted into law, if they want our business in St. Louis.

If we were going to demand the ideal, we would insist on a bird-by-bird ante mortem as well as post mortem inspection. Then we could be absolutely sure no sick bird slipped through unnoticed. But I am assured that competent inspectors can examine a whole group of live birds at one time, very quickly, and notice any showing signs of sickness which would warrant a closer inspection of any particular chicken.

Therefore, in a spirit of compromise, and in order to make sure we can get effective legislation, we are willing to go along with the authority this bill provides. Those who oppose this bill on grounds that it is too severe, would be satisfied, it would seem, only if there were no legislation at all, for frankly, this bill could be much more stringent without in any way overdoing its purpose of protecting the consumer.

I just hope the House will realize the necessity for this kind of inspection and pass this bill without further objection or delay.

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

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

Mr. McCORMACK. Of course, this bill passed the House overwhelmingly last week and all this action will do here today is to enter the matter to go ahead in the proper legislative channels to final conclusion?

Mr. WATTS. The gentleman is exactly right.

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

Mr. WATTS. I yield to the gentleman from North Dakota.

Mr. BURDICK. The gentleman spoke of this bill not injuring the small producers. I have examined the bill very carefully, and coming from a State where they have State inspection laws, we believe that this bill will aid the small producer instead of injuring him.

Mr. WATTS. I will say to the gentleman that it certainly was the intention of the committee to do that and I think the bill does do that.

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

Mr. WATTS. I yield to the gentleman from Maine.

Mr. McINTIRE. Mr. Speaker, the question to be resolved by us today is whether a mere technicality should be permitted to disturb or destroy what this House has already determined to be an eminently worthwhile objective—the compulsory inspection of poultry products.

There are those who still stand in opposition to the design and intent of H. R. 6814, and let me say that I would be among the first to give eminent recognition to an individual's right to disagree. However, lest we—in the activity of dealing with a technicality—become lax and forget the broad-scaled support that has been evidenced in this legislation, I would like to once again review these areas of support.

On April 8 of this year the Senate passed legislation companion to H. R. 6814, legislation differing only midly with the House-passed bill. Prior to this favorable action extensive hearings had been conducted, affording an opportunity to make an accurate measure of the merits of this legislation. Such a thorough examination of the bill brought to light the many beneficial aspects associated with the concept of mandatory inspection of poultry products, and undoubtedly contributed to a Senate vote that reflected whole-hearted endorsement.

As legislation of this nature received careful consideration in the Senate, so did it receive thorough examination by the House Committee on Agriculture. Too, on July 9 the House of Representatives became convinced of the wisdom of this legislation and gave it its stamp of approval.

On March 6 of this year the Secretary of Agriculture directed a report to the chairman of the House Committee on Agriculture, such a report reflecting that the Department of Agriculture was in accord with the principal objectives of H. R. 12, H. R. 377, and H. R. 514, bills providing for the compulsory Federal inspection of poultry and poultry products. On July 9 the Assistant Secretary of Agriculture directed a communication to the Honorable JOSEPH W. MARTIN, indicating that the Department of Agriculture was in favor of either the Senate bill, S. 1747, or the House bill, H. R. 6814, and hoped for passage of one or the other of these bills.

The poultry industry has, in large part, supported legislation designed to promote compulsory inspection of poultry products, and while I am a regular reader of the Poultryman, the national newspaper of the poultry industry, I have yet to detect a note of antagonism with regard to poultry inspection as expressed by this newspaper.

Let us remind ourselves that the House passed this legislation only last week.

Mr. Speaker, the resolution before us will serve to permit a further processing of that endorsement and to iron out existing minor differences existing between Senate and House passed legislation relating to compulsory inspection of poultry. Good conscience dictates that the House approve this resolution.

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

Mr. WATTS. I yield to the gentleman from Maryland.

Mr. HYDE. Do I understand that the gentleman is now offering as a substitute for the Senate bill the House bill as it passed amended the other day?

Mr. WATTS. The gentleman is exactly right.

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

Mr. WATTS. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Is there any need for a conference? What will a conference do if this bill is the same as the other bill?

Mr. WATTS. My motion was to call up the Senate bill with an amendment. The amendment is the House bill that was passed last Tuesday. That version is a little different from the bill that was passed by the Senate. So, if the motion prevails we will now have under the heading of the Senate bill the version passed by the House, which includes the amendment offered by the gentleman himself last week.

Mr. HOFFMAN. Then, as I understand it, there is some slight difference between the Senate bill and the House bill?

Mr. WATTS. That is right.

Mr. HOFFMAN. That is the only reason it has to go to conference?

Mr. WATTS. Yes.

Mr. HOFFMAN. This bill confers upon the Department of Agriculture some duties which are now given to the Food and Drug Department or agency for the protection of our food, does it not?

Mr. WATTS. No; I do not think it does. The Pure Food and Drug Act usually gets in on the marketing end of the business. They will still have all of the authority they ever had. The only thing this bill does is to provide for inspection in the plant and leaves to the Pure Food and Drug Department the various avenues which they had before to look at the sale of poultry in the retail places, in hotels and places of that kind. It does not take away from the Pure Food and Drug Department anything that it is now doing. But it does confer upon the Department of Agriculture the authority to inspect in the plants. After the product leaves the plant it is up to the Pure Food and Drug Department to supervise the movement of it, and to see that it does not spoil on the way to market and that it is not put on the market in a spoiled or a bad condition.

Mr. HOFFMAN. Well, as I understand the Food and Drug Department, does it not have jurisdiction to prevent fraud and to see that we get wholesome food and unadulterated drugs?

Mr. WATTS. Well, certainly that comes within the purview of it.

Mr. HOFFMAN. Sure.

Mr. WATTS. But they have a limited number of inspectors.

Mr. HOFFMAN. And one purpose of this bill is to give the Department of Agriculture jurisdiction to see that we get pure food, unspoiled food.

Mr. WATTS. It gives the Department of Agriculture the right and the duty to furnish inspectors, but it does not destroy the rights of the Pure Food and Drug Administration.

Mr. HOFFMAN. I understand that. But, the bill does direct the Department of Agriculture, does it not, to see that we do not get diseased or unwholesome food, primarily poultry?

Mr. WATTS. That is right, sir.

Mr. HOFFMAN. But it does not provide for any inspection between the time the retail merchant gets the poultry and the time he sells it, does it?

Mr. WATTS. It does not provide for any inspection from the time it leaves the processing plant until it is sold to the consumer.

Mr. HOFFMAN. I thank the gentleman.

Mr. REECE of Tennessee. Mr. Speaker, my purpose in objecting to the unanimous-consent request to consider the Senate bill last week and then substitute the House bill as amended was in the hope of getting the bill back into one of the legislative committees of one or the other of the bodies in order that it might have further consideration.

Now, I take it there is no Member of this body who is against inspection. Certainly I am not. My only interest is getting a system of inspection that will be adequate, that will protect the public health and be in the public interest in every way and in such a manner as to be fair to the industry, to the poultry producers of the Nation, and to the consumers of the Nation.

Now, contrary to the impression that has been conveyed, there is no earthly doubt that this legislation as proposed will increase the price of poultry to the consumers from 2 to 3 cents a pound or depress the price to the growers by the same amount.

Now, I am for a compulsory inspection bill, but I think the Secretary of Agriculture ought to be given some discretion about how to administer and carry out and the circumstances under which the inspection ought to be made. The gentleman from Mississippi [Mr. ABERNETHY], introduced a bill. It was a bill strict in its provisions, equally as strict as the one the House had under consideration a few days ago. But, it did not vest certain discretionary authority with the Secretary of Agriculture. It was a bill that would protect the consuming public but at the same time it would not impose an undue hardship, in my opinion, upon the growers of poultry or upon the producers of poultry. That is what we are all after; and when the hearing was held in the previous Congress, the general impression among the industry was that that was the type of a bill that was going to be considered in this Congress. And consequently, since there was no objection to that type of legislation, there was no objection interposed at that time. But this is a very far-reaching bill.

Mr. Speaker, I do not intend to impose upon the House or unduly take the time of the House on this occasion. But I want to reemphasize what I said the other day. We are setting up a new bureau in the Department of Agriculture, one that will ultimately, in my opinion—and mark my words, you younger Members of the House who will be here to see it—grow into a bureaucracy of 10,000 to 15,000 people. That is the whole tendency of bureaus when they are once created and set up in the manner in which this one is being set up.

I am not complaining about the jurisdiction being transferred from the Pure Food and Drug Administration to the Department of Agriculture, but I do think it does give the Department of Agriculture jurisdiction over matters that now fall within the scope of the Pure Food and Drug Administration. I have confidence in both of these agencies, for that matter. But we need to be factual when we consider what should be done. It may be that the Department of Agriculture is a better place for it in view of the type of inspection that this particular bill imposes upon the industry. I am inclined to think it is a better place if we are going to have this particular type of inspection. But this bill is going to do two things. One, it is going to increase the price of poultry to the consumer 2 or 3 cents, or depress the price to the growers by the same amount. And it is not going to protect very greatly the consuming public over the method that is now being used by the Pure Food and Drug Administration and the Department of Agriculture.

These large poultry-producing operations have from 5,000 to 8,000 birds going over the assembly line per hour. How are you going to get a system of bird-by-bird inspection that will be effective? The consuming public is going to be under the impression that they inspect every bird and they will rely upon that inspection. There is no intention on the part of the sponsors of this legislation nor of the Department of Agriculture that there be that type of bird-by-bird inspection made, because it is utterly impossible to have such inspection made under our producing system in this country. So I think it does, in that manner, hold certain inherent dangers to the consuming public.

Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, why not take a look at what we are trying to do? No one contends that the public should not be protected, that it should not in some way be assured that it will get wholesome food. The average processor who has any business worth while sees to that himself in order to retain his market. If he does not comply with certain standards, he is just out of business. Admitting, of course, that there are certain individuals who will do almost anything to get a dollar, the consumer does need protection. Well, we have the Food and Drug Administration whose

duty it is, as was admitted by the gentleman speaking in behalf of this bill earlier today, the chairman of the subcommittee that handled the bill on the floor, we do have a Food and Drug Administration charged with the duty of protecting us from—shall I put it the way they did the other day—eating spoiled or unwholesome poultry. They have plenty of money and they have an adequate staff of experts. So why confer practically equal authority and impose similar duties upon the Agriculture Department?

We hear a great deal of talk of the need for economy. We heard the Russian the other day and we heard our own President tell us that if we did not economize we would go into a tailspin and the results would be disastrous. But here we are again today, as we are so often, enacting new legislation creating new employees to do something that an executive department is already charged with doing.

Will we get any better result? Beyond question you will add either a host of new employees or the Federal department will take over State inspection and put State and other men on the Federal payroll. In the end—let us look at it as it is—you have not protected the consumer.

Why do I say that? Because it was admitted earlier here in the debate that from the time the poultry leaves the processor there is no control, there is no inspection. The retailer buys it. Maybe he keeps it and preserves it so it is fit for food, and maybe he does not. But no attempt is made to give the consumer protection from the day the poultry comes from the processor—until the housewife buys it.

I am not contending for one moment that we should sacrifice any needed protection for our health and welfare just to save dollars. All I am trying to do is call attention to the fact that if it be necessary for the welfare of the average citizen, those who do not have enough now that we are caught in the high cost of living, if it be necessary to protect health to add inspectors, to spend additional dollars, all right. I am all for it. But when, day after day, we enact new unnecessary legislation calling for the additional expenditure of millions upon millions of dollars, I just cannot go along. Why endanger the future by duplicating a Federal service? I realize the hopelessness of opposing this bill, but the record will be kept clear for those who are against the unnecessary expenditure of tax dollars.

Mr. REECE of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. REECE of Tennessee. The gentleman from Michigan spoke about one very important point for consideration here, that is, the Food and Drug Administration now exercises certain responsibilities to see that the public gets wholesome food, whether it is chicken or something else. When the inspection of poultry is put under the Department of Agriculture and carriers the stamp that it is inspected by the Department of Agriculture, the whole tendency of the Food and Drug Administration, I fear, is going to be to withdraw completely from that field. It is admitted here that the Department of Agriculture itself is not going to follow on through to where the poultry is protected all the way to the consuming public.

Mr. HOFFMAN. An additional result of the bill will be to help the big processing plants pinch the little ones. The bill will tend to create a monopoly. It is unnecessary because it duplicates the service which the Food and Drug Department is now authorized and equipped to render. It should be defeated.

Mr. REECE of Tennessee. Mr. Speaker, I have no further requests for time.

Mr. WATTS. Mr. Speaker, I yield 3 minutes to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Speaker, I would like to point out one or two things. I have the utmost respect for anyone who disagrees with this legislation or any other piece of legislation that comes to the floor of the House. But, I would like to point out that this legislation does not create any new division in the Department of Agriculture. It will be administered within the Department and at the discretion of the Secretary by such division as he designates. There exists in the Department the Poultry Branch which is already carrying on this type of inspection on a voluntary basis. It has over 500 inspectors in the field in relation to the processing plants which are having that service, using the USDA stamp of inspection on their products. This force would be a part of the force necessary to carry out the responsibilities under this legislation. Now, I know that I would not be fair at all if I were to say that this is not going to cost some additional money. It will cost additional money and the Department estimates it will require about 1,100 inspectors. There are some who disagree with that figure. I can only give you the estimate of those who are in this work at the present time. The Department estimates that it would cost in the neighborhood of from $7 million to $10 million when it is fully implemented. Probably, it will cost that much and more. I think this legislation is important legislation. There are about 6 billion birds moving into the market. They are moving essentially as fresh meat. That kind of volume, in my opinion, needs uniform inspection at the processing plants for sanitation in the plant and for wholesomeness of the birds. That is what this legislation accomplishes. It does it at public expense just the same as is now being done in the livestock dressing plants under the red-meat inspection legislation. It will, in my opinion, not increase the cost of poultry by 10 percent, which is the figure that has been given here. The cost of inspection will be at public expense. I doubt very much if the demands made on the plants for improving their facilities to meet the inspection requirements would require any type of investment which would reflect a 10-percent increase in the cost of poultry. I do not think there is any question but what some plants would not meet the requirements as of this moment, but they would, of necessity, have to meet the improvement requirement and this legislation, I think, will not require any such capital expenditures as have been set forth, which would result in a uniform increase in the cost of poultry. In my opinion, the speed at which poultry can be inspected is in line with good practices within the industry at the present time.

Mr. WATTS. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, the question before us today is a very simple one involving the usual procedure when a bill is being considered under suspension of the rules. The bill, which is now before us, passed the House last week. When it came to final passage, the gentleman from Kentucky, as is usual when there is an identical or similar bill on the Speaker's desk, asked unanimous consent to take from the Speaker's desk the Senate bill, strike out all after the enacting clause and substitute the language of the House bill passed by the House in the exercise of its will after due consideration of the legislation. The gentleman from Tennessee [Mr. REECE] objected at that point. Of course, the gentleman had a perfect right to take that course of action under the rules of the House, but I must point out that we see such an exercise of that right very rarely, indeed. It is unusual to see that right exercised, as we know, and probably one out of 500 times or one out of a thousand times in similar cases is that right exercised by any Member. It was clear last week that the House overwhelmingly favors this legislation. At the present time, the Committee on Rules is very busy considering the granting of a rule in connection with important legislation. Of course, we could have gone to the Committee on Rules and asked for a rule to take this bill from the Speaker's desk and to consider it, but with the Committee on Rules faced with hearings on important rules in an effort to expedite the business of the House so that we can complete our business as quickly as possible in the event of a prolonged debate in the other body on the civil-rights bill, and further in view of the fact that the overwhelming will of the House has been expressed in favor of this legislation, it was decided to take this bill up under the rules providing for the consideration of bills under the suspension of the rules, which is the proper method in such a case. We are simply passing upon a question of legislative procedure, letting a bill that passed the House last week go to conference. A bill in this body was passed last week and it would be sent to a Senate committee and the Senate bill on the Speaker's desk sooner or later referred to a House committee, and start all over again in both branches. Everybody knows that is most unusual and that that very seldom happens. Every Member knows that that is not good parliamentary procedure. So that this suspension today is to carry out the will of the House and expedite action, from a legislative angle, and also letting us get rid of legislation on our side so that we can expedite the business on the part of the House in connection with possible 3-day recesses sometime in the not remote future.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

Mr. WATTS. Mr. Speaker, I yield 1 minute to the gentlewoman from Michigan [Mrs. GRIFFITHS].

Mrs. GRIFFITHS. Mr. Speaker, as Representative from Detroit, one of the largest poultry consuming markets in the country, I am very heartily in favor of this bill which will give protection to the consumers.

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

Mr. REECE of Tennessee. Mr. Speaker, I stated earlier that I had no further requests for time——

The SPEAKER. The gentleman may yield time if he desires.

Mr. REECE of Tennessee. With reference to the remarks of my very great and good friend from Massachusetts [Mr. McCORMACK], I do want to explain that in my opening remarks I explained why I made the objection the other day. I realized it was unusual. However, I think that under the circumstances, looking at it from my viewpoint, it was a justifiable procedure.

I am not an obstructionist. I have been a Member of this House for 34 years. There are only three Members sitting here today who were Members when I was elected to this body. Neither am I regarded as a crackpot, although I admit that a man who endures the hazards of Washington for more than a quarter of a century might be subject to such allegation with some justification in the minds of many people. I know the gentleman from Massachusetts, [Mr. McCORMACK] did not intend any reflection, but I think such an inference could have been drawn from his remarks.

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

Mr. REECE of Tennessee. I yield.

Mr. McCORMACK. In order for the record to be clear, I disavow any such intention. I particularly said the gentleman was exercising his right under the rules of the House, an unusual exercise. The gentleman himself admits it is an unusual exercise, and under no conditions would I impugn the motives of any gentleman in this House, particularly the gentleman from Tennessee.

Mr. REECE of Tennessee. Oh, I am sure the gentleman would not.

In demanding a second on this occasion it was not my purpose to unduly consume the time of the House, recognizing that it did have some very important business to transact today, in the minds of some people, and in the minds of other people not so much. But in any event I do not want to delay the procedure. I did want, more than anything else, to explain the basis of the procedure which I followed the other day.

I yield back the remainder of my time, Mr. Speaker.

The SPEAKER. The question is on suspending the rules and passing the bill as amended.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

AMENDING CIVIL DEFENSE ACT OF 1950, AS AMENDED

Mr. DURHAM. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 7576) to further amend the Federal Civil Defense Act of 1950, as amended, and for other purposes.

The Clerk read as follows:

Be it enacted, etc., That the Federal Civil Defense Act of 1950 (64 Stat. 1245; 50 U. S. C. App. 2251 and the following), as amended, is hereby further amended as follows:

SEC. 2. Section 2 of the act is amended by striking out said section and substituting the following therefor:

"It is the sense of the Congress that the defense of the United States, in this thermonuclear age, can best be accomplished by enacting into law the measures set forth in this act. It is the policy and intent of Congress to provide a system of civil defense for the protection of life and property in the United States from attack. It is further declared to be the policy and intent of the Congress that the responsibility for civil defense shall be vested jointly in the Federal Government and the several States and their political subdivisions. The Federal Government shall provide necessary direction, coordination, and guidance; shall be responsible for the operation of the Federal Civil Defense Administration as set forth in this act; and shall provide necessary assistance as herein authorized."

SEC. 3. Section 201 of the said act is amended as follows:

(a) Subsection (e) of the said section, as amended, is further amended as follows:

(1) Strike the word *"Provided"* where it first appears and insert in lieu thereof the words *"Provided further."*

(2) By inserting the following proviso after the words "and training aids as deemed necessary": *"Provided,* That the terms prescribed by the Administrator for the payment of travel expenses and per diem allowances authorized by this subsection shall include a provision that such payment shall not exceed one-half of the total cost of such expenses."

(3) Section 2 of the act of August 2, 1956 (70 Stat. 949), is repealed.

(b) Subsection (h) of the said section is amended by substituting a colon for the period at the end thereof and adding the following proviso: *"Provided further,* That the Administrator is authorized to procure and maintain under this subsection radiological instruments and detection devices, protective masks, and gas detection kits, and distribute the same by loan or grant to the States for civil defense purposes, under such terms and conditions as the Administrator shall prescribe."

(c) Subsection (i) of the said section is amended as follows:

(1) The first proviso of said subsection is amended by striking out the proviso and substituting the following therefor: *"Provided,* That no contributions shall be made for the procurement of land."

(2) The said subsection is further amended by striking out the eighth proviso and all the remainder of the said subsection except the words: *"Provided,* That the Administrator shall report not less often than quarterly to the Congress all contributions made pursuant to this subsection."

(3) The said subsection is further amended by striking out the period at the end thereof and inserting a colon and the following: *"Provided further,* That all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of any contribution of Federal funds made by the Administrator under the provisions of this section shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U. S. C. 276a–276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of 8 hours in any workday or 40 hours in the workweek, as the case may be. The Administrator shall make no contribution of Federal funds without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this proviso, the authority and functions set forth in Reorganization Plan No. 14 of 1950 (15 F. R. 3176, 64 Stat. 1267, 5 U. S. C. 133z–15), and section 2 of the act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U. S. C. 276 (c))."

SEC. 4. Title II of said act is amended by adding the following new section thereto:

"SEC. 205. To further assist in carrying out the purposes of this act, the Administrator is authorized to make financial contributions to the States (including interstate civil defense authorities established pursuant to section 201 (g) of this act) for necessary and essential State and local civil defense personnel and administrative expenses, on the basis of approved plans (which shall be consistent with the national plan for civil defense approved by the Administrator) for the civil defense of the States: *Provided,* That the financial contributions to the State for the purposes of this section shall not exceed one-half of the total cost of such necessary and essential State and local civil defense personnel and administrative expenses.

"(a) Plans submitted under this section shall

"(1) provide, pursuant to State law, that the plan shall be in effect in all political subdivisions of the State and be mandatory on them, and be administered or supervised by a single State agency;

"(2) provide that the State shall share the financial assistance with that provided by the Federal Government under this section from any source determined by it to be consistent with State law;

"(3) provide for the development of State and local civil defense operational plans, pursuant to standards approved by the Administrator;

"(4) provide for the employment of a full-time civil defense director by the State, and for such other methods of administration, including methods relating to the establishment and maintenance of personnel standards on the merit basis (except that the Administrator shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as the Administrator shall find to be necessary and proper for the operation of the plan;

"(5) provide that the State shall make such reports in such form and content as the Administrator may require;

"(6) make available to duly authorized representatives of the Administrator and the Comptroller General books, records, and papers necessary to conduct audits for the purposes of this section.

"(b) The Administrator shall establish such other terms and conditions as he may deem necessary and proper.

"(c) In carrying out the provisions of this section, the provisions of sections 201 (g) and 401 (h) of this Act shall apply.

"(d) For each fiscal year concerned, the Administrator shall allocate to each State, in accordance with his regulations and the total sum appropriated hereunder, amounts to be made available to the States for the purposes of this section. Regulations governing allocations to the States shall give due regard to (1) the criticality of the target

and support areas with respect to the development of the total civil defense readiness of the Nation, (2) the relative state of development of civil defense readiness of the State, (3) population, and (4) such other factors as the Administrator shall prescribe: *Provided*, That the Administrator may reallocate the excess of any allocation not utilized by a State in an approvable plan submitted hereunder: *Provided further*, That amounts paid to any State or political subdivision under this section shall be expended solely for the purposes set forth herein;

"(e) In the event a State fails to submit an approvable plan as required by this section within 60 days after the Administrator notifies the States of the allocations hereunder, the Administrator may reallocate such funds, or portions thereof, among the other States in such amounts as, in his judgment, will best assure the adequate development of the civil defense capability of the Nation.

"(f) The Administrator shall report annually to the Congress all contributions made pursuant to this section.

"(g) As used in this Act, the term 'State' shall include interstate civil defense authorities established under section 201 (g)."

SEC. 5. Section 401 of the act is amended by adding the following new subsection thereto:

"(h) when, after reasonable notice and opportunity for hearing to the State, or other person, he finds that there is a failure to expend funds in accordance with the regulations, terms, and conditions established under this act for approved civil defense plans, programs, or projects, notify such State or person that further payments will not be made to the State or person from appropriations under this act (or from funds otherwise available for the purposes of this act for any approved plan, program, or project with respect to which there is such failure to comply) until the Administrator is satisfied that there will no longer be any such failure. Until he is so satisfied, the Administrator shall either withhold the payment of any financial contribution to such State or person, or limit payments to those programs or projects with respect to which there is substantial compliance with the regulations, terms, and conditions governing plans, programs, or projects hereunder: *Provided*, That 'person' as used in this subsection, means the political subdivision of any State or combination or group thereof; or any interstate civil defense authority established pursuant to subsection 201 (g); or any person, corporation, association or other entity of any nature whatsoever, including but not limited to, instrumentalities of States and political subdivisions."

The SPEAKER. Is a second demanded?

Mr. COLE. Mr. Speaker, I demand a second.

The SPEAKER. Without objection a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from North Carolina is recognized for 20 minutes and the gentleman from New York will be recognized for 20 minutes.

Mr. DURHAM. Mr. Speaker, I yield myself 10 minutes.

The SPEAKER. The gentleman from North Carolina is recognized.

Mr. DURHAM. Mr. Speaker, it is rather historic that today we are considering an amendment to the 1950 Civil Defense Act for, as you know, Operation Alert is under way.

Mr. Speaker, the purpose of H. R. 7576 is to amend the Federal Civil Defense Act of 1950, to permit the orderly expansion of the civil-defense activity of the Federal Government in order to achieve a more effective total national defense program.

All national programs—foreign and domestic—as well as military and nonmilitary defense efforts, are substantial parts of a total effort toward survival of the Nation in the event of nuclear war.

The civil defense of this country is aimed at developing within all echelons of government, Federal, State, and local, a capacity for leadership by government—a capacity for swift action by government to meet the needs created by any emergency.

We must remember, then, that we cannot assume that civil defense is an exclusive road to survival. Rather, we must identify the contribution that logical preparedness in civil defense can make to the total defense effort.

H. R. 7576 is a committee bill. It was drafted in a subcommittee, following full hearings on two civil-defense legislative proposals. We combined the Civil Defense Administration's proposals and rewrote some of the language, which results in the bill before you today.

Now, probably the most controversial provision of the Civil Defense Act as currently written is the proposition that the civil defense of the Nation is primarily the responsibility of the States and their political subdivisions.

Many groups, committees and organizations, including the Commission on Intergovernmental Relations and the 1956 governors' conference, have thoroughly studied and explored the question of the appropriate division of responsibility for the Nation's civil defense. Some of the recommendations resulting from these studies urged that civil defense be made primarily a Federal responsibility.

The Federal Civil Defense Administration and the President believe that the Federal Government and the States and local subdivisions should have joint responsibility for civil defense.

The first part of this bill, therefore, amends the Federal Civil Defense Act by declaring that it is the policy and intent of the Congress that the responsibility for civil defense shall be vested jointly in the Federal Government and the several States and their political subdivisions. The Federal Government shall provide necessary direction, coordination, and maintenance, and shall be responsible for the operation of the Federal Civil Defense Administration.

Civil defense depends for its success in operation upon widespread citizen participation, and the committee believes that we must continue to avoid Federal preemption of all civil-defense programs. We believe that the balance has been struck by creating civil defense as a joint responsibility of the Federal Government and the States.

The balance of the bill provides those specific amendments to the Federal Civil Defense Act which would implement the concept of increased Federal responsibility. You will note that these amendments to the basic law involve primary authority for the Federal Government to furnish substantial assistance to the States and cities in order that they may be enabled to develop that degree of civil defense operational capability which the conditions of modern war require. Some of these modifications are designed to improve the ability of the Federal Government to provide a degree of assistance in areas where it has previously been found to be lacking, which would permit the development of more effective civil-defense organizations at the State and local levels.

The bill also provides authority for the purchase of radiological monitoring instruments and for their loan or grant to the States.

The Federal Civil Defense Administration, because of the grave danger imposed by the new dimensions of radioactive fallout, has been engaged in an effort to determine the most practical manner of providing for a nationwide system of predicting, monitoring, and reporting radioactive fallout. We must have some capability to detect the presence and to measure the intensity of radiation of fallout in all localities. The need for radiological defense is not restricted to target areas, but is required on a total nationwide basis. The best method which has been devised is to purchase detecting instruments for distribution throughout the United States so that civil-defense workers can be trained in their operation, maintenance, and repair. It would do little good to purchase substantial numbers of monitoring instruments only to store them in warehouses where they would be inaccessible in time of emergency and people would be unlearned in their use.

Under the provisions of the bill, these instruments will be purchased and distributed to the States under such terms and conditions as the Administrator prescribes. It is the conviction of the committee that this authorization in law is required to permit the effective implementation of a nationwide program of defense against the hazards of radioactive fallout.

One of the main provisions of the bill is to amend the Federal Civil Defense Act so as to authorize financial contributions to the States for necessary and essential State and local civil-defense personnel and administrative expenses. The basic law prevents any Federal contributions for this purpose.

Under the concept of responsibility for civil defense established in the Federal Civil Defense Act, no contributions to the States for personnel and administrative expenses were allowed, because it was felt that these expenses should be borne by the States and their local political subdivisions. However, it has now become apparent that the task of developing an adequate civil defense capability at local levels requires a staff of experienced, trained, full-time specialists, at least in the top echelons of each civil-defense organization. With all but a few exceptions, the States and their political subdivisions have felt it impossible to support and maintain, by themselves, such a civil-defense staff.

If we are to adopt the new concept of joint responsibility for civil defense, the only realistic solution to this problem is to eliminate the current restriction on furnishing such Federal assistance and to permit the Federal Government to

contribute for State and local civil defense administrative and personnel expenses on a not to exceed 50 percent basis.

The committee believes that through such Federal financial assistance the development of greater civil-defense operational capability at State and local levels will be permitted without resorting to extensive federalization of the civil-defense activity.

Another important provision of the bill is to authorize the Federal Civil Defense Administrator to defray the expenses of students from States and cities attending Federal Civil Defense Administration schools. At the present time the Administrator has such authority, but he is limited to an expenditure of $100,000 per annum on amounts authorized to be appropriated for this purpose. Experience shows that this limitation is unrealistic and that the Federal Civil Defense Administration cannot begin to train the necessary number of local civil-defense workers unless the limitation is removed. The bill, therefore, removes the limitation, but, again in keeping with the joint responsibility concept, provides that travel expenses and per diem allowances for FCDA students may be authorized on a 50–50 matching basis.

The committee believes that the continued expansion of the Federal program under which students are trained to return to the States and cities as instructors is essential to the development of civil-defense capabilities at the State and local level.

The Civil Defense's legislative proposals considered by the committee would have amended the Federal Civil Defense Act by allowing up to 100 percent contributions for the so-called capital expenditures. Under the law today the Federal Government is authorized to contribute 50 percent for such expenditures as the construction of a communication system or a Civil Defense Control Center. In the committee bill, however, we revised this language so as to maintain the traditional 50–50 contributions for these purposes. We recognize that it may be difficult in some instances for States and local communities to match Federal contributions. Still, if the concept for joint responsibility for civil defense is to be maintained, contributions for civil-defense purposes must be maintained on an equal basis.

Mr. Speaker, this bill will authorize appropriation requests which we understand will be made for approximately $18,850,000 for the next fiscal year. If appropriated, the majority of this money will be spent by providing contributions to the States to defray personnel and administrative expenses.

The original cost of the legislative proposals of the Federal Civil Defense Administration were in excess of $52 million. Consequently, by revising these proposals, the committee has effected a saving of more than $32 million. These savings are mainly brought about by the committee's striking language which would have authorized up to 100 percent Federal contributions for materials and facilities involving substantial expenditures.

I should also point out that the money necessary to implement this authorization bill is included in the President's budget, and this legislation was a part of the Federal Civil Defense Administration's legislative program for 1957.

I hardly need remind any Member of the need for a strong civil defense. Certainly in time of war or national emergency this organization would become one of the most important in our Government. But even if this Nation need never face the horrors of another war, the money we spend for civil defense is worth while. When parts of our country are ravaged by hurricane, flood and other natural disasters, it is the civil defense organization that immediately comes to the rescue. I know that my colleagues from the State of Louisiana, whose State was so unfortunate as to have received the brunt of the latest hurricane, can testify to the vital services performed by our civil defense organization following that disaster. Each year these operations are performed in other States of the Union. Whether it is for hurricane, flood, or earthquake, our first impulse is to look to the Federal Civil Defense Administration to render aid.

The bill now being considered, if enacted, will go far in giving the Federal Civil Defense Administration the necessary legislative authority and support to do a more efficient job in the future.

Mr. COLE. Mr. Speaker, I am sure that whatever I may say on the bill before us would be repetitious to a large extent of what has been said by the distinguished gentleman from North Carolina [Mr. DURHAM], chairman of the subcommittee which considered this bill. As he indicated, I think, the bill was reported unanimously by the Committee on Armed Services.

The original philosophy under which the Federal Civil Defense Act was enacted approximately 7 years ago was that essentially civil defense was a local responsibility, starting with the local community and working up then through counties into States and eventually for the Federal Government to have some share of that responsibility. The extent of the Federal obligation was fixed in the original act as being not more than 50 percent of the cost of capital expenditures to construct shelters and permanent structures in which to house the people in case of emergency. A few years ago the law was modified so as to permit Federal expenditures to defray the expenses of employees of State and local civil defense agencies to come to Washington, and later to the other place where the Civil Defense school is located for the purpose of training in civil defense procedures and practices. That expenditure of Federal funds was permitted in an amount not to exceed $100,000 in any one year.

At the beginning of this Congress, the Federal Civil Defense sent down a proposed revision of that act in these particulars: It would remove the ceiling of 50 percent of the Federal contribution for capital expenditures and permit the Civil Defense Director to determine the amount of the Federal contribution, which, of course, could not be greater than 100 percent. Another recommendation was that there be some Federal participation in the expense of defraying the cost of salaries of the employees of State agencies which, under the law as it is now, is borne entirely and exclusively by the local governments, including the State governments, with no Federal participation. And, there was the further request that the sum of $100,000 be eliminated and the entire cost of transportation of the student employees of State agencies to be schooled for training should be borne by the Federal Government.

After careful and full consideration and discussion, the subcommittee recommended a formula which was later adopted and approved by the full committee, which, in substance, is as follows: The original philosophy of the Federal contribution toward capital expenditures in civil defense was not to exceed 50 percent, and that is continued in the provisions of the present bill. With respect to expenditures of State agencies for salaries of their civil-defense workers, it was felt that since the entire Nation benefits in measurable degree from the services of these people, there is some degree of Federal obligation to pay for personnel expenses. So this bill does permit appropriations as a contribution to the pay of State employees up to 50 percent. So that now, if this bill is adopted, we will have the formula that the Federal obligation in civil defense with respect to State agencies is that the Government will pay up to one-half of their permanent capital expenditures, and will pay not to exceed one-half of the salaries of personnel and administrative expenses.

In addition to that, the committee has removed the $100,000 limitation for the expenses of training employees and permits Federal expenditures of up to one-half of those expenses. Heretofore the State agencies paid nothing for the transportation or per diem of employees who were coming to the Federal school for training. That cost was borne entirely by the Federal Government. Under this new formula the expense of training the people working for the State agencies will be borne approximately 50–50 by the State and the Federal Governments.

I think it should be emphasized that while we think of Federal civil defense as being a quasi-military wartime agency, one that would be called into operation only in case of a hostile military attack in open warfare, that is not actually the case. There have been frequent occasions since the Agency has been created when it has been called upon to render emergency assistance in case of local disasters. The most notable of these instances is the recent devastating hurricane with terrific loss of life and destruction of property down in Louisiana, where the civil-defense moved in and rendered very creditable assistance of immeasurable value. In view of the many instances where the Federal Civil Defense Administration has been called upon to render assistance in local disasters not at all related to defense

against enemy attack, I suggest it might be appropriate that the Congress give consideration to the change of name for this most worthy Government activity to one which would more accurately be descriptive of its purposes and function, such as, for instance, the Federal Emergency Disaster Administration.

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

Mr. DURHAM. Mr. Speaker, I yield 5 minutes to the Delegate from Hawaii [Mr. BURNS].

Mr. BURNS of Hawaii. Mr. Speaker, as the most outstanding and very able chairman of the subcommittee which developed this bill, the Honorable CARL T. DURHAM, has so well pointed up, this bill has four primary purposes: First, it vests responsibility for civil defense jointly in the Federal Government, the several States and their political subdivisions; second, it authorizes financial contributions to the States on a matching basis for necessary and essential local civil-defense personnel and administrative expenses; third, it authorizes the Federal Civil Defense Administration to provide matching funds for travel expenses and per diem allowances for local civil-defense personnel attending Federal Civil Defense Administration schools; fourth, it provides that the civil-defense agency may purchase and distribute monitoring instruments to local civil-defense agencies.

Recent disasters—notably the hurricane Audrey—demonstrated the value of civil defense. Natural disasters, such as hurricanes, floods, earthquakes, tidal waves, or lava flows, have inherently the basic features of a large man-made disaster, such as disasters created by an A-bomb or H-bomb or an ICBM.

It has been my privilege to have served as civil-defense administrator for the city and county of Honolulu for 4 years recently. In 1941, my work was as a civilian in a specialized field involved with the problems posed by the Pearl Harbor attack of December 7th—a day no American should ever forget.

I digress to point out that it is a great honor and privilege to serve on the subcommittee chaired by the distinguished gentleman from North Carolina, the Honorable CARL DURHAM, whose grasp of the problem and whose understanding of the problems disasters pose is astounding. The subcommittee membership demonstrated a very clear and concise knowledge of civil defense, its needs, and the steps which must be taken to make it efficient and effective. This was also true of the Armed Services Committee where Mr. Military himself, the dedicated and most capable CARL VINSON, is chairman. I commend their wisdom, their interest, and their understanding.

The present civil-defense law—the Federal Civil Defense Act of 1950—has been in effect for 6 years. The Administration set up under the act has made great forward strides. It has been tried and tested by great natural disasters. The policy and intent of Congress in the basic law provided that responsibility for civil defense be vested in State and local governments. H. R. 7576, in providing that responsibility shall vest jointly in the Federal Government and the States and their political subdivisions, accomplishes a change which has the support of all local civil-defense directors. It is a change which they have recommended. It is a change that is necessary if the civil-defense agency is to meet the problems that must be met.

The establishment of a basic force—a cadre—which can be augmented in time of need, which can swing into action immediately and which is staffed by trained, competent leadership, is a fundamental necessity. While the changes in the basic law accomplished by H. R. 7576 do not make a perfect law, nor do they accomplish all that might be accomplished, they go a long way toward a civil-defense agency which can meet the problems posed by disasters, whether natural or man-made. H. R. 7576 is a progressive step forward that is most necessary to further progress. It is a great improvement.

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

Mr. BURNS. I am very happy to yield to my very distinguished chairman.

Mr. DURHAM. The gentleman from Hawaii is probably the only man in this House who is speaking from actual experience, having had that experience after the attack on Hawaii, the only part of the United States or the American Continent which has actually been attacked since the War of 1812. I want to compliment the gentleman on the fine job he did in helping the committee formulate this legislation.

Mr. BURNS. I thank the distinguished gentleman from North Carolina for his compliments, and say it is a great privilege to serve on the Committee on Armed Services with such outstanding leaders as the gentleman from Georgia [Mr. VINSON] and the gentleman from North Carolina [Mr. DURHAM].

Mr. COLE. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, the question occurs to me, and I should like to ask the chairman of the subcommittee or the chairman of the committee: What is it that the States are not doing now that requires this increase in funds? Why this legislation? It seems to me it must be predicated upon some failure of the States, and I should like to know what that failure is.

Mr. DURHAM. I would say in the first place that the States simply have not come across as we thought they would come across in participating in this program. Be it good or bad, we have to be realistic. We are faced with a situation. This does cost the Federal Government more money than we have been spending in participating in the program. However, the government of every State sent representatives here and agreed on the legislation. The subcommittee took that legislation and brought it down from $52 million to $18 million in cost. We feel that we have done an excellent job.

There are many facets to this problem that I do not think anyone can explain as to why it has not functioned as well as we thought it would. I handled the basic act in 1950 and I have handled all the amendments since then. I do not think we can stand here today and say that we ought not to do anything in regard to civil defense. If we did, I think we would be foolish. I do not have the solution to all the problems involved. Many people have different ideas about it. We are bringing you legislation here today that provides for 50–50 across the board. There is no use for us to spend $75 million and have that much in the stockpile, which we have already spent, if we cannot distribute it, as we found out we could not in the Louisiana disaster.

Mr. GROSS. Does the gentleman think that by increasing this appropriation to the States by 50 percent it will accomplish the results he may think it will?

Mr. DURHAM. I hope it will. Beyond that I will not go.

Mr. GROSS. The necessity of this legislation arises as a result of the failure of the States and the failure of the States is predicated upon the fact that they have had to spend their own money in the past, is that the story?

Mr. DURHAM. The best information that the subcommittee can get from the people in the Civil Defense Administration, people who have studied it and worked with it, is that they can do a better job with this legislation. They have told us that they would like to have this authority regardless of whether they get a cent of the appropriation this year, and I do not know whether they will or not.

Mr. GROSS. May I ask the gentleman one other question. The formula determining the contribution on the part of the States is left entirely to the States. In other words, the rural areas will contribute as much as the heavily populated areas of a State; is that correct?

Mr. DURHAM. In the event of any attack in a thermonuclear war, the country people will be affected just as much as the people in the city.

Mr. GROSS. Of course, that proposition could be questioned.

The SPEAKER. The time of the gentleman has expired.

Mr. DURHAM. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, in the first place I want to say I am not opposing this bill. I wish it were a much stronger bill. The bill, H. R. 7576, comes to the floor of this House for a vote in the midst of a nationwide civil defense exercise known as Operation Alert 1957. And, just a few days ago, the Atomic Energy Commission and the Department of Defense released a study, The Effects of Nuclear Weapons, which gives scientific chapter and verse on the enormous destructive power of our hydrogen weapons.

I suggest that if the Members really want to find out about these weapons and what they can do to our cities and to our transportation and industrial centers—that they get a copy of that book. They would be astounded.

I wish I could say, Mr. Speaker, that this bill is nicely timed and appropriate for consideration, that we have here an important legislative measure for the

protection of the people of the United States. I wish I could say that the Executive and the Congress are, by this bill, accepting their constitutional responsibilities to provide for the common defense—which includes civil defense, the means of national survival in the nuclear age.

I cannot say these things in good faith, Mr. Speaker, because H. R. 7576 is not a civil defense bill in the meaningful sense of the term: It is nothing but a patchwork of minor amendments to the Federal Civil Defense Act of 1950—a law that everyone agrees is outmoded and obsolete.

I do not mean to cast any reflection on the hardworking committee, or the respected chairman of the subcommittee, the gentleman from North Carolina [Mr. DURHAM], that reported out the bill. I am sure the committee is well aware of this bill's limitations, as I am, because many of them are on the Atomic Energy Commission and know about these weapons as much as I know about them, certainly.

H. R. 7576 is the committee substitute for the administration's response to a widespread demand from informed organizations and individuals that the Federal Government face up to its responsibility in the civil defense field. How feeble is that response. It answers nothing. It dodges responsibility. The bill will cost the taxpayers money, but it will not tell how to get protection from the deadly blast and fire and radioactive poison from atomic and hydrogen bombs. I hold in my hand an article from this morning's Washington Post. It says:

MOCK A-ATTACK LEAVES 54 MILLION CASUALTIES

(By Alvin Spivak)

NEWS POINT, OPERATION ALERT, July 14.—Officials indicated today at least 54,500,000 persons would have been killed or trapped in 155 American cities theoretically blasted in atomic- and hydrogen-bomb attacks Friday.

Operation Alert headquarters issued a final tabulation of assumed bomb strikes by 166 nuclear weapons ranging in force from 10,000 to 20 million tons of TNT.

This revised earlier estimates of 175 such bombs hypothetically exploding in 162 areas. Federal Civil Defense headquarters said "final checking eliminated a number of duplications." Idaho was the only State "theoretically untouched."

TRANSPORT "CRIPPLED"

Officials said the Nation's transportation system was considered "seriously crippled" 48 hours after the mock attacks.

Theoretical loss of major ports "severely" hit water transportation, but railways were assumed able to "roll to at least some extent" and "enough aircraft are still operable to provide some degree of national airlift service."

Highway transportation was described as theoretically "spotty" with fuel a major problem.

Operation Alert headquarters announced that simulated aid was being sped to "more than 41 mililon persons, approximately 23 percent of the Nation's population," assumed to have been evacuated from 70 target areas of radioactive fallout zones.

No mention was made of the presumed fate of the remainder of the 95,500,000 persons residing in areas hit by make-believe nuclear weapons with a total force of almost 452 million tons of TNT.

The evacuation figures and reports of survivors in fallout zones, "little-by-little" emerging from cover, were issued while Federal agencies geared for "post attack" practice in clamping a rigid war-type regimen on the Nation.

President Eisenhower will pay an inspection visit Monday to secret "relocation" headquarters of mobilization officials who are directing the civil defense exercises.

Until Friday, when Operation Alert will end, they will issue simulated directives on priorities and manpower, price and wage controls, and curbs on other domestic activities vital in springing back from a nuclear attack.

This phase, theoretically starting 15 days after the mock assault, was preceded over the weekend by test issuance of preliminary directives. One example was designation of a "superpriority" to essential services and industries.

Mr. MASON. Mr. Speaker, will the gentleman yield for a question?

Mr. HOLIFIELD. I yield.

Mr. MASON. This is a step in the right direction; is it not?

Mr. HOLIFIELD. I think this bill should be passed.

Mr. MASON. But it is not as long a step in the right direction as you would like; is that correct?

Mr. HOLIFIELD. That is correct. As I said when I started to speak, I am not speaking against this bill.

I believe that 2 or 3 small amendments are desirable, but I certainly think they do not go far enough. The Federal Government is not facing up to its responsibilities in the civil defense field. It will not tell how to get protection from the deadly blast and fire and radioactive poison of atomic and hydrogen bombs.

The civil defense bureaucrats of the Federal Government live in a shadow world of unreality. They play games with imaginary corpses, stacked high as the mountains. They make map pictures of destroyed cities and feed casualty figures into fancy computing machines. All the rivers in America could not contain the blood of the wounded and dying if what the bureaucrats forecast in their nightmare games ever came to pass, as indicated in this morning's paper. There is nothing unreal about the nuclear threat. The millions of casualties would not be a pipedream if the Kremlin masterminds ever decided to stake their future on a surprise knockout blow against the United States.

The SPEAKER. The time of the gentleman from California has expired.

Mr. COLE. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. HOLIFIELD. I thank the gentleman.

The wasteland of desolation and death brought about by nuclear assault is not unreal. What is unreal, what is so fantastic and frightening is the nature of the response to the danger we are facing. We in the Congress are the ones who are responsible for the lives of people against nuclear attack, whether it be in a military way or in a civilian way.

Operation Alert 1957 is our yearly exercise in futility. When the whistles blow the people listen, if they are in hearing range, and shrug their shoulders in indifference or pass the whole thing off as a nuisance. A few Government buildings empty their human contents in evacuation exercises. The President takes off in his new helicopter to another site, and then goes to his home in Gettysburg for the weekend. Lesser lights in the executive branch draft directives and regulations for new agencies and remove to their emergency stations to implement the directives and regulations. The bureaucrats are in their element. They have created new empires on paper and they rule their imaginary empires from campus sites and barracks a few hundred miles away from the Nation's Capital.

The people are indifferent because they have no place to go, nor have they been given a realistic program to follow. The people are simply casualty figures in the civil-defense exercises. They are the potential mountain of corpses in the bombs' fall. Are there no real answers to the threat of nuclear attack? Are there no means of affording protection to life and property and of preserving the national base of existence?

All of the members of the Subcommittee on Military Operations feel that there are answers which could be given to some of these problems. Seven volumes of hearings on the committee desk represents 2 years of work on the part of that subcommittee and we are still working on it. We are still holding hearings. We are still studying this problem, because it is one of the most important problems in America.

Any predictions of the Civil Defense Agency itself as to what would happen, if these figures mean anything, if they are real, then this Congress and the executive branch should really study this problem and try to do something about it. It is almost unbelievable when we think of the facts, and yet we sit here and do nothing about it.

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

Mr. HOLIFIELD. I yield.

Mr. GROSS. One of the most wasteful things I have seen are these signs along the highways, which read that "if an attack comes this road may be taken over for the purpose of evacuation." You do not need a sign on the highway to say that the highway will be taken over when we probably know that every paved side road on which those signs do not appear will be taken over also in the event of emergency and if they are essential to the defense of Washington or any other city. I think it is one of the silliest ways to waste money that I have seen.

Mr. HOLIFIELD. Time will not permit me to go into detail in this thing as I wish to, but I shall insert additional remarks for the benefit of those who are interested. I wish that today we had before us a real strong civil-defense bill. We are spending $35 billion or $40 billion a year for a military organization that cannot defend the United States against enemy attack. They admit they cannot protect the United States against the aggressor's atomic and hydrogen weapons, yet in the face of that we do so little to save the people.

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

Mr. HOLIFIELD. I yield.

Mr. DURHAM. I want to compliment the gentleman from California for the work he has done on this problem because he has probably done more work than any other Member of this body or anybody connected with civil defense. He is not only a very knowledgeable student of affairs, but he has also done an excellent job, in my opinion, in calling to the attention of the country the seriousness of the whole problem.

Mr. HOLIFIELD. I thank the gentleman from North Carolina and also thank the gentleman from New York [Mr. COLE] for the time he yielded me.

Are there no real answers to the threat of nuclear attack? Are there no means of affording protection to life and property and of preserving the national base of existence?

Several years ago a Congressional committee went out in search of these answers. Under my direction the Military Operations Subcommittee of the House Committee on Government Operations held hearings in major cities of the United States and here in the Nation's Capital. We sought advice from scientists and engineers. We conferred with military authorities in closed and open session. We obtained the views of the Joint Chiefs of Staff. We consulted with State and local civil-defense officials and with representatives of national organizations concerned about civil defense.

The record of this investigation by the Military Operations Subcommittee I have here beside me in these seven volumes—the most comprehensive investigation of civil defense ever undertaken by a Congressional committee.

On the basis of this broad and searching inquiry we prepared a report—House Report No. 2946, 84th Congress, 2d session—which was presented to the Congress in July 1956. In that report we called for a new legislative charter for civil defense—a complete redrafting of the Federal Civil Defense Act of 1950. We proposed to transform the Federal Civil Defense Administration into a regular Cabinet department of the Federal Government and to charge it with new responsibilities and a clear mandate for building a strong and effective civil defense in the United States.

The heart of this new civil-defense program would be a nationwide system of group shelters. We were convinced from testimony of experts in the Naval Radiological Defense Laboratory and of other scientists and engineers that a nationwide shelter system is feasible and practicable and, indeed, is the indispensable means of survival against nuclear attack.

In accord with the recommendations in our civil-defense report we drafted new civil-defense legislation and held hearings on this proposed legislation in February and March 1957. The record of these hearings is printed in this volume which I hold before you.

The new civil-defense bill, H. R. 2125, was endorsed by every member of the Military Operations Subcommittee. They have introduced identical bills, and several other Members of Congress likewise are sponsoring the legislation.

Testimony received at the hearings on the proposed new civil-defense legislation reflects widespread approval of H. R. 2125 by organizations and individuals interested in civil defense.

Among those endorsing the bill or its basic objectives were representatives of the American Bar Association, the American Hospital Association, the American Legion, the American Medical Association, the American Municipal Association, the AFL–CIO, the Civil Defense Research Associates, the National Association of State and Territorial Civil Defense Directors, the United States Civil Defense Council, and the United States Conference of Mayors.

Although a number of these witnesses suggested changes in or had reservations regarding some provisions of the bill, all of them endorsed the bill in principle.

Hans A. Klagsbrunn, chairman of the American Bar Association's special committee on the impact of atomic attack, after presenting a policy statement for his group, stated:

> As you can see, the objectives that we sought to state, and the objectives contained in your legislation are very parallel; indeed they are similar on all major points.
>
> Naturally, therefore we believe that you have a good bill.

Kenneth Williamson, director of the American Hospital Association, submitted a statement on civil defense with an accompanying letter to the subcommittee chairman which said:

> We would particularly like to express our appreciation for this forward-looking piece of legislation, of which you are the sponsor, and anticipate the improved developments which could follow its passage.

Neil R. Allen, chairman of the civil defense committee, the American Legion, submitted a statement, amplified in oral testimony of James R. Wilson, Jr., director of the Legion's national security commission, and Judge Bruce Henderson of the Legion's civil defense committee, which included these words:

> We congratulate members of the Holifield committee who last year conducted such a thorough investigation of our civil-defense organization and operations and whose report serves as a basis for the bill that is before us now. We have studied the proposed bill carefully and strongly endorse its passage.

Dr. Harold C. Lueth, chairman of the committee on civil defense, council on national defense, American Medical Association, testified:

> Mr. Chairman, there is no question but what this bill, H. R. 2125, very definitely gives positive Federal leadership and strengthens the civil-defense effort, with the few modifications we suggested.

Mayor Frank P. Zeidler, of Milwaukee, speaking for the American Municipal Association, stated:

> I desire to strongly support H. R. 2125 and identical bills. The bill, in my opinion, is excellently drawn and ought not to be weakened in any way. The bill's proposals embody the position of the American Municipal Association in its stand on civil defense adopted at the congress of the association in St. Louis on November 28, 1956. I desire to enter into the record here the official policy of the association on civil defense.

Andrew J. Biemiller, representing the AFL–CIO, stated:

> Clearly the Federal Government must become more directly involved in the civil-defense process. This is exactly the direction in which H. R. 2125 is oriented. We therefore want to make clear our support of the changes which would affirm the Federal Government's broader responsibility for the Nation's civil defense program.

S. A. Anthony, speaking for the Civil Defense Research Associates, stated:

> It is extremely important that new and stronger legislation such as you propose be enacted at once. * * *

Col. Arthur M. Sheets, president of the National Association of State and Territorial Civil Defense Directors, and director of the Oregon State Civil Defense Agency, stated:

> The bill is comprehensive, sound, a long-needed advancement in civil-defense legislation, and a credit to your committee.

Col. Richard F. Lynch, president of the United States Civil Defense Council, and director of civil defense for Los Angeles, stated:

> The United States Civil Defense Council fully supports Congressional bill H. R. 2125, which will place the basic responsibility for civil defense in the Federal Government where it properly belongs, and will create a new Department of Civil Defense which will give stature, authority, and recognition to the fourth arm of our national-defense program.

Mayor Thomas D'Alesandro, Jr., of Baltimore, chairman of the standing committeee on legislation of the United States Conference of Mayors, stated:

> At the outset, I want to go on record in support of bill H. R. 2125 and all similar bills. Legislation of this character is badly needed to make our civil defense effort effective and to overcome widespread public apathy and indifference that presently exists.

The Military Operations Subcommittee now is engaged in studying proposed amendments to H. R. 2125. These are perfecting amendments of detail, not of substance. The substance of the bill meets with widespread approval.

A status report on the new civil-defense legislation has been approved by the Military Operations Subcommittee and will shortly be submitted to the full Committee on Government Operations.

In that status report we will review the major developments and problems in civil defense subsequent to the 1956 hearings. We will compare H. R. 2125 with the administration proposals. We will show that the prevailing official policy of evacuation is a costly and unworkable concept.

The Federal Civil Defense Administration is 6 or 7 years behind the times—if not more. Many persons believe that the Federal Civil Defense Act of 1950 was outdated from the start. Atomic weapon technology was almost a decade old when the civil defense law was enacted. Now this technology is more than 15 years old. The power of mass destruction has been multiplied by a factor of thousands. The atomic bombs of Hiroshima days are peanuts compared to the multimegation Hydrogen weapons of today. And yet the administration

offers nothing but a few patchwork amendments to the 1950 law.

Where is the followup to President Eisenhower's admonition in July 1956 that the Civil Defense Act should be streamlined and modernized? Where are the deeds to follow the words? The pending bill, H. R. 7576 is only a weak gesture toward civil defense.

I have no quarrel with the provisions of H. R. 7576 if they are recognized and accepted for what they are—minor amendments to an inadequate law. In the proper context of a strong and positive civil defense bill, such as H. R. 2125 sponsored by my subcommittee, these minor provisions would fall into place. There is nothing seriously wrong about H. R. 7576 so long as we do not pretend that H. R. 7576 will do the civil defense job.

Let us look briefly at the provisions of H. R. 7576.

First of all, it would purport to change Congressional policy to make civil defense a joint Federal-State responsibility instead of a primary State-local responsibility. This is just a play on words. The responsibility now is divided up in such a way that it cannot be pinned down. The bill does not change that. And what good is a Congressional policy declaration if the other provisions of the bill do not provide the tools to carry out the policy?

As proposed by the administration in H. R. 4910 and H. R. 4911, the major differences between existing and new civil-defense legislation would be, first, a revision of the formula for Federal matching grants; and second, authorization of Federal grants to the States for payment of salaries and administrative expenses of State and local civil-defense personnel. The bills also contained authorization for Federal distribution of radiological monitoring devices and would remove the current ceiling of $100,000 for the payment of travel and other expenses of trainees at FCDA training schools.

The committee substitute—H. R. 7576—for the administration bills retains the existing 50–50 basis of matching grants. It rejects the administration proposal for a sliding scale up to 100 percent for Federal contributions. It authorizes, as requested, Federal grants for State and local personnel and administrative expenses. It also authorizes the distribution of monitoring devices and removes the $100,000 limitation on grants for trainee expenses. It adds, however, a requirement that Federal grants for trainee expenses shall not exceed 50 percent of the total of such expenses.

It appears to me that the administration is clearly hoist by its own petard. In testimony before the Military Operations Subcommittee, administration witnesses have consistently refused to endorse a policy of direct Federal responsibility for major segments of national civil defense. They have insisted on writing into any new legislation the word "joint" as describing the responsibilities of the Federal and State governments in civil defense. While no one was able to explain the full meaning of this term of our subcommittee, the Armed Services Committee has taken the administration at its word and applied this policy as a requirement that the States match Federal contributions across the board on a 50–50 basis.

I am at a loss to understand why the administration included in a single legislative request both the proposal for joint Federal-State responsibility and the proposal for a sliding scale for Federal contributions, specifically stating that in some cases involving substantial expenditures the Federal share would have to exceed 90 percent.

I submit, Mr. Speaker, that the administration is confusing its desire for maximum State and local participation in civil defense with the fact that the States and localities are not physically capable of doing the full job, or in some instances even 50 percent of the essential tasks.

The main contribution of the pending bill, as I see it, is that State and local civil-defense organizations will be able to get Federal matching funds for personnel and administration and additional equipment such as uniforms.

But what good are more paid workers with bright new uniforms if they do not have a national plan of civil defense to guide their local activities?

To this day—more than 15 years after the atomic bomb was developed—there is no national plan of civil defense. There are only reams of pamphlets and manuals and directives and whatnot which are issued by the national agency in Battle Creek and which only add to the local confusion and the public irritation.

The President just appointed a new Administrator of Civil Defense, a man who served one term as governor of a Middle Western State, replacing another ex-governor of a Middle Western State in the civil defense post. I wonder how much thought the new Administrator has given to his job. I wonder what he plans to do. Will he give us more of the same nonsense that the FCDA has been purveying for years?

The FCDA came to the Congress this year with a budget request for $130 million. The Congress cut that budget to $39 million. I cannot say that Congress did the wrong thing. Why should it appropriate funds for an agency which doesn't know what to do with them except hire more people and buy more equipment? Whatever the FCDA proposes to buy, it is not buying protection for the people of the United States.

The fact of the matter is that the Congress has no confidence in the FCDA. The Congress has never been presented with a national program of civil defense that makes sense.

Several years ago the FCDA beguiled the Congress into appropriating funds for "survival studies". Nice-sounding name, "survival studies". Everyone wants to survive. Some 38 study projects are spending Federal funds throughout the United States, with project directors and project coordinators and other administrative personnel, looking for the means of survival.

I wonder what they expect to find? After the directors and coordinators are paid their salaries, and the facts and figures of the researchers are entered into thick volumes, what will we have learned about survival? How far along will we be in creating the instruments of survival?

I am convinced, Mr. Speaker, that if the FCDA and the administration had made full use of the information already available and had faced up to the civil-defense requirements confronting our Nation, those millions of dollars poured down the drain in so-called survival studies could have been used to start building a realistic shelter system for our people.

At the outset of my remarks, I mentioned that for the civil-defense exercise now in progress key personnel in the executive branch were rushed off to relocation sites to escape the impact of the assured enemy attack. I believe it is proper and, indeed vital, that such steps be taken. We must, at all cost, prevent the collapse of our governmental structure in the event of an enemy attack.

But let me pose this question: Is it more important to save our Government than to save our people?

In effect, the high officials of our Government are saving themselves and abandoning the people.

Millions, and possibly billions, of dollars are being spent to provide safe relocation sites and suitable transportation for high executive officials, but precious little is being done to save our people. The people do not have helicopters standing by to take them away from the utter devastation, destruction, and death awaiting in the path of the aggressor. Nor can they hope to escape by evacuating to nonexistent shelter-reception areas.

My feeling is that the people ought not to be left without at least a fighting chance for survival. If we cannot provide for absolutely safe relocation sites for our people, the least we can do is give them shelters which will enable the vast majority to survive the weapons effects and then set about to decontaminate and reclaim what is left of our communities.

This task, Mr. Speaker, can be accomplished only through strong Federal leadership dedicated to the vigorous prosecution of a realistic national plan of civil defense.

I hope the House does not fall into the trap of assuming that by increasing Federal assistance to the States and localities, we can avoid the responsibility of creating a national program which is indispensable if we are to insure our survival.

Mr. COLE. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. CUNNINGHAM].

Mr. CUNNINGHAM of Iowa. Mr. Speaker, I wish to pay tribute to the chairman of the subcommittee, the gentleman from North Carolina [Mr. DURHAM], for the wonderful work he has done on this bill. I have considered it a great privilege to serve with him for many years on this subcommittee, and I know of the hard, conscientious work he has done.

It was brought out to my satisfaction pretty thoroughly in the hearings that there is no absolute when it comes to

the security of our country. If every man, woman, and child in the United States would dedicate his entire time to our security in the event of a nuclear war there could be no certainty but what in the event such a war did come that many millions of our people would lose their lives. Many of our cities would be destroyed no matter what we did or how hard we worked. That does not mean, however, that we shoud stop and do nothing, and I am somewhat apprehensive about the feeling that has spread over the country among our people that no matter how much we spend or what we do we cannot effectively protect ourselves. So frequently they ask the question: What can you do about it? If we are going to be obliterated why spend any money on it, why make any effort?

Now we come to the importance of this bill. I think when the people are advised and educated to the danger they will be alerted to the importance of this legislation and see the necessity of having a centralized, coordinated effort to bring the 48 States together in a plan. What is proposed in this bill will aid them, guide them, and assist them, and as a result we will profit greatly as a Nation.

I was impressed, also, as was the gentleman from California, by the article in this morning's Post. I happened to read it. I noted the hypothetical figures, the millions of lives that were lost, but I think if we did not have this defense program probably the casualties would have been 10 million greater. If we continue this program of education, when we have another alert, a year, or 2 or 3 years from now, it may be down to 50 million, or even down to 40 million.

So I can see no reason against taking this step for by taking it we will gain experience in the right direction and come as near perfection in defense as possible.

I would now like to answer the question the gentleman from Iowa [Mr. GROSS] propounded a few minutes ago as to whether or not the States were doing their part. Since we are both from the great State of Iowa, I recall a visit we made a year or so ago under the leadership of the chairman of the Armed Services Committee to Olney, Md., where the headquarters of the civil defense effort for the United States was located. I recall spending a day or a portion of a day assessing the results and the character of the aid given in time of emergency or time of attack. I was pleased to note at that time that there were several volunteers from the law enforcement agencies of our own State participating in these demonstrations. They in turn would go back home to the police departments and the fire departments that they came from and teach the people at home what they learned here, to the end that we would have a better defense for our people in the event of an attack. To me that is coordination, that was helpful and that is the justification for this bill.

This is better than the one we had in 1950 and a few years from now we will be able within reason to again enlarge it for the security of our country.

As a result of that trip out to Olney, Md., ever since whenever I travel through the particular States or in any of our cities, I watch for one thing in particular, and that is the signs to designate where shelters are in the event of an attack in the towns or cities. And I am astounded to find the difference between States and cities. In some cities and in some States apparently the signs are up and information is available. They are well prepared with information advising the people to get to the shelters, and what to do in the event of an attack. In other States and cities there is apparently nothing at all; at least, nothing is being done that is evidenced to the eye or to the people going through that they would need to know in the event of an attack.

All in all, Mr. Speaker, I wish to commend the members of the committee, including our chairman and the ranking minority member, the gentleman from New York [Mr. COLE] for the work they have done and to say that this is a much needed piece of legislation. It is, as the gentleman from Illinois [Mr. MASON] said, although not perfect, a step in the right direction.

The SPEAKER. The question is on the motion of the gentleman from North Carolina [Mr. DURHAM] that the rules be suspended and the bill be passed.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

APPLICATION OF FAIR LABOR STANDARDS ACT IN CERTAIN OVERSEAS AREAS

Mr. KELLEY of Pennsylvania. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 7458) to amend the Fair Labor Standards Act of 1938, as amended, to restrict its application in certain overseas areas, and for other purposes.

The Clerk read as follows:

Be it enacted, etc., That the Fair Labor Standards Act of 1938, as amended, is further amended as follows:

(1) Section 6 of such act is amended by striking out the period at the end of paragraph (3) in subsection (a), and inserting in lieu thereof a semicolon and the following new paragraph:

"(4) if such employee is employed in the Canal Zone, not less than the applicable rate established by the Secretary of Labor as herein provided. The provisions of paragraph (1) of this subsection shall not apply to any such employee but the Secretary of Labor shall from time to time determine and promulgate, following a public hearing on the matter, the minimum wage rates which he shall find appropriate for such geographical area or particular work therein in conformity with the policy of this act as expressed in subsections (a) and (b) of section 2. In making such a determination, the Secretary shall take into account the level of the economy of the area and its capacity to sustain the rate without causing substantial curtailment of employment, substantial hardship to business enterprise, substantial detriment to the public interest of the United States, or other disruptive effects; he shall also take into account the reasonable relationship of such rate to wage rates paid in neighboring economies on which such area draws substantially for its labor supply; and he shall also take into account the wages paid to civil service employees performing similar work. The minimum wage rate thus established by the Secretary shall not exceed the rate prescribed in paragraph (1) of this subsection."

(2) Section 13 of such act is amended by adding at the end thereof the following new subsections (f) and (g):

"(f) With respect to employees for whom the Secretary of Labor is authorized to establish minimum wage rates as provided in section 6 (a) (4), the Secretary may make rules and regulations providing reasonable limitations and allowing reasonable variations, tolerances, and exemptions to and from any or all of the provisions of section 7 if he shall find, after a public hearing on the matter, and taking into account the factors set forth in section 6 (a) (4), that economic conditions warrant such action.

"(g) The provisions of sections 6, 7, 11, and 12 shall not apply with respect to any employee whose services during the workweek are performed in a workplace within a foreign country or within territory under the jurisdiction of the United States other than the following: a State of the United States; the District of Columbia; Alaska; Hawaii; Puerto Rico; the Virgin Islands; outer Continental Shelf lands defined in the Outer Continental Shelf Lands Act (ch. 345, 67 Stat. 462); American Samoa; Guam; Wake Island; and the Canal Zone."

(3) Section 16 (d) of such act is amended to read as follows:

"(d) In any action or proceeding commenced prior to, on, or after the date of enactment of this subsection, no employer shall be subject to any liability or punishment under this act or the Portal-to-Portal Act of 1947 on account of his failure to comply with any provision or provisions of such acts (1) with respect to work heretofore or hereafter performed in a workplace to which the exemption in section 13 (g) is applicable, (2) with respect to work performed in Guam or Wake Island before the effective date of this amendment of subsection (d), or (3) with respect to work performed in a possession or Territory under United States jurisdiction named in sections 6 (a) (3) and 6 (a) (4) at any time prior to the establishment by the Secretary, as provided therein, of a minimum wage rate applicable to such work."

(4) In section 17 of such act, strike the word "and" after the words "Canal Zone" and insert the words "and the District Court of Guam" after the words "Virgin Islands."

SEC. 2. The amendments made by this act shall take effect upon the expiration of 90 days from the date of its enactment.

The SPEAKER. Is a second demanded?

Mr. HOLT. Mr. Speaker, I demand a second.

Mr. KELLEY of Pennsylvania. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

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

There was no objection.

Mr. KELLEY of Pennsylvania. Mr. Speaker, this bill is the result of a request from the Department of State, the Department of Defense and the Department of Labor. The bill was introduced by the gentleman from Georgia [Mr. LANDRUM] and I yield him such time as he may require.

Mr. LANDRUM. Mr. Speaker, the purpose of the bill, H. R. 7458, is to limit the applicability of the principal provisions of the Fair Labor Standards Act in certain areas outside the continental limits of the United States and to com-

pletely exclude other areas from coverage of the act.

The area where the act would apply, but only in a restricted manner, is the Canal Zone. The areas where the act would be entirely inapplicable are the defense bases within countries over which the United States has varying degrees of jurisdiction.

Another important feature of the proposal is a provision to eliminate all retroactive liability of employers in any of these areas for possible violation of the act in the past. This potential liability arises from failure to comply with provisions of the act relating to minimum wages, maximum hours, recordkeeping and child labor in connection with the employment of indigenous labor at overseas defense base projects. By virtue of a Supreme Court decision, *Vermilya-Brown Co., Inc.* v. *Connell* (335 U. S. 377) it was held that the Fair Labor Standards Act was applicable to employer-employee relationships. It was held that in the construction of these overseas bases by our Defense Department the contractors performing for the Defense Department were liable to pay the minimum wages. That decision hinged upon the use of the word "possessions" in the original act saying that this Fair Labor Standards Act would apply in the United States and its possessions and Territories. In the definitions of the original act the word "State" is defined to include also "possession."

Now, in entering into these contracts for the construction of overseas bases our Defense Department, in the light of this decision in the Vermilya-Brown Co., Inc., against Connell case, has found it necessary to indemnify or guarantee its contractors against the possibility of future payments the difference between what they do pay in these countries and our minimum wage requirements. The host country in which we might be operating in every instance has not wanted us to pay the minimum wage of our country for the reason that to do so would upset the economy of that area. Now, that affects no American laborer. That is a matter of contract between the American laborer and the employer, and those wages are agreed to before the contract is made with the Defense Department.

Therefore, we have the three principal agencies of the Government concerned with this matter: The Labor Department, the Defense Department, and the State Department, all agreeing that this legislation is necessary and vital.

The basic problem then is the reconciliation of the wage and hour provision of the Fair Labor Standards Act with labor standards prevailing in overseas areas in which the military departments are constructing or maintaining defense bases to provide for our national security. The application of United States labor standards in these overseas areas is usually inconsistent with local conditions of employment, the level of the local economy, the productivity and skill of the indigenous workers or the requirements of the host foreign government.

As I stated, no American worker is affected. The minimum wage will still apply in Guam and Wake and to a certain extent or to the extent fixed by the Secretary of Labor, it will apply in the Canal Zone. By an amendment and by the bill as proposed, the Secretary of Labor is required to take into consideration certain criteria including the wages paid to civil service employees doing similar work in the Canal Zone. The committee feels that by the adoption of this legislation we are not hindering the raising of the living or wage standards in Panama, but by so doing that we are hastening the day when Panama may also realize the same wage standards which we now enjoy in this country. The legislation would provide for the full economic development of that area, but at a pace suitable to its needs.

This proposal would provide relief for the United States Government from a potential outlay of $480 million in direct costs alone, plus an incalculable amount in indirect costs.

Mr. HOLT. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. GRIFFIN].

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

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

There was no objection.

Mr. GRIFFIN. Mr. Speaker, as a member of the Fair Labor Standards Subcommittee, which held hearings on H. R. 7458, I rise to urge support of the bill.

The proposed legislation will amend the Fair Labor Standards Act, which requires payment of $1 per hour minimum wage where applicable, in the following respects:

(a) To exclude from possible coverage of the act past or future work by United States contractors on overseas bases in foreign countries;

(b) To establish, once and for all, the geographic coverage of the act and make it clear that coverage shall extend only to the several States, District of Columbia, Alaska, Hawaii, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, Canal Zone, and certain lands designated in the Continental Shelf Lands Act;

(c) To authorize the Secretary of Labor to fix minimum rates less than $1 per hour, after public hearing, in the Canal Zone;

(d) To eliminate the possibility of liability, retroactive or otherwise, for work heretofore or hereafter performed in any area of the world where the act is not applicable as amended by this bill.

The need for passage of this bill was highlighted, if not created, by the decision of the United States Supreme Court in *Vermilya-Brown Co., Inc.* v. *Connell* (335 U. S. 377). The Court in that case held that employeees of United States Government contractors engaged in construction of a United States military base in Bermuda were covered by the minimum-wage law.

This decision has created no small amount of chaos in contracting vital defense construction work in foreign countries.

Consider the impact of this decision, for example, on construction of an air base in French Morocco where the prevailing wage rate for native labor is about 10 cents an hour. Serious damage to the economy of French Morocco would result if United States Government contractors there were to comply with the apparent holding of the Supreme Court. Our relations with the French Government would suffer irreparable harm.

To attempt compliance with the decision in the face of determined objection by host countries would mean that many vitally needed bases could not be constructed at all.

Of course, compliance would also result in a huge increase in the cost to the United States taxpayers of such defense installations.

United States defense contractors on foreign soil have not complied with the Supreme Court decision with the full knowledge and tacit approval of our Government. In view of the confused state of the law as it applies to United States work in foreign countries, the Defense Department has agreed to indemnify its contractors in the event successful suits should be brought on behalf of workers to invoke application of the $1 per hour minimum wage.

The need to pass H. R. 7458 is urgent. At the present time the contingent retroactive liability necessarily assumed by the Defense Department is estimated to be $163 million. Contingent liability in the foreseeable future is estimated at $317 million.

Accordingly, by passing this one bill alone, it is possible that we can save the overburdened American taxpayers $480 million, or nearly half a billion dollars.

Mr. Speaker, I urge my colleagues to pass H. R. 7458.

Mr. HOLT. Mr. Speaker, I think the gentleman from Georgia [Mr. LANDRUM] has explained this bill very thoroughly. It has been before our committee for 2 years. I support the legislation. It is something long overdue to take care of this decision of the Supreme Court.

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

Mr. KELLEY of Pennsylvania. Mr. Speaker, I yield 10 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a letter from the Department of the Navy.

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

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, as a member of the subcommittee which heard testimony on behalf of the purposes of this bill both in this Congress and in the 84th Congress, I join my colleagues in supporting this legislation. This bill is considerably improved over that proposed last year.

There is but one possible objection. It is felt by a few including the Ambassador from Panama who has been in touch with certain Members that the bill should give the Panama Canal Zone the same status accorded Guam and Wake Island. I want to emphasize that the committee gave very careful study to this matter. As the

gentleman from Georgia [Mr. LANDRUM] so well explained, our purpose and hope is to bring all who work in the Panama Canal Zone up to or above the $1 minimum wage. Testimony in the hearings amply proved that most who work on contracts such as covered by this bill receive far less than $1 an hour now. It was generally felt that too precipitous an increase would severely cripple the economy of our neighbor, the Republic of Panama. On the other hand it was equally strongly felt that the procedures provided in the bill would lend leadership to a feasible and rapid course to achieve the desired goal. If further information or a change of view is presented by the State Department to the other body, it by simple amendment, which would not be opposed by most members of this subcommittee, could easily clarify the situation. Some Members have also expressed fear that this bill might be interpreted as forcing low wages on those in foreign countries who work on building our overseas bases. To clarify, beyond doubt, the matter I have secured and presented to the House this letter from the Navy Department, acting for itself, the State Department, and the Labor Department:

DEPARTMENT OF THE NAVY,
Washington, D. C., July 15, 1957.

Hon. JAMES ROOSEVELT,
Committee on Education and Labor,
House of Representatives,
Washington, D. C.

MY DEAR MR. ROOSEVELT: With reference to the bill, H. R. 7458, to amend the Fair Labor Standards Act of 1938, as amended, to restrict its application in certain overseas areas, and for other purposes, the following information is submitted:

WAGE SCALES ON DEFENSE BASES WITHIN FOREIGN COUNTRIES

The procedure whereby the Department of Defense acquires bases within foreign countries is through negotiations between the United States Government and the government of the foreign country involved. These negotiations are conducted by the Department of State with advice of the Department of Defense. An agreement, known as a defense-base agreement, is entered into between the respective governments. These agreements specify the conditions under which the United States will acquire and occupy the defense base. Among other things, the defense-base agreements provide for the terms and conditions under which indigenous personnel may be employed on the defense base. The wages to be paid foreign nationals, hours of employment, and all such related matters are arrived at through negotiations with the host government and are made a part of the defense-base agreement. It has been the practice of foreign governments to insist that local standards of employment shall govern. This is in recognition of the fact that the higher United States wage scales would impose an undesirable strain on local economic conditions. Wages of United States laborers are, of course, not affected by the defense-base agreements, but are a matter of contract between the employee and the employer.

If H. R. 7458 is enacted the effect will be to retain the present practice of establishing wages on foreign defense bases.

Section 1 (2) of the bill (p. 3, line 7) accomplishes this result by providing that the principal provisions of the Fair Labor Standards Act shall not apply with respect to employees on defense bases within foreign countries.

I trust that the above information will be useful to you in connection with efforts to obtain enactment of this legislation.

Sincerely yours,
R. Y. MCELROY,
Captain, USN, Deputy Chief, Office of Legislative Liaison.

Clearly we will only be making arrangements satisfactory to the nations concerned.

Mr. Speaker, I hope the House will pass this bill in the national interest.

Mr. KELLEY of Pennsylvania. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on suspending the rules and passing the bill as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

TO ORGANIZE AND MICROFILM PAPERS OF PRESIDENTS OF THE UNITED STATES IN COLLECTIONS OF THE LIBRARY OF CONGRESS

Mr. JONES of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 7813) to organize and microfilm the papers of Presidents of the United States in the collections of the Library of Congress.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LECOMPTE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LECOMPTE. Will there be time for the gentleman from Missouri [Mr. JONES] to explain this bill?

The SPEAKER. Yes, under the 5-minute rule.

Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Librarian of Congress is authorized and directed to arrange, index and microfilm the papers of the Presidents of the United States in the collections of the Library of Congress, in order to preserve their contents against destruction by war or other calamity and for the purpose of making them more readily available for study and research to the fullest possible extent consistent with any existing limitations that may have been imposed on the use of or the access to such papers by their donors or by those placing them on deposit with the Library of Congress.

SEC. 2. For the purpose of carrying out the provisions of section 1, there is hereby authorized to be appropriated the sum of $720,000 to remain available until expended.

Mr. JONES of Missouri. Mr. Speaker, I might say, briefly, that this is a bill which has been approved unanimously by the Committee on House Administration. It provides for the microfilming of Presidential papers. The Library of Congress has a large collection of these Presidential papers totaling something like 1,760,000 pieces. They include the papers of the following Presidents: Washington, Jefferson, Madison, Monroe, Jackson, Van Buren, Harrison, Tyler, Polk, Taylor, Pierce, Lincoln, Johnson, Grant, Garfield, Arthur, Cleveland, Benjamin Harrison, McKinley, Theodore Roosevelt, Taft, Wilson, and Coolidge.

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

Mr. JONES of Missouri. I yield to the gentleman from Massachusetts.

Mr. MARTIN. Mr. Speaker, I think this is good legislation but I wonder why they stop at Coolidge. Why not Hoover, Roosevelt, Truman, and Eisenhower?

Mr. JONES of Missouri. The papers of those Presidents have been provided for in places of keeping in libraries; the Hoover Library, the Roosevelt Library at Hyde Park, the Truman Library. They are and they will be available to historians and scholars as these other papers are not. That is the reason for the bill.

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

Mr. JONES of Missouri. I yield to the gentleman from Iowa.

Mr. LECOMPTE. The committee held adequate hearings on this bill. This bill provides for preserving the originals, of course, and microfilming all those valuable papers; not only letters and messages, but other valuable papers from the Washington administration down to the present time. Former President Truman spoke in favor of this measure at the hearing; is that not correct?

Mr. JONES of Missouri. He was present here a few weeks ago and spoke in behalf of this legislation.

Mr. LECOMPTE. The bill was introduced by the majority leader of the House, the gentleman from Massachusetts [Mr. MCCORMACK], was it not?

Mr. JONES of Missouri. It was introduced by the gentleman from Massachusetts.

Mr. LECOMPTE. And was voted out unanimously by the committee.

Mr. JONES of Missouri. That is right.

Mr. LECOMPTE. I thank the gentleman.

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

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

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

The bill was passed.

A motion to reconsider was laid on the table.

MEMORIAL TO THE DEAD OF THE SECOND INFANTRY DIVISION

Mr. JONES of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 345, authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to the dead of the Second Infantry Division, United States Forces, World War II and the Korean conflict.

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

Mr. MARTIN. Mr. Speaker, reserving the right to object, I should like to say that this has not yet been called to my attention.

Mr. JONES of Missouri. Mr. Speaker, I am sorry, but I gave the resolution to the gentleman a minute ago. I thought he had a copy of it. If the gentleman would permit a brief explanation of the bill, I think he would withdraw his objection.

Mr. LECOMPTE. Reserving the right to object, Mr. Speaker, this is without expense to the Government; is that not correct?

Mr. JONES of Missouri. It is without expense to the Government. I would say all this does is give permission for an addition to be built to a memorial to the Second Infantry Division. This memorial is now on Constitution Avenue, and this proposed legislation would just give permission for them to make an extension to that as a memorial to the World War II and Korean veterans. There has been absolutely no opposition by anyone to this or any question raised.

Mr. MARTIN. I have found the copy of this legislation to which the gentleman referred, and have examined it. As far as I am concerned, it is satisfactory.

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

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the Secretary of the Interior is authorized and directed to grant the Memorial Association of the Second Infantry Division, United States Army, permission to erect on public grounds of the United States in the city of Washington, District of Columbia, adjacent to the monument to the dead of the Second Infantry Division, American Expeditionary Forces in World War I, a monument to the dead of the Second Infantry Division, United States Forces in World War II and the Korean conflict; the site chosen and the design of the monument and pedestal shall be approved by the Joint Committee of Congress on the Library with the advice and recommendations of the National Commission of Fine Arts, and the United States shall be put to no expense in or by the erection of this memorial.

With the following committee amendment:

Page 1, line 4, strike out "Association" and insert "Committee."

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MUTUAL SECURITY ACT OF 1957

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 313 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 7 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

Mr. DAVIS of Tennessee. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 143]

Anderson, Mont.	Dawson, Ill.	Mumma
Barden	Delaney	Osmers
Bass, N. H.	Dennison	Porter
Beamer	Diggs	Powell
Becker	Fascell	Prouty
Berry	Fogarty	Reed
Blatnik	Grant	Sadlak
Bolling	Gwinn	Scott, Pa.
Bowler	Holtzman	Shelley
Brooks, La.	Jarman	Spence
Buckley	Kearney	Springer
Celler	Kearns	Teller
Chenoweth	Knutson	Thornberry
Coudert	Latham	Wainwright
Cretella	Lesinski	Wharton
	Moulder	Withrow

The SPEAKER. On this rollcall 378 Members have answered to their names, a quorum.

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

Mr. O'NEILL. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Illinois [Mr. ALLEN] and at this time I yield myself such time as I may use.

Mr. Speaker, House Resolution 313 provides for the consideration of the bill (S. 2130) to further amend the Mutual Security Act of 1954. The resolution provides for an open rule, the waiving of points of order and 7 hours of general debate on the bill.

The bill as amended provides for authorization of $3,262,110,000 for foreign aid considered to be necessary for the security of the United States. This sum is a reduction of $375 million below the Senate bill and a reduction of $622 million below the fiscal year 1958 request by the President and the executive branch.

Mr. Speaker, I know that during the course of this year there has been a hue and cry for economy within our various budgets. Having read various articles in Reader's Digest and other national magazines and having read reports of the tremendous amount of waste that has been going on in the mutual-security programs, at times I have vowed that when the program came on the floor of the Congress I was going to be one who would help scuttle it.

But, after you review the record that has been made of mutual security through the years and you calm your nerves and you look over the matter before you, and you go over the presentations that have been made before the various committees, one has to take into consideration the tremendous advantages and the good that the mutual security program has done over the course of years. For example, without mutual security, we never would have had NATO. Let us look at what NATO has done during the past 8 years. We have put $17 billion into NATO, but the countries that belong to NATO have put in $107 billion themselves. Through the $17 billion we helped to develop and equip the Free World strength of 200 divisions of friendly military forces. They have 27,000 aircraft and they operate about 2,500 active combatant naval vessels.

Then, when you look over the program through the years you realize that without mutual security Turkey today would be in the hands of the Communists and that Vietnam and southeast Asia would be in the hands of the Communists and that Korea and Free China would be in the hands of the Communists. We know the problem that is arising in the Mideast today and how they need our aid and how they need our support. We have no doubt about the intentions of the Russians and how they feel about the free nations of the world today. We saw the uprisings in Hungary last year. We saw how a people wanted to be free, how they sacrificed thousands of lives in the revolution over there, and how the revolution was put down by the tanks of Russia itself coming in and marching against the people, one of their satellite nations.

So, consequently, Mr. Speaker, I feel even though I have been disgusted in the past, knowing what has happened in the operation in Iran, knowing what has happened in the operation in Korea, knowing what has happened in various instances, I still feel that I must be in favor of this bill, because I know of the overall good that it has done.

Reading from the President's mutual-security program, he says:

To millions of people close to the Soviet and Chinese Communist borders political freedom is still new. To many it must still prove its worth. To survive, it must show the way to another and equally essential freedom—freedom from the poverty and hopelessness in which these peoples have lived for centuries. With their new freedom, their desire, and their determination to develop their economies are intense. They are fixed upon raising their standards of living. Yet they lack sufficient resources. Their need for help is desperate—both for technical know-how and capital.

Mr. Speaker, I have talked to people who have visited various sections of the world working for the State Department. I asked some of them how things happened like the dam in Iran and how the United States Government can waste $21 million in Korea on a fertilizer plant, and why we have made the other mistakes throughout the world that we are making.

The results of my inquiries were these: I am informed that one of the

grossest mistakes the State Department makes is the manner of the people they send abroad. For example, if a man has worked in the State Department for 8 or 10, or 12 years, he is now grade 10 or grade 12, or grade 8, and he cannot get a further promotion, and he is informed that the only way he can get a promotion is to go overseas for 2 years. So we send a man, who because of his own ability cannot rise among the level of his fellow employees, over to help organize a highly technical program in another section of the world. I think it is wrong. I think it is the greatest mistake that the State Department is making.

What is happening on the other hand? We know, and the record shows, that in the past 5 years—and mostly in the last 3 years—Russia has given $1.2 billion economic aid to these countries along the border. What type of technical assistance do they send? Let us look at the problem as we face it at home today. We know that we do not have enough engineers, we know we do not have enough scientists to take care of our own plants in America. So how are we going to get able and efficient men to go abroad? But in Russia it is different. Russia will take a man and indoctrinate him in the ways of the country where he is to go. They say to him, "You are going to X country. You will learn the language. You will learn their mode of living." Regardless of the scientist or technician, he is sent to that country.

In many instances they are happy to go to the other country, where they will find, perhaps, a finer livelihood than they could find in their home country.

Let me get on to the bill itself.

I

The bill as reported by the Foreign Affairs Committee contains four major authorizations of funds.

The first is for $2,200 million for a category known as defense assistance, which, in turn, is composed of $1,500 million for military assistance and $700 million for defense support. The President requested $2,800 million for this category of defense assistance; the Senate bill authorizes $2,600 million, so that the bill as reported out by the House Foreign Affairs Committee is a reduction of $600 million from that requested by the President and a reduction of $400 million from that authorized by the Senate.

The second major category in the mutual-security program is new: The development loan fund, which authorizes an appropriation of $500 million for 1958 and provides for authority to borrow additional capital from the Treasury to the extent of $500 million in each of the fiscal years 1959 and 1960. The President requested $750 million in borrowing authority for each of these latter 2 years. This request was approved by the Senate but has been reduced by the Foreign Affairs Committee by one-third to the recommended amount of $500 million in each of those 2 years.

The third major category is the technical cooperation category for which $168,900,000 is authorized. This consists of three parts: The point 4 program of $151,900,000; the contribution to the United National Technical Assistance program, and one to the Organization of American States.

The fourth category in the bill is special assistance. The President requested $300 million for this category. The Senate authorized $250 million, and the House Foreign Affairs Committee proposes an authorization of $275 million. Special assistance consists of approximately $100 million of individual programed items for needs which cannot suitably be met out of the three categories I have already mentioned. It also includes $175 million for contingencies.

In addition to these four major categories, the Mutual Security Act includes a series of smaller programs totaling $98,433,000.

II

In recommending the four major categories I have just outlined, the Foreign Affairs Committee has proposed several legislative changes from the present act.

The first major change is in the defense assistance category. The executive branch has requested that appropriations for both military assistance and defense support should be authorized on a continuing basis in order that the defense assistance category might be included in the regular budget of the Defense Department next year. The Foreign Affairs Committee has not recommended that this be done for defense support but it has recommended that the authorization of appropriations for fiscal year 1959 of such sums as are needed for military assistance. This will permit the appropriation request for the foreign portion of our worldwide military-security program to be included in the defense budget next year.

The second major legislative change is the creation of the new development loan fund. There are four principal new features in this fund. First, it gathers together in one place essentially all of the money to be invested by the United States in the development of less-developed lands outside the control of international communism. Second, all of this assistance is to be provided in the form of loans. Third, there is provided for the development loan fund a supply of capital sufficient for 3 years of operations in recognition of the fact that economic development is a long-term process and in order to furnish the assurance of continuity necessary in order to get the most use from our development investment. Fourth, several new authorities designed to permit this fund more efficiently to carry out the job of supporting and accelerating economic development of the less-developed countries. Such authorities include, among other things, no-year availability of funds, ability to deal directly with private entities, extension of the guaranty authority, and authority to reuse repayments into the fund.

Although the executive branch has asked that appropriations for technical assistance be authorized on a continuing basis, the Foreign Affairs Committee has rejected this request. Instead, the Foreign Affairs Committee has recommended the far more limited authority to obligate funds of the technical assistance program without reference to fiscal year deadlines. This is done in recognition of the long-range nature of technical cooperation and to avoid the waste inherent in the need to rush obligation of funds in a matter as complicated as this international program. The House Foreign Affairs Committee proposes acceptance of a Senate provision that the United States contribution to the United Nations technical assistance program for the calendar year 1958 may not exceed 45 percent of the total contributions for that period, 38 percent for 1959, and 33⅓ percent for 1960.

S. 2130, as reported by the Foreign Affairs Committee, adopts a Senate authorization of a $25 million special development fund for Latin America. It also adopts a Senate-sponsored authorization for the use of special assistance funds for aid to American-sponsored schools and libraries abroad. It earmarks $150 million for the sale of surplus agricultural commodities under section 402 of the Mutual Security Act. It adds to the executive branch proposal authorizing assistance for peaceful uses of atomic energy abroad, a requirement that funds for this purpose can only be used in countries which agree to periodic inspection by the United States of facilities financed in whole or part by the United States under this provision. It adopts a provision designed to make available funds otherwise provided in the bill for a new program of malaria eradication. Finally, it adopts a Senate provision requiring that defense support be administered by the Secretary of State and his subordinates.

III

Mr. Speaker, you will recall that a year ago, in passing upon the Mutual Security Act of 1956, there was widespread sentiment in the Congress and on the part of the American public that our entire foreign-aid program needed to be restudied. As a result of this consensus on the part of both the Congress and the executive branch, there were initiated a series of studies by the Congress, by the executive branch, and by many highly qualified private groups. These studies were designed to seek answers to questions about the foreign-aid program such as the following:

What have we accomplished in the past decade of foreign assistance?

Is there a need to continue programs of foreign assistance in the future?

What should be the central purpose of such programs?

How should these programs be changed in order to improve them?

Many of us who have reviewed the findings of these constructive studies have been surprised at the degree to which they agreed upon certain important judgments. In the first place, Mr. Speaker, there was substantial unanimity that without the economic assistance the United States has provided during the past decade the loss of freedom which the people of the world would have suffered would have been tragic indeed. There has been widespread agreement that if there had been no programs of foreign assistance, the balance of future prospects for the world

would have been tilted heavily against the probability of future peace and security.

There was a great deal of unanimity in these studies to the effect that so long as the menace of international communism is with us, so long as our security is threatened, it will be necessary to continue these programs of foreign assistance.

And there was widespread agreement also to the effect that certain changes in the methods of financing the programs and in the methods of implementing them could be made which would contribute to clarifying their purpose and to efficient operations.

Two of the improvements which were most frequently suggested were:

First, that the program be presented to the Congress and to the people of our country, in a way which would clearly identify the amounts of money which were being devoted to the several purposes of the program. In response to this recommendation, S. 2130 does identify, as I have said, the amounts of money which are devoted to strengthening ourselves and our allies against the threat of armed attack; to supporting programs of economic growth, both through the contribution of technical skills and knowledge and through the provision of the capital needed for development; to international emergencies in such forms and amounts as are most responsive to the nature of such emergencies; and to the specialized programs of foreign assistance. In these ways, Mr. Speaker, the bill before the House clarifies the several purposes of the mutual-security program and identifies the cost associated with each purpose.

The second proposal for improvement which was repeatedly called for by these studies of our foreign-aid programs was that the United States should increase its emphasis upon the task of economic development and that it should place these economic development programs in the long-range frame of reference which is necessary to their efficient implementation. This, S. 2130 seeks to do through the new development loan fund. That fund is in some respects an innovation in this bill and deserves special comment.

The development loan fund is intended to place our development financing on a sound, businesslike basis. It will use the same procedures that the Export-Import Bank and the World Bank use, although it will make loans involving a higher degree of risk than these agencies can accept.

Like these banks, the fund will place primary responsibility for the planning of development proposals on the borrowing country. Its financing will be available as—and only as—sound proposals for development projects are worked out and advanced. Its operations will be designed to encourage the receiving countries to greater self-help and to bring about increased activity on the part of other financing sources, notably private investors.

To operate in this way, however, the fund must have the essential characteristic of any financial institution: continuity. It must have the same assurance of future resources that any bank—public or private—needs to function effectively.

Without this assurance, the fund will not be able to plan for the most effective long-term use of its resources, as any sound enterprise should.

Without this assurance, it will not be able to offer the borrowing countries a convincing incentive to plan and to carry out the basic development projects and programs that are needed. These countries will still want our help, of course, but they will tend to use it for short-term purposes, which are not those most needed.

And without this assurance of future resources, private investors and existing lending agencies will be as reluctant to work with the fund in ways which might increase their activity as you and I would be to work with a private bank if we did not know whether it was going to be in business next year.

It is for these reasons that virtually every study of the problem which has been carried out in the last year—for the Congress and the executive branch, and by outstanding private groups—has agreed that annual appropriations are a wasteful and ineffective method of attacking a long-term problem like economic development. It is for these reasons that the Foreign Affairs Committee has agreed with the Senate that the fund must be endowed with at least 3-year capital if it is to fulfill its purpose. Any shorter period would be entirely inconsistent with the concept that it is in the self-interest of the United States to see that the less-developed nations now threatened with Communist penetration should be able to make decent economic progress while preserving their free institutions.

It is necessary, however, to combine this needed assurance of future resources with effective and continuous Congressional control. That control must not, in any way, be impaired or sacrificed to secure greater operating efficiency. It is vital that the Congress should be able to maintain constant review of the fund's operations and should be able to curtail or eliminate its operations at any time. We cannot give the executive branch a blank check to spend as it sees fit in ways which we do not know and cannot halt.

The Senate bill has been carefully drafted to meet both these requirements—for needed continuity and for effective Congressional control. The Foreign Affairs Committee has recommended additional safeguards to assure adequate, continuing Congressional control.

The bill provides the needed assurance of future resources by furnishing the fund with an appropriation for its first year—fiscal year 1958—and with authority to borrow specified sums from the Treasury in each of the next 2 fiscal years.

It provided effective and continuing Congressional control in five different ways:

First, the bill plainly declares the criteria that are to be observed in making loans from the fund. These criteria are far more precise than have hitherto been laid down in mutual-security legislation or in any comparable Government loan legislation. The proposed criteria are clear and specific:

The proposed project or program must be technically feasible and economically sound.

It must give promise of contributing to the development of economic resources or to the increase of productive capacities.

Financing must not be available for the proposed project from other Free World sources on reasonable terms.

There must be a firm commitment by the borrower to make repayment, and there must be a finding that there are reasonable prospects of such repayment.

And the bill further provides that the fund should be operated in such a way as to support and encourage private investment, and as not to compete with private investors or existing lending agencies, such as the Export-Import Bank or the World Bank.

In laying down these criteria, the Congress will be establishing the basic pattern of the fund's operations. If it wishes, the Congress can change these criteria at any time, and thus change the direction and character of the fund's operations.

The second way in which the bill would enable the Congress to control the fund would be through its provisions for reporting by the fund. The bill requires semiannual reports to the Congress on fund activities. It also requires that reports on any particular transaction be made to the Foreign Affairs, Foreign Relations, and Appropriations Committees upon the request of the chairman. In addition, the excutive branch will appear before the authorizing committees each year in support of other phases of the mutual-security program and will, at that time, give a full report on the fund's activities.

The third element of Congressional control is the right of the authorizing committees to recommend legislation to curtail, or eliminate, its future operations at any time. As the fund enters each new year of operation, these committees will have a sound basis, in the reports that will be made to them, and in the annual review of the fund which will be made before them, for judging whether such legislative action is advisable.

The fourth way in which the bill maintains Congressional control is through the authority provided to the Congress to limit the fund's use of its resources in an appropriation act. This is assured by the requirement of section 204 (c) that the fund submit to the Congress each year the business-type budget called for in the Government Corporation Control Act—even though the fund is not a corporation. The budget will set forth the prospective uses of the fund's resources for the next fiscal year. The Government Corporation Control Act says specifically, in section 104, that the Congress can limit the fund's use of its resources for both administrative and operational expenses. The relevant passage of the act reads as follows:

The budget programs transmitted by the President to the Congress shall be considered

and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends.

In passing on the fund's budget each year, therefore, the Appropriation Committees will have an opportunity to recommend to the Congress that the proposed scale of its future operations be reduced—or eliminated altogether. The Congress could enact such reduction or elimination in an addition to an appropriation act.

The full meaning of this provision is specifically recognized by the Foreign Affairs Committee and made a part of the legislative history of the bill by inclusion in the committee's report—page 24.

The fifth way in which the bill insures iron-clad Congressional control is extremely important. The bill says that the fund cannot obligate any of the money which it would be authorized to borrow from the Treasury in fiscal year 1959 and fiscal year 1960 until those years came around. Thus, if the Congress did decide, in either of the ways that I have described, to cut off or cut down the fund's future operations it could do so and the money in question would still be unobligated. In other words, the Congress would not be required to commit to the fund beyond its control more than 1 year's resources at any one time.

Taken all together, these five methods of control insure that the Congress would retain full authority over the fund's operations. There is no reason to deny the fund borrowing authority for fiscal year 1959 and 1960 to preserve rightful Congressional control. And there is every reason to grant that authority in order to provide the fund with that assurance of continuity which will be essential to its sound and businesslike operation.

I do not intend to deal at length with the question of the amounts of capital requested for the loan fund for each of its 3 years. I will make only two observations: The first is that the fund is directed, as a matter of the highest national policy and enlightened self-interest, toward the economic development of areas of the world containing 19 new nations with populations of 700 million people and other, older, nations bringing the total population to well over a billion people. These are nations whose populations and territories represent the balance between the Free World and the Slave World and whose raw materials are literally vital to the future prosperity and strength of our Nation. My second observation is that the capital recommended by the Foreign Affairs Committee to be devoted annually to this incalculably important purpose on which the whole future peace of the world is so heavily dependent is less than one-eighth of 1 percent of the annual gross national product of our own great economy.

IV

The bill, as reported by the House Foreign Affairs Committee, is the product of a great many hours of committee study. I believe it is an improved measure for the achievement of our mutual security objectives. Nevertheless, Mr. Speaker, the rule under which this bill is reported out provides, as it should provide on such an important measure, ample opportunity for the Members of this House to examine carefully and to debate fully each of the provisions of the Mutual Security Act of 1957. I believe that the House should pass this rule at once so that it can resolve itself into Committee of the Whole and commence its consideration of the Mutual Security Act of 1957, in order to continue in the future the programs which, in the past, have contributed so immeasurably to the freedom and stability of lands hard pressed by the forces of international communism throughout the world, and which, therefore, have contributed no less importantly to the freedom and security of America.

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

Mr. O'NEILL. I yield.

Mr. BOW. Since the rule waives points of order, I assume that the Committee on Rules gave consideration to those matters which would have been subject to points of order.

Mr. O'NEILL. Indeed, we did.

Mr. BOW. Can the gentleman explain to the House what provisions are in the bill which would have been subject to a point of order, had such points of order not been waived?

Mr. O'NEILL. It was believed by the Committee on Rules that Title II would have been subject to a point of order.

Mr. BOW. Is it not a fact that there are, perhaps, a billion or more dollars in the bill that would have been subject to a point of order had the points of order not been waived?

Mr. O'NEILL. Title II would carry $500 million.

Mr. BOW. It has been suggested by some that perhaps it would amount to at least $1½ billion.

Mr. O'NEILL. Title II would have carried an initial appropriation of $500 million, plus the right to borrow $500 million the following year and $500 million the year after that.

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

Mr. O'NEILL. I yield.

Mr. VORYS. I think the gentleman is in error, that the $500 million would not be subject to a point of order.

Mr. O'NEILL. No.

Mr. VORYS. However, there is an attempt in the bill to leave that to be reviewed by the Appropriations Committee, and some of us think that would make it all subject to a point of order; and because it might be, there was a request for a waiver.

Mr. O'NEILL. Actually we did not ask the Parliamentarian whether a point of order would lie, but if a point of order was raised against it and the bill was subject to a point of order, it would kill the bill entirely; it would scuttle the bill.

Mr. VORYS. It has been quite the custom to have waivers of points of order because of the complicated nature of this very long bill from year to year.

Mr. O'NEILL. I would be anything but truthful if I did not say that the purpose of the Rules Committee in waiving points of order was to try to save title II.

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

Mr. O'NEILL. I yield.

Mr. GROSS. When were points of order upon mutual-security bills or ECA, or any of those bills that have come along in the last 10 years, waived? Does the gentleman recall the committee having waived any points of order in the last 10 years?

Mr. O'NEILL. Well, I have not been here 10 years, but I know that on appropriation bills it has been the custom of the Rules Committee on many occasions to waive points of order.

Mr. GROSS. I am glad to know it is becoming the accepted Spanish custom, or whatever custom it is, to waive points of order.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. HAYS of Ohio. For those who are questioning the waiving of points of order, on yesterday an amendment was offered to strike out the 2-year additions to development loan funds. In other words, make it 1 year only. There will be an amendment to take that out, so the House will have a chance to vote on it, regardless of whether this rule is adopted.

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

MUTUAL SECURITY ACT—A TWO-WAY PROGRAM TO DEFEND AND EXTEND FREEDOM

Mr. LANE. Mr. Speaker, we would have no viable foreign policy without the mutual-security program.

Unfortunately, many of our people do not comprehend the need, and the accomplishments of foreign aid. To the uninformed, it appears to be a giveaway.

There is no question that S. 2130, amending the Mutual Security Act of 1954 will be passed.

In the process I hope that the able efforts of the Committee on Foreign Affairs will receive greater recognition, and that the American people will come to understand why these appropriations are necessary for the national interest and security of the United States, and for the defense of freedom itself.

As the committee states:

> Events clearly indicate that we must continue to provide military assistance to our allies and that we must expand and improve our programs of assistance to underdeveloped countries.

Even in those rare and isolated cases where there was waste in the administration of this program, cases that were greatly exaggerated in the first place, the consensus of informed opinion is that this program is a major factor in thwarting the aggressive policies of international communism.

In this year's legislation, there are two important structural changes, de-

signed to eliminate defects in the operation of previous years. One is the requirement that long-range economic development shall be financed on a loan, rather than a grant basis. The other is the elimination of the necessity for obligating funds for economic development on a fiscal year basis.

The development loan fund is a new approach for assisting nations of the less developed areas of the world.

The committee report stresses two fundamental considerations.

First, the importance to the United States of helping to accelerate the development of less developed countries which are free from domination by the governments or organizations controlling international communism. Second, the conviction that if we are to embark upon an accelerated development program, we must do it in a way that is sound and businesslike.

This approach constitutes a definite improvement. It should silence the handful of vocal critics who are constantly harping on the fact that we are giving money away to other countries for no useful purpose, and without adequate return insofar as our own national security is concerned. And it prepares the way for a curtailment of this program when other nations, as a result of our help, are able to stand on their own feet.

As to the other factor, witnesses at the hearings testified that annual appropriations do not encourage the receiving countries to use our aid for the long-term projects that are really needed. Lacking any assurance of continuity, these countries use our aid instead for short-term purposes, which are often wasteful. Nor can we ourselves plan ahead for the most effective use of resources which the United States provides as assistance, if the amount of those resources cannot be predicted from year to year.

The report suggested that sufficient money be made available for development financing to cover more than 1 year's operation.

Competent opinion is almost unanimously agreed that the new method provided for in this bill is necessary.

The heart of this bill relates to military assistance.

Many people do not recognize that, important as the United States contributions to the Free World defense efforts of our allies have been, our contributions have been small compared to their own defense expenditures.

Contrary to popular belief, they are carrying their share of the load.

In 1956, for instance, when our contribution to their efforts amounted to $1.7 billion, our NATO partners in Europe expended for defense $13.1 billion, or almost 90 percent of the total of our military assistance and their defense expenditures combined.

Thus, the nations receiving grant military assistance from us have spent for defense about $5½ for every dollar that we have put into such assistance. This essential mutuality in the defense activities of ourselves and our Free World partners is the greatest source of strength in this effort to insure lasting peace and security.

If we did not have their assistance, and had to go it alone, we would have to have many more million of our own young men in military service, and at a cost far greater than is needed to support the armed forces presently maintained by our allies.

Consider these revealing facts.

Without our assistance and support, our friends might well falter and not make the necessary efforts to protect themselves. With the funds provided, the United States will assist in the support of more than 200 divisions, more than 2,300 naval vessels, more than 10,000 jet aircraft, and more than 12,000 conventional aircraft.

If the United States tried to achieve a comparable defense status from its own funds and manpower, it would be impossible. For example, it costs per year to pay, house, feed, and clothe the average military man of our allies on his own soil: for Turks, $105; for Koreans, $117; for free Chinese, $142; for Italians, $837; while the comparable cost for a United States military man, without arms, is $3,511, to which must be added $3,000 per year for transportation and maintenance, making a total of approximately $6,600.

The Mutual Security Act is part and parcel of our own defense effort.

Its success in preventing Communist expansion through aggression is evident.

The Communists would like nothing better than to see us weaken it, in order to save money at the expense of security.

They are certain to be disappointed.

Mr. O'NEILL. Mr. Speaker, I yield to the gentleman from Illinois.

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

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

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

There was no objection.

Mr. HOFFMAN. Mr. Speaker, recently the State of Michigan and the Nation lost a most estimable citizen in the death of our former colleague, Earl C. Michener. Shortly after his death, the gentleman from New York [Mr. CELLER], chairman of the Committee on the Judiciary, on which Mr. Michener served so well, and of which he was at one time chairman, took occasion to call his death to the attention of the House. At that time no Republican from Michigan was on the floor. Later, and because of the absence of Mr. Michener's successor, Mr. MEADER, on official business, I did not bring notice of that sad happening to the attention of the House.

Still later, Mr. MEADER, who succeeded Mr. Michener, obtained a special order. However, it came so late in the day that again Michigan Republicans and many other Members of the House who served with Mr. Michener were not on the floor.

Those of us who served with Mr. Michener recognized him as a sound, conservative, and valued Member of the House, an expert on parliamentary procedure; always in attendance during debate; always implementing his views by conservative, worthwhile statements.

Those of us who served with him will long hold his kindness and his helpful advice and service in memory.

Earl Cory Michener was born November 30, 1876, near Attica, Seneca County, Ohio.

With his parents he moved to Adrian, Mich., in 1889. He attended the public schools of Adrian. Served as as a private in Company B, 31st Regiment, Michigan Volunteer Infantry in the Spanish-American War, from April 26, 1898, to May 17, 1899.

He studied law at the University of Michigan at Ann Arbor in 1901 and 1902 and was graduated from the law department of Columbia University—now George Washington University—Washington, D. C., in 1903 with the degree of bachelor of laws. He was admitted to the bar in the same year and began the practice of law in Adrian, Mich.

He was assistant prosecuting attorney for Lenawee County, Mich., from 1907 to 1910; prosecuting attorney, 1911–1914.

He was elected as a Republican to the 66th Congress and 6 succeeding Congresses—serving from March 4, 1919, to March 3, 1933. Unsuccessful in the 1932 election, he was again elected in 1934 and served in the 74th and 7 succeeding Congresses, from January 3, 1935, to January 3, 1951, a total of 15 terms, a period of 30 years.

He was succeeded by our colleague, GEORGE MEADER, who was elected to the 82d Congress.

Our colleague, Mr. Michener, was a devoted husband and father. He idolized his son, who preceded him some years ago, and whose death was a severe shock from which he never fully recovered.

For years, Mrs. Michener was an invalid. Our colleague never failed, in every possible way, to minimize her suffering—never neglected any opportunity to make her life more bearable.

Our friend was an accomplished lawyer. He was an experienced parliamentarian. For years, he was regarded as the assistant to the Republican Party leader. He was very helpful, not only to the older Members of the House, but especially so to those who came in after he entered upon his service here.

In his passing, many of us now here lost a valued, helpful friend, a competent, considerate colleague.

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

Mr. HOFFMAN. I yield.

Mr. MARTIN. I wish to join with the gentleman from Michigan in expressing my deep regret over the death of Earl Michener. I served with him for many years and sat by his side for many years on the Committee on Rules. That permitted me to know what an able man he was; what a just man he was; and what a good man he was. No man was ever more actuated by a desire to help his countrymen than Earl Michener. He was a man of fine intelligence, of sound convictions and with the courage of his convictions.

In the early days of my service here, he was of tremendous help and took great care to direct us along the right path. He was one of my most intimate

friends and his death caused keen regret.

Not only was he a sound legislator but he was dedicated to the country he loved. With loyalty and courage he served his country in the legislative halls and in the field of battle as well. His was a distinguished military career. A great American passed away in the death of Earl Michener.

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

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

There was no objection.

Mr. HALLECK. Mr. Speaker, I have learned with deep sorrow of the passing of Earl Cory Michener, my former colleague.

Well do I remember his able service as chairman of the Judiciary Committee in the 80th Congress when it was my privilege to serve this House as majority leader.

As one of the experienced members of this body when I came to the Congress in 1935, Earl Michener was one of that small band of Republican Representatives who stood solidly for party principles during the long years when we were in an almost hopeless minority.

His faith in those principles and his willingness to stand and be counted when the chips were down served as an inspiration to those of us who had come more recently to the Congress.

As a veteran of the legislative processes, Earl Michener was also one to whom the younger Members looked for guidance, and he was always ready to lend a helping hand wherever he could, giving unselfishly of his time and talents to that end.

Above and beyond his identification as a stalwart champion of Republicanism, however, the long record of Earl Cory Michener's career in the House of Representatives established him as a servant of the public in the full sense of the word.

Earl Michener was dedicated to his responsibilities, not only to his party and to the people of the Second District of Michigan who sent him down here for 14 terms, but to the country as a whole.

It can be said, truly, that he acquitted himself with high distinction. To those of his family who survive, I offer my heartfelt sympathies in their bereavement.

Mr. HOFFMAN. Mr. Speaker, I yield back the balance of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 7 minutes to the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Speaker, one of the regrets I always have when this bill reaches the floor of the House is the fact that I disagree with the majority members of the committee on this legislation. I think, however, that the members appreciate and respect those who differ with them, and I like to think that the give and take that we have within our committee and on the floor of this house is the thing that makes this country great.

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

Mr. SMITH of Wisconsin. I yield.

Mr. JUDD. I would just like to take this opportunity, as a member of the Foreign Affairs Committee and who on this question is on the opposite side from the gentleman from Wisconsin, to pay tribute to him personally. For many years I have sat with him on the committee. There is no man whose criticisms have done more to improve the very program that he himself thought was perhaps ill advised.

He has made his fight and then has accepted the will of the majority and gone ahead to serve faithfully like a good soldier and do well that which the majority voted for. As a member of the committee and one of his fellow legislators, I want to pay tribute to his ability, diligence, honesty, and forthrightness. There is not a member of the committee who does not have the greatest respect for him—and for those associated with him in their opposition to the bill.

Mr. SMITH of Wisconsin. I thank the gentleman from Minnesota.

This matter of waiving points of order which in the rule before us I think is perhaps an innovation for our committee. I do not recall any time where we have asked for a waiver in a rule, but I can fully understand why the request was made. I was in hopes that we could have in the course of the debate on the bill a thorough examination of the provisions of this so-called development loan fund.

Mr. Speaker, one of the chief elements in this bill that disturbs me greatly is the matter of its effect upon inflationary trends. I do not believe we can deny the fact that this bill represents a good slug of inflation, and I want to bring to your attention just a paragraph or two from the report prepared by Clement Johnston, who was commissioned by the committee of the other body to go to Southeast Asia and look over the situation in that part of the world on this question of foreign aid.

Mr. Johnston calls attention to a situation that exists in Vietnam, Laos, and Cambodia. He said:

> Conditions which existed at the time may have justified the United States decision to support the currencies of Vietnam, Laos, and Cambodia at the arbitrary rate of 35 piasters or other local currency to the dollar. Today that figure is utterly unrealistic, as becomes apparent when we examine the need for monetary reform in Vietnam. The added and unnecessary cost to the United States taxpayer is approximately $20 million a month. This money is not going into public treasuries; it is going into private pockets. Of even more importance, the faith of the newly freed people of the area in the integrity of democratic government is being shaken by the spectacle of the undeserved enrichment of a favored group.
>
> In Vietnam, for example, United States representatives have met with only limited success in the past 2 years in persuading the Vietnamese Government to adopt and apply sound economic and fiscal policies, so essential to a development program.

Do not forget, the matter we are talking about today is the development program.

He said further:

> These conflicts involve a basic clash between political nationalism and sound economics and nationalism has prevailed. This is evident in various facets of handling commercial aid. It appears also in budget administration, for in practice there is no real budget control and, consequently, budget deficits have increased inflation in the economy. Likewise, the Government has shown a singular reluctance to exercise vigorously its taxing authority.

Mr. Speaker, this program needs a good look, it needs more time than we have had to study the problem. This matter came to us only a few short weeks ago and we have been spending our time on technicalities and details but have never gotten into the basic philosophy of the situation.

Mr. JUDD. Mr. Speaker, will the gentleman yield again?

Mr. SMITH of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. Will the gentleman tell the House what the final conclusion of Mr. Johnston was with respect to the worthwhileness of this overall program, despite the difficulties in that country and also in a good many other countries?

Mr. SMITH of Wisconsin. I do not have the particular reference. If the gentleman has it, I will be glad to have him insert it in the RECORD.

Mr. JUDD. It is my recollection that he favors continuation of the program, always being on the lookout for the kind of situation described, situations which are bound to develop in countries that have been independent for only a very few years. The program certainly needs constant supervision. He stated that the program has been of great value and should be continued, and I believe he advised some expansion in the loan program.

Mr. SMITH of Wisconsin. The point it seems to me is that our authorities abroad are having a difficult time trying to get these folks to get their houses in order. He made the further statement:

> United States aid cannot bring any real and lasting benefits to Vietnam, Laos, or Cambodia as long as the false values of inflation are diverting resources to uneconomic ends.

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

Mr. GROSS. Mr. Speaker, consideration of this rule raises the curtain on the annual show in the House of Representatives billed as the Great Foreign Giveaway. But this year, something new has been added for American taxpayers by way of a new strip tease act, the loan procedure that is contained in the title for the protection of which this unthinkable waiver of points of order was granted. Since the present foreign giveaway operation is becoming unsavory to the people of the country, this starts the new fashion of loans and gives to the President of the United States, whoever he may be, almost untrammeled power to spend money.

And it is proposed to create a $19,000 a year manager, a new manager on the scene, with a retinue of helpers to dish out a billion and a half dollars in the

next 3 years. In this show that is about to be put on, the usual medicine men will be around to sell their wares, but no pegs have been left for the taxpayers to hang their shirts and pants on that will be stripped off them. They will be told to toss them to the foreigners in the audience, and the only injunction to the foreigners will be to please return the empty billfolds.

There is no reason why points of order should be waived on this bill unless it is that the Committee on Foreign Affairs did not do its homework properly or the Committee on Rules of the House wanted to make it easy and comfortable for the Foreign Affairs Committeee. There can be no other explanation.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Yes, I am happy to yield to the gentleman, and I would appreciate a better explanation of why the Rules Committee waived points of order than you gave to the gentleman who addressed the question to you.

Mr. O'NEILL. The explanation is very simple. As to title II, at least we were not sure that a point of order would lie against or not, but to try to protect it, we did waive points of order. For example, there is a great possibility that the gentleman from Iowa would be the one who would make a point of order against title II. If the point of order was sustained, then title II would have been stricken from the bill. The bill is subject to amendment. The House has already been served with notice by the gentleman from Ohio [Mr. HAYS], that he intends to offer an amendment to the bill. If anybody is not satisfied with it, it is his right to move that the section be stricken out, or the title, but we thought it would be best for the Members of the House to vote their will on the matter rather than for one gentleman to get up and raise a point of order striking it out. We thought it was fair to the members of the committee, who spent some eighty-seven-odd days, I believe, hearing the proponents of this bill, and that it would be best for the State Department and the President and for all concerned rather than one individual, who had not put the time and study into it, to get up and raise the point of order.

Mr. GROSS. Perhaps the gentleman would like to tell me why we have rules of the House that provide for the raising of points of order.

Mr. O'NEILL. Well, you have a Rules Committee, but you can apparently circumvent it.

Mr. GROSS. That is exactly the answer I wanted. The Committee on Rules, the gentleman has said, has circumvented the rules of the House. He is perfectly right. He is frank about it.

Mr. O'NEILL. But this gives to the Members of the House the opportunity to vote on it.

Mr. MORANO. Mr. Speaker, if the gentleman will yield, the House has the opportunity to vote its will.

Mr. GROSS. Of course, but that does not detract from the fact that the Rules Committee is circumventing the rules of the House by voting for a rule waiving points of order on this bill.

Mr. MORANO. Of course, you are not. If the House wants to vote the rule down, the House can do so.

Mr. ALLEN of Illinois. Mr. Speaker, I have no further requests for time.

Mr. O'NEILL. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. GORDON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2130, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

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

Mr. GORDON. Mr. Chairman, I rise in support of S. 2130 and urge its adoption by the House.

Mr. GORDON. Mr. Chairman, I rise in support of S. 2130, a bill to extend the mutual security program. For a full 10 years now the Committee on Foreign Affairs has been appearing annually before the House recommending the enactment of legislation designed to strengthen the defense posture of those countries of the Free World allied with us in the common effort to prevent the spread of Communist domination.

When the committee appeared before the House last year, there were uncertainties in the minds of many as to the future direction and magnitude of the mutual security program. In every quarter, from the President on down, there were demands for a new look and a reappraisal of the program and the need for it.

Since that time the program has been subjected to the most painstaking and thorough reexamination and reappraisal undertaken since its inception. The program has been the subject of exhaustive study not only by commissions in the executive branch, but by committees of the House and Senate as well, including that conducted by the Committee on Foreign Affairs last fall.

As for the continuing need of the program, the savage suppression of the Hungarian revolt last October made clear that the post-Stalin Soviet regime was no less determined to use military force to obtain its objectives than its predecessor. The current shifts in the Kremlin mean new faces, but we have no basis whatever for any hope that the old Communist threat has been removed.

The achievement of some measure of freedom in Poland and events in other parts of the world have reemphasized the increasing importance of continuing to provide military assistance to our allies. Events have also pointed up the increasing importance of our relations with the underdeveloped nations of Asia and Africa and the wisdom and advisability of expanding and improving our programs of assistance to them.

There has been significant progress in the achievement of a military strength by the Free World to form an effective deterrent against major war. This deterrence is not static and can only be kept effective by constant effort.

United States contributions to the Free World defense efforts of our allies have been of great importance, but many people have not recognized that important as United States contributions have been, they are small compared to the defense expenditures of our allies. As brought out in our committee report, in 1950 when we began our military assistance programs, our expenditures for assistance to European NATO countries amounted to $300 million. In that year these countries themselves made defense expenditures of $6.5 billion. In 1953, when our expenditures for aid to these countries increased to $3.2 billion, they spent $12.8 billion for defense; their share of the $16 billion total was thus 80 percent. And in 1956, when our contribution to their efforts amounted to $1.7 billion, our NATO partners in Europe expended for defense $13.1 billion, or almost 90 percent of the total of our military assistance and their defense expenditures combined.

Equally striking is a comparison of our total aid expenditures with the defense expenditures of all our grant-aid allies, considering that even relatively small military establishments are a great economic burden for them. United States expenditures from 1950 through 1956 for military assistance to the European NATO countries and for such aid to other grant-aid countries totaled $17.4 billion. During the same period, foreign nations used their own funds to purchase more than $1 billion worth of weapons and military equipment from the United States.

The defense expenditures of these countries during the same period totaled $93 billion in the joint defense effort. Thus, the nations receiving grant military assistance from the United States have expended more than $5 for every dollar that the United States has put into such assistance.

Translating these dollar sums into concrete terms, these expenditures have made it possible for increasing the ground forces of our allies during the period 1950–56 from 3.5 million men to 4.8 million men, an increase of 37 percent; their naval forces from less than 1,000 combatant vessels to over 2,300, an increase of 139 percent; and their air forces from 11,500 aircraft, of which fewer than 500 were jets, to over 12,000 conventional aircraft and nearly 11,000 jet aircraft—22 times as many as they had in 1950.

We have the benefit of all this increased military strength as the result of our mutual defense activities. As a result of this program, the United States also has an overseas base system which gives us a great advantage over the Communists in a field in which they cannot compete, the location of overseas defense bases. The western nations possess a system of advance bases, including the

United States bases in North Africa, which gives us a great strategic advantage in the event it should be necessary to launch a retaliatory attack on the Soviet Union.

The committee was informed during its study last fall that our base system is equivalent, if the positions were reversed, to the Soviet possessing a system of advance bases which would enable it to launch simultaneous attacks on the United States from Greenland, Newfoundland, Bermuda, Jamaica, the Yucatan Peninsula, Costa Rica, Lower California, and the Aleutian Islands.

The strategic importance of our allies and our overseas bases was strikingly highlighted by Admiral Radford in his recent testimony before the Committee on Foreign Affairs. Admiral Radford said:

> The Joint Chiefs of Staff consider that an adequate overseas base system is essential to the successful prosecution of Free World military strategy. Here, then, is a definite link between our prospects of victory if war is forced upon us and the military assistance program.
>
> In essence, to insure our success we must provide essential funds for the maintenance of an adequate world base system from which United States and Allied forces may contain and counterattack the Communists. All other reasons for foreign military assistance must be contributory to this one central theme.

I was particularly impressed, and wish to bring to the attention of the Members of the House this additional statement of Admiral Radford during his testimony in support of the mutual security program. Admiral Radford told us that—

> A major deterrent force per se is not absolute insurance enough to prevent the Communists from achieving their aim of world domination. They would have the opportunity—if that were our only program—to defeat us. In a sense sole reliance on a United States-based major retaliatory force is the fortress America program—I might say in passing it is not now technically possible to achieve that state of affairs without some bases overseas. I have covered that in my statement. Perhaps 10 years or more from now it might be possible, with guided missiles of long-range and longer range aircraft and other improvements in submarines. It is possible at some indeterminate time in the future that we could build sufficient military strength based either on United States territory, or in the international waters of the world that we had to get no permission to use, to deter Communists from attacking us.
>
> But the main hope of preventing the ultimate success of the Communist power in the world is to maintain the freedom of the rest of the Free World.

The Committee on Foreign Affairs began its hearings on May 22 and concluded them on June 28 after hearing 91 witnesses and studying a voluminous mass of background material. The committee gave most careful consideration to reports, testimony, and statements indicating deficiencies in the administration of certain aspects of the mutual security program and to unfavorable reports that have appeared from time to time in magazine articles. The committee devoted the first part of its hearings to a study of these deficiencies and for that purpose received testimony from the Comptroller General of the United States and other officials of the General Accounting Office. The committee also had the benefit of the testimony from the chairman and members of the International Operations Subcommittee of the Committee on Government Operations and was particularly concerned to determine whether or not administrative procedures and fiscal controls in the International Cooperation Administration had been adequately modified to correct deficiencies which had been reported.

The International Cooperation Administration reported significent improvements in the programing process, project administration, personnel selection and fiscal management, and the General Accounting Office reported to the committee that action has been initiated to correct most of the deficiencies which its audits have revealed.

We will undoubtedly learn of additional deficiencies from time to time, and we shall do our best to initiate whatever further legislative steps are necessary to prevent them and to avoid their recurrence.

As the committee report states, "in no case has it been demonstrated that the administration of the program was so deficient that it would have been better to have terminated our effort. Even in Iran, where the most serious administrative shortcomings were found, the net result has been strikingly successful. The consensus of informed observers is that without United States assistance Iran would have been taken over by the Communists."

All of the information available to the Committee on Foreign Affairs indicates most clearly that the Soviet leaders, to use the words of Admiral Radford "have no intention to abandon their ultimate objective of world domination". We also have every reason to believe that they have no sense of urgency in working to achieve their objective. It is only because of our present strength that they appear to put a lesser emphasis on violence now while they still work for an overwhelming military strength. We must not forget that we cannot afford to let them achieve a military advantage over us.

I am personally convinced that many aspects of our mutual security programs, the purely technical assistance and other forms of nonmilitary aid together with the direct military assistance, are clearly and inseparably interrelated in our overall defense effort.

The committee has worked most carefully to improve the bill before us today. Most of the committee amendments are in the nature of improvements which I believe will help tighten up some of the loose ends of the program and make for economy and efficiency in its operation. However, there is one amendment, on page 32 of the bill, which I shall oppose and which I hope will be rejected by the House. It would have the effect of completely denying any type of assistance to the people of Poland who have already made significant strides toward the attainment of a measure of freedom. The House has on other legislation recently expressed itself in opposition to such a position, and I sincerely hope that the House will confirm its previous stand by overwhelmingly rejecting this proposed amendment.

Mr. Chairman, the continuation of the mutual security program is essential to the national interest and security of the United States and should be continued.

Mr. Chairman, the gentleman from Missouri [Mr. CARNAHAN] will serve as floor manager for the majority side during the consideration of S. 2130.

Mr. CARNAHAN. Mr. Chairman, I yield myself such time as I may consume.

We have before us this year another bill which authorizes the money necessary to continue the mutual-security program. The bill includes provision for a variety of programs, the details of which are complex. Nevertheless, I can say with confidence that in determining how he will vote on this bill, any Member of the House needs to consider only a few simple and basic questions, and I think I can say with equal confidence that the answers to these questions are obvious.

There are a few columnists and commentators, and I recognize that there are a few of my colleagues here in the House of Representatives, who believe that the decision as to what should be done about foreign aid should be reached on the basis of answers to these three questions: First, should we continue giving money away to foreigners; second, should we provide United States assistance to governments which are not honestly and efficiently operated; and third, should the United States give aid to nations which are not fully committed to our views and are not willing to accept without question our leadership?

I would like to invite your attention for a few minutes to what it would mean to the United States if we did accept the simple, the obvious and the easy answers to the three questions which I have just asked.

The best way to make clear my meaning, I think, is for me to ask three other questions which are equally simple and to which I feel confident the answers are equally obvious. The first is, What does the United States want to do about the large military forces now under arms and determined to resist Communist aggression at all costs. Such forces are in being today in the Republic of Korea, in Turkey, on the island of Formosa, and elsewhere among some of our allies. These forces have been equipped primarily with weapons, ammunition, and airplanes from the United States. Perhaps in none of these nations is there any possibility that the nation itself could, with its own resources, maintain a military establishment in any way comparable to what it now has.

I think every Member of this House would want to give very careful and even prayerful consideration before he would want to vote to abandon our programs for assisting these nations.

The second of the simple questions that I want to call to your attention is, What about our overseas military bases? Is it important that we maintain the airfields in Europe, Africa, and Asia from which planes can be launched which will be in the course of an hour or two over vital targets?

The committee heard most revealing testimony from Admiral Radford, Chairman of the Joint Chiefs of Staff, and I invite your attention to pages 732 through 736 of part V of the committee hearings on this bill. Admiral Radford pointed out that the most important element in the defense of the United States and of the Free World today is our own retaliatory strength, and he said that now, today, it is not technically possible to make this retaliatory strength effective without overseas bases. He stated further, and I quote:

> Perhaps 10 years or more from now it might be possible, with guided missiles of long range and longer range aircraft and other improvements in submarines. It is possible at some indeterminate time in the future that we could build sufficient military strength based either on United States territory, or in the international waters of the world that we had to get no permission to use, to deter Communists from attacking us.

Every Member of this House should give careful consideration to the fact that our best military experts say that the fortress America concept is today technically impossible.

My third basic question is, Do we want 20 years from now in the year 1977 the nations of Asia and Africa to be independent and friendly to the United States, or do we want them to be Soviet satellites, hostile to the United States and regarding the entire white race as their enemies?

I have asked three simple questions and I think the answer to each is obvious. I do not see how anyone can believe that the United States will be safer or stronger or economically better off if we abandon the support of the forces of our military allies. I do not see how anyone can advocate that we abandon our overseas bases with the important strategic advantage which they give us over international communism. I do not see how anyone can disregard the importance to the future security and welfare of the United States of our relations during the next 20 years with the newly established nations of Asia and Africa.

The easy and the obvious answers to the questions which I have propounded, it seems to me, make very clear that the easy and obvious answers to the questions which I asked at the beginning of my statement are not so easy or so obvious when you consider the realities of the world in which we find ourselves today.

Let me take a few minutes to summarize the bill which is before us. It authorizes an appropriation of $3,242,333,000. This is $524,237,000 less than last year's appropriation of $3,766,570,000. The bill, as reported by the committee, is $375 million less than the authorization which passed the Senate and is $622,077,000 below the Executive request. Let me point out that of the total authorization $1,500,000,000 is for military assistance for our allies. This is 49 percent of the total authorization in the bill. Recipients of the largest portion of this equipment will not be the nations of Europe, as many people are inclined to think, but will be the forces of Asia and the Near East, including Korea, Formosa, and Turkey to which I referred a moment ago.

One of the most important, and I feel one of the most misunderstood, parts of the bill is section 6 which establishes a development loan fund. The reason it is misunderstood is, I think, that many people are not fully aware of the nature of the situation with which it is intended to deal.

I have already emphasized the importance to the United States of our relations with the underdeveloped countries of the world in the years to come. The people of these nations are very much dissatisfied with their present status and are determined to improve the conditions in which they live. The governments of these nations are very much aware of the pressure from their people and are actively seeking means for making over the economies of their countries.

The most effective action which the United States can take in the light of this situation is to offer to help these underdeveloped countries with their economic development. In many cases it is necessary to start at the very beginning with countries that are inadequately provided with engineers and technicians. The Government budgets of many of these nations are so limited that they cannot afford to undertake the planning and engineering necessary to prepare projects for submission to the United States unless they can feel confident that funds will be available to carry on with those projects which prove feasible. It would be disastrous to the United States in our relations with such nations if after encouraging them and assisting them to inaugurate a development program we then withdrew our help because the necessary appropriations were not forthcoming.

It is necessary to recognize that although there must be assurance of enough money to finance a large number of long-range projects in the underdeveloped countries, it is probable that the actual expenditure of these funds will proceed slowly. In addition to the long period necessary to complete plans and draw blueprints and let contracts, it will also take time to enact implementing legislation, condemn land, and take other action within each country which is necessary for the projects to be completed. All these considerations lead to this conclusion: The United States, in order to provide effective assistance of the kind to which I referred, must have available a substantial fund upon which it can draw. The fund must be large enough so that all of the underdeveloped nations of the Free World will feel that they will have an opportunity to participate in it. We cannot wisely say that we should make a small amount available the first year and see how things work out. If we are able to offer assistance only to the select few, we will inevitably antagonize many other countries whose future friendship and cooperation will be important to us. It is necessary to recognize also, however, that it is not desirable to appropriate in a single year large sums which may not be expended until 5 or more years later. For that reason, in addition to an initial authorization of an appropriation of $500 million, the bill includes authorization for borrowing from the Treasury $500 million beginning in fiscal 1959, and an additional $500 million beginning in fiscal 1960. The fact that this borrowing is authorized does not indicate that the funds will be actually drawn in those fiscal years. The whole concept is one of providing a fund large enough to reassure the underdeveloped nations of the world and at the same time to avoid appropriating for the fiscal year 1958 a considerable amount of money that cannot and will not be expended for several years.

We all recognize that the Congress canot bind future Congresses. The language of the bill is the best procedure which anyone has been able to devise for meeting the necessity for helping nations with their long-range programs, for avoiding making appropriations that will not be used up for several years and at the same time permit adequate control and supervision of the program by the Congress.

There are many other programs in the bill which involve carrying forward efforts which were started in former years. The committee report describes them in detail, and I will be glad to try to answer questions about them. I am sure that most of them will be fully explained during the reading of the bill before this Committee.

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

Mr. CARNAHAN. I will be happy to yield.

Mr. GROSS. What interest rate will be charged upon the loans that are to be made?

Mr. CARNAHAN. The legislation does not designate the interest rate.

Mr. GROSS. What will be the length of the loan to be made?

Mr. CARNAHAN. The legislation does not designate the length of the loans. The rules for the loans, which will determine the interest rates, the length of time the loans will run, the size of the installment repayments, and other administrative details, will be taken care of by the Executive Department through a loan committee and an advisory committee, which the resolution does provide for.

Mr. GROSS. May I ask the gentleman if he saw a recent statement by the City National Bank of New York which states that 49 foreign countries have prime interest rates higher than those in the United States—higher than the prime interest rates in the United States? Will the gentleman tell me why American capital fails to take advantage of those unbelievably high interest rates in foreign countries?

Mr. CARNAHAN. If the gentleman cares to give his reaction, I will be glad to have it.

Mr. GROSS. Of course the answer to the question is that American capital, private investors, are not going into these foreign countries, because they doubt that they would ever get their money back at any interest rate. That, I think the gentleman will agree, is the situation in which we find ourselves today. If we support this bill we are not

making loans, we are making grants in the guise of loans. Is not that true?

Mr. CARNAHAN. In my opinion that is not true.

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

Mr. CARNAHAN. I shall be glad to yield.

Mr. VORYS. Some of the loans already made are for quite long terms, 35 years, with interest, I believe at 3⅛ percent on some; but on this matter of American capital not going abroad, American capital is flowing abroad at unprecedented rates, and our guaranty provision which we strengthened last year is being used more and more by American capital in order to protect itself from some of the risks in foreign investments.

Mr. CARNAHAN. And American capital is going abroad as the result of the functioning of the mutual security program over the years.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

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

Mr. O'HARA of Illinois. It might well be that the fears of the gentleman from Iowa would be quieted perhaps if he were informed that the Chairman of the Board of Directors of the Export-Import Bank is to be on the board of managers of the new loan development fund.

Mr. GROSS. That would not quiet my fears at all, and the gentleman knows it.

Mr. O'HARA of Illinois. I think I do know that. One reason I have admired the gentleman so much is that nothing can ever quiet his fears.

Mr. GROSS. And I appreciate that, too.

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

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

Mr. NICHOLSON. Did I understand the gentleman to say that this is a long-range program?

Mr. CARNAHAN. Any loan under the proposed loan fund might certainly be arranged for a period of years.

Mr. NICHOLSON. But grants would be given also over a period of years, would they not?

Mr. CARNAHAN. World conditions will likely make further grants desirable. We expect grants to accomplish desirable results. Careful attention should be given to grants before they are made, for once made that ends the agreement in connection with the grant.

Mr. NICHOLSON. It has not been the end of it since 1947. The only difference in the grant is the name.

Mr. CARNAHAN. It is the hope of the committee and I think of many Members of Congress that the setting up of this loan fund will lead to the reducing of grants.

Mr. NICHOLSON. I understood the gentleman from Illinois [Mr. O'HARA] to say they could borrow money from the Export-Import Bank to guarantee these propositions. Have these countries tried to borrow money from banking institutions or from anybody other than the United States?

Mr. CARNAHAN. Many countries throughout the world have borrowed from the Export-Import Bank.

Mr. NICHOLSON. They have paid them back, have they not?

Mr. CARNAHAN. Yes.

Mr. NICHOLSON. Did they pay us back?

Mr. CARNAHAN. Yes; many nations have been and are now repaying loans from us.

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

Mr. CARNAHAN. I yield to the gentleman from Florida.

Mr. HALEY. The gentleman says this is a long-range program, and I thoroughly agree with him. Does the committee see any hope of this foreign aid or giveaway diminishing in any time within the foreseeable future?

Mr. CARNAHAN. I do not believe I said that this loan fund as constituted under this bill is long range; it is set up to get funds for 3 years.

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

Mr. CARNAHAN. I am happy to yield.

Mr. GROSS. The gentleman from Illinois who spoke so feelingly of my fears will recall that not long ago we had under consideration the extension of the British debt and interest payment. He recalls that, does he not?

Mr. O'HARA of Illinois. Very definitely, yes.

Mr. GROSS. If the finances of the British are in such good shape why did we extend that? And why did the Export-Import Bank make a loan available to the British to the extent of $500 million which they had not drawn on at the time if it was not intended to back up their borrowing capacity with other world authorities in monetary borrowings they had made? In other words, they have just kited checks. The gentleman knows it, and the only way this money is made available is through further grants, further economic assistance, further defense support, and so on and so forth on the part of the taxpayers of the United States. That is the only reason why they are paying anything today, and the gentleman knows it.

Mr. O'HARA of Illinois. I would like to answer my friend from Iowa. I think the gentleman will remember that I was one of the first who called attention to the loans made by the Export-Import Bank to Great Britain and I questioned at that time the propriety of doing it. But the gentleman from Iowa will concede, nevertheless, that the Export-Import Bank has made a very enviable record. It has shown a substantial profit. It has not lost a nickel. It has made a profit. It has done a great job in developing the economic resources of other countries. The best fruit of that is that in their investments in the present year when our domestic economy was sagging it was saved by a 27 percent increase in our export orders.

Mr. GROSS. The only reason why they are paying it is because we are continuing to prime their pumps with legislation exactly like this and as long as we continue to pour the money out to them they will go through the motion of paying it back.

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

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

Mr. VORYS. Since 1945 we have had total foreign loans of $15,155 million, consisting of loans and grants converted into loans. That is about 25 percent of the whole foreign-aid program. Up to the end of March we have been repaid in principal $4,311 million and in interest $1,840 million. That is $6,151 million paid back on this so-called giveaway program.

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

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Only 46 hundredths of 1 percent have been charged off as being uncollectible. In commercial loans in the United States you do not have a much better record than that.

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

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

Mr. FULTON. The question has been raised on the extension of payments on the British loan. As the gentleman from Iowa knows, we have debated that very extensively. I was one of those who made the point that we could not tell what the provisions were of the British loan at this time because times have changed; therefore, we had to make a compromise settlement. I might say to the gentleman from Iowa that none of the $500 million authorized for Britain was used. So we are not priming the pump.

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

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

Mr. NICHOLSON. I would like to ask the gentleman from Ohio if the British Government has paid us the loan made to them in 1917 and 1918 or any of the principal since 1932, when there was a campaign against Hoover because he did recommend that they forego taking the interest that year, and since then no interest has been paid and none of the principal.

Mr. VORYS. I do not remember the year, but there was in the early years considerable interest and principal paid. We had these figures when we had the British loan extension down here. There is considerable in principal that has not been paid.

Mr. NICHOLSON. Is it not true they have not paid the principal on a debt they incurred 40 years ago?

Mr. VORYS. In World War I. On the World War I loan they have had a moratorium that is still going on. I am talking about what has happened since World War II.

Mr. NICHOLSON. The gentleman from Ohio is telling us about the money that has been paid. It is shown that nothing was paid in since 1932. Now, how can England pay us the interest on this loan? They have had separate loans.

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

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

Mr. GROSS. I want to thank the gentleman for yielding to me and I hope he will yield to me now so that I may address a question to the gentleman from Ohio who seems to have all the answers about these financial questions. I should like to ask the gentleman how much of our counterpart funds have been used to retire the internal debts of foreign countries?

Mr. VORYS. I do not know. We will look it up.

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

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. With respect to the comments of the gentleman from Massachusetts [Mr. NICHOLSON], may I say that in the thirties there was a worldwide depression and a lot of countries simply could not pay their external debts. And a lot of people in various parts of our own country had a moratorium declared on the debts they owed on their farms, not because they were bad citizens or wanted to evade their debts. They just could not pay them. Some of those debts were never paid and were written off. But that does not mean those individuals, caught in the depression then, are not good risks now. They have recovered and they have good credit at the bank. We are reporting the record on loans made in the last 10 years under the mutual security program. Twenty-five percent of the loans have been repaid. About 60 percent of the loans are still outstanding. As has been explained, they were not supposed to be paid back in 10 years. Some run for as long as 40 years. But, thus far, the defaults have been far less, I am sure, than anybody on our committee expected, especially since we were dealing with countries that were demoralized and their economies disrupted by the war. They were practically prostrate. They have recovered remarkably. They are not trying to get American money without repayment. They are proud, law-abiding, self-respecting peoples. They want to pay back if they can, and in part through the assistance they have received from us, they are pretty well on their feet now and they are paying their bills. I am proud of the total record—for our sake and for their sake.

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

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

Mr. FOUNTAIN. Regardless of how we may feel about the mutual security program, the gentleman from Iowa and the gentleman from Florida have posed two very significant questions which I think ought to be answered, and on the basis of the testimony which was given before the Committee on Foreign Affairs, I believe I can answer them.

One was, Is there any hope of an end to the mutual security program? The testimony indicated that we may expect to continue a mutual security program of the kind which we are now discussing for many, many years, and there is no termination of it in the foreseeable future.

In the second place, the question was asked as to how long this so-called development fund program would last. The gentleman from Missouri explained that the appropriation of $500 million and the borrowing authority of an additional billion dollars for 1959 and 1960 will last for 3 years. That is true. However, let me point out that these appropriations and these funds which the President may see fit to borrow from the Treasury are going into a revolving fund where they will stay until they are expended, and the testimony brought before our committee indicates that the very purpose of this development loan fund is to begin a long-range program which will last indefinitely.

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

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

Mr. FULTON. I think we should specifically answer on what the status of Great Britain's indebtedness is from World War I. From World War I, on principal, they had $4.8 billion worth of debt contracted. On that they have paid off about $434 million worth of principal and they have paid $1,591,000,000 worth of interest to date. Not due is $3,289,000,000, and on interest due and unpaid at the present time is $1,079,000,000. The interest and principal due and unpaid from Britain at the present time from World War I indebtedness is $3,719,000,000. I had asked that very question of George Humphrey, Secretary of the Treasury, when he was before the committee. If the committee at present will look at that indebtedness, they will find out that out of $4.8 billion worth of World War I contracts, Britain has paid on principal and interest about $2 billion on it. So, it is not such a bad situation as brought out here as to Britain's World War I indebtedness. And, she is up to date completely; that is, Britain has paid everything, principal and interest, from World War I right straight through. She has not defaulted $1 or 1 pound.

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

Mr. CARNAHAN. I yield to the gentleman from Georgia.

Mr. PILCHER. Now, are we not getting soft loans and hard loans mixed up? This is supposed to be a soft loan, is that not right?

Mr. CARNAHAN. There are some who will so interpret it.

Mr. PILCHER. In other words, the Export-Import Bank makes the hard loans; that is, collateral loans which they expect to have repaid. But these other loans are so-called soft loans. In other words, we are going to have two windows. They can first go to the Export-Import Bank window, and if they will not make the loan, then they can go to the other window and say that they want a loan, and we will say to them, "We have got so much for you of a soft loan." Is not that going to hurt our good loans that we have already made to some of these countries?

Mr. CARNAHAN. Of course, we have the same situation in our own economy in the matter of loaning facilities.

Mr. PILCHER. With reference to this manager, he may loan this money to any country—that is, any foreign government or foreign government agency, to any corporation, any individual or any group of persons; is that right?

Mr. CARNAHAN. That is correct.

Mr. PILCHER. In other words, it would be possible for an individual to borrow $1 million or $5 million to set up some business in some foreign country, if the manager so agreed; is that correct?

Mr. CARNAHAN. If they met the criteria set up for loans.

Mr. PILCHER. This manager may collect or he may compromise a loan. Does not the word "compromise" mean cancel?

Mr. CARNAHAN. It would not mean that he could do nothing except cancel in attempting to negotiate a payment.

Mr. PILCHER. He has the authority to collect or compromise any obligation in this fund. In other words, he can make a loan this month and if he so desires he can turn around and compromise it or cancel it next month which is a straight out grant in the disguise of a soft-loan program.

Mr. CARNAHAN. That is not my intention in the use of this loan fund.

Mr. VORYS. Mr. Chairman, will the gentleman yield to me?

Mr. CARNAHAN. I am happy to yield to the gentleman from Ohio.

Mr. VORYS. With reference to the manager, he is not going to go around making loans on his own responsibility. As we say in the report, "the Loan Committee is intended to act in the capacity of a manager of the fund." The manager will be their chief executive officer. But it will be the Loan Committee, supervised by the National Advisory Committee on International Monetary and Financial Affairs that will be double checking all of the loans. No single man is going to go around making these loans.

Mr. CARNAHAN. That is the intention of the committee.

Mr. JUDD. Mr. Chairman, will the gentleman yield to me?

Mr. CARNAHAN. I yield to the gentleman from Minnesota.

Mr. JUDD. I hope everybody understands that the only reason it is necessary to set up this development fund is because we are trying to keep a lot of countries going and in the Free World who may not be the best credit risk at the moment. The bill itself says that if they can, they must get the money they need from private sources; that is, regular sources from which any sound firm borrows money, such as the banks. If they cannot get it there, then they may go, say, to the Export-Import Bank which will make loans on longer terms or under special circumstances that commercial banks could not. Then they will go, if necessary, to a third source, the International Bank for Reconstruction and Development which will make a somewhat more difficult or unusual loan, when it believes it is indicated, taking into consideration the whole world situation.

Now, if they cannot get funds from the regular sources or cannot make a direct loan from the Export-Import

Bank, or from the International Bank, they then come to this development fund. The Loan Committee which manages the fund is made up of hard-headed bankers. If in their opinion and our State Department says the loan will promote our foreign policy, and our Government think it is advantageous, in short, if the borrowers can actually justify it and demonstrate that they cannot get the loans elsewhere, then the Development Fund Loan Committee is authorized to make the loan. The development fund can make these unusual loans only when it is decided that the loans are of sufficient importance to our national security and national well-being to justify the additional risks.

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

Mr. CARNAHAN. I yield to the gentleman from Virginia.

Mr. HARDY. The statement made by the gentleman from Minnesota [Mr. JUDD] may be correct as to what the committee had in mind. But as I read the bill the manager of the Fund has almost unlimited authority to do anything he pleases. The only thing the committee can do is, under the guidance of the Secretary of State, set out some rule, and, if the manager sees fit under the language you have written into this bill he can disregard every single principle that has been set out by the committee.

Mr. JUDD. Yes; conceivably he could, I suppose. But the bill on page 8, line 10, says he must take into account:

> (1) whether financing could be obtained in whole or in part from other Free World sources on reasonable terms.

If the fund were to have a manager who ignored the plain intent of the Congress and the mandate of the law and did not take those into account, what the gentleman fears might happen, but that would be a case where we the Congress ought to step in and impeach him.

Mr. HARDY. I doubt that you would have grounds for impeachment, because you give him ample authority, and further, later on you give him authority to do anything he wants to do. It is the most loosely drawn thing I have ever seen.

Mr. JUDD. He has to follow the basic financial terms and conditions established by the loan committee.

Mr. HOFFMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. Mr. Chairman, the Members of the House are talking back and forth and asking questions and giving answers without addressing the Chair.

The CHAIRMAN. The gentleman from Missouri has been recognized. The gentleman from Missouri yielded to the gentleman from Minnesota. The gentleman from Minnesota is now making a statement.

Mr. HOFFMAN. But the gentleman from Minnesota just started in without getting any permission or asking the Chair if the gentleman would yield.

Mr. HARDY. Mr. Chairman, will the gentleman yield to me for another observation?

Mr. CARNAHAN. I yield to the gentleman from Virginia.

Mr. HARDY. I think we could argue that for a long time. I think the language is so overdrawn that it is subject to a wide variety of interpretation. But I should like to ask a question concerning some figures that were given a moment ago by the gentleman from Ohio [Mr. VORYS] in connection with loans heretofore made under the Mutual Security Act. He spoke of a considerable amount of repayments. I should like to know first of all whether those repayments were made in dollars or in local currencies. Can the gentleman tell us?

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

Mr. VORYS. I understand those are dollar repayments. If that is not correct, I will doublecheck it, but I think that the local currency is handled in a different way.

Mr. HARDY. I should like very much if we might get a clarification on that by sometime tomorrow so that we might get a clear understanding. I have some idea in my own mind as to whether these funds are paid back in local currencies or dollars. I wonder if the gentleman would be good enough to find out about that, and also whether, when the funds were paid back, they went into the Treasury, or what was done with them?

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

Mr. CARNAHAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I should like to ask a question of the gentleman from Pennsylvania [Mr. FULTON]. A few moments ago he said Britain was up on these payments. If that be true, why was it necessary not so long ago to ask for an extension of time?

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

Mr. CARNAHAN. I yield to the gentleman from Pennsylvania to answer the gentleman from Michigan.

Mr. FULTON. Britain has the right to cancel out payment of interest and postpone interest. The Secretary of the Treasury of the United States, of the gentleman's own party and his own administration, came before our committee and recommended that a compromise agreement be made which would settle the terms of the payment, so we would all know what would be paid, giving them certain rights of postponement. It is the gentleman from Michigan's and the gentleman from Pennsylvania's own administration that made the compromise, so we are both behind it; are we not?

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

Mr. CARNAHAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I understand all that, but the gentleman said Britain was up on these payments. If that was true, why did she need to ask for an extension.

Mr. FULTON. May I answer that?

Mr. CARNAHAN. I yield to the gentleman from Pennsylvania to answer.

Mr. FULTON. On the current payment made by Britain, the part in dispute was put in escrow by Britain voluntarily, so it was put in a separate account. It was then under the agreement and it was not in default and never has been.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. HAYS of Ohio. I am for the development loan fund, but I must agree that the manager's discretion indeed is rather loosely drawn. It is going to be a little bit like the case of a boy in the house I lived in at the university. He borrowed money from everybody in the house. His credit got so that nobody would lend him any money. He came around one day and he wanted a loan, and said "This will be a cash credit." I said, "What is the difference between a cash credit and ordinary credit?" He said, "Cash credit is the kind where I will pay you if I get the cash."

Mr. JUDD. I think it ought to be made clear at this time, while this matter is before us, that the language on page 13 of the bill which sets up this loan committee, states that the committee "shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the fund." We spell out in our committee report on page 23 what we understand that to mean. The loan committee "would have authority to consider any and all loan applications, approve or deny them, and establish the essential conditions and terms of each approved loan." Now that is the plain meaning and intent of the language. It is possible for an official sometimes to get outside of the plain intent, but surely this legislation is drawn about as tightly as it was possible to draw it and still allow the loan committee to function successfully.

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

Mr. CARNAHAN. I yield.

Mr. PILCHER. The gentleman from Minnesota did not read the next paragraph in the bill which is as follows:

> In carrying out his functions with respect to this title, the manager of the fund may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as may be deemed appropriate—

And so on down the line. He can lend it, he can give it away or he can do anything he wants to without going to the committee, if he so desires. That is my interpretation of the language and, of course, I am not a lawyer.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. O'HARA of Illinois. It seems to me we are overlooking the heart of this entire matter. It states here:

> In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a manager of the fund to perform such functions with respect to this title as the President may direct.

Now we go on and, I think, a little bit loosely, to spell out what that means, but the functions are prescribed by the President and the appointment is made by the President himself by and with the

advice and consent of the Senate, and the President appointing the manager of the fund sets forth the functions that he shall perform.

Mr. GROSS. And that is more power than any President should ask for or want the responsibility for.

Mr. O'HARA of Illinois. I think the day will never come when we cannot trust the honesty of the President of the United States.

Mr. GROSS. Oh, well, now, let us not go into that.

Mr. O'HARA of Illinois. Well, that is what I believe.

The CHAIRMAN. The gentleman from Missouri [Mr. CARNAHAN] has consumed 45 minutes.

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

Mr. Chairman, I want first of all to state that half of the 3½ hours in general debate allotted to the minority, is to be allotted to the further minority headed by my dear friend, the gentleman from Wisconsin [Mr. SMITH]. Those who wish to speak in opposition to the bill during general debate will please check with the gentleman from Wisconsin [Mr. SMITH].

Mr. GAVIN. Mr. Chairman, will the gentleman, before proceeding with his general discussion, yield at this point?

Mr. VORYS. I will yield to the gentleman when I have made just one more statement, and that is that the secret volumes used in our hearings are at the two committee tables and are available to any Member of the Congress who will avail himself of them with the obligation, of course, not to disclose the material marked "secret." Now, I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I would like to ask my distinguished friend from Minnesota this question. We have the International Cooperation Administration. We have the Export-Import Bank. We have the International Bank. We have the International Monetary Fund and the International Development Corporation and the World Bank.

Mr. VORYS. And the Board of Governors of the Federal Reserve System.

Mr. GAVIN. Yes; and we also have the Board of Governors of the Federal Reserve System. Now, we want to step in and set up another agency to duplicate the work that all these various organizations are carrying on. I have looked over this International Bank brochure sent out by Mr. Black. He seems to be a practical, realistic, clear-thinking sort of American. I like his ideas and his plan of operation. Why would you want to establish another organization when you have in the field people and agencies that are qualified to take over this proposed agency and operate it without further organization? I cannot see the need, when you have 5 or 6 in the field, to establish another one.

Mr. VORYS. Mr. Chairman, I cannot yield any further at this time.

We have got the International Bank and the Export-Import Bank, each having their functions, but we have not had an agency like this, although we have been making some development loans.

Many people say that these loans are just giveaways. I have pointed out that 25 percent of our foreign-aid program since World War II is in the form of loans amounting to $15,155 million. We have received back $6,151 million, in interest and principal on these loans.

I became interested in aid loans when former President Herbert Hoover came before our committee in 1947 after he had made a trip for President Truman to study relief around the world. He said in substance, "When you furnish foreign aid, always create an obligation to repay, either through counterpart, or through loans. Now, they will call them soft loans, but if you make it a loan, then the country tries to show how good its proposition is in order to get a loan. They may not do that when asking for a grant. If you make a loan instead of a grant, if they have to pay it back they will ask for as little as they can, whereas in asking for a grant they will tend to make it as big as possible." So in the past 9 years, beginning with the Marshall plan, when amendments of mine required a billion dollars to be in the form of loans, there is about $2 billion foreign aid loans, with which I have had something to do, and I therefore welcome very much the fact that we are going to have this development loan fund, which has functions that none of the rest of these loan funds have, but which is intended to cooperate with them. That is why we have provided that the manager, the executive officer, shall be guided by and is controlled by this loan committee and that the full functioning of the thing shall be coordinated through the National Advisory Committee, the membership of which the gentleman from Pennsylvania has just described.

Now, why are we interested in these undeveloped countries? Russia a couple of years ago started to offer technical assistance and aid loans. Secretary Dulles said if imitation is a form of flattery, we should be flattered. After we had been doing it for a decade, Russia started to imitate us. They have used about a billion dollars in technical assistance and development loans. But here is what Khrushchev says to the leaders of those undeveloped countries. He said it in about so many words, "The United States is a wonderfully developed country, but it took it 350 years to develop. Now," he said, "you look at us. Russia has had its whole development in 40 years. The way we did it is that we have got this Communist system so that we can control the masses and make them work hard and give up things so that they will develop fast. If you will let us in we will show you how you can develop your country fast under our Communist system, and we will start you off with a little technical assistance and some economic aid."

We do not want those countries to develop as Communist countries. They, however, constitute a challenge to us. If we say, "You can develop and remain free and independent," they will say, "Will you help us?" The reason that we need a big amount and to last a while is that the fund must be big enough and last long enough to prevent our own officials, or other countries, from rushing plans to get in before the money or the time runs out. We want them to come up with long-range plans that they think out carefully, and the reason we have got these various loan agencies represented is that we want the people there who will say, "You ought to get a private loan from an American bank." Or they might say: "Maybe that is something you could sell stock on," or "That is one for the World Bank," or "That is for the Export-Import Bank," or "Maybe we can work out a combination where it will be financed partly by private investment under guaranties and part picked up by this type of development loan."

And we do not want them to have to rush.

There is criticism because the President has not used all of the southeast Asia development fund. I commend him for going slow. If he cannot get the right kind of projects he ought not to lend the money. That is why we want the program we have outlined here. We want it to last long enough and to be big enough to stimulate sound planning. If it is not big enough the countries will be discouraged from thinking about using it, and if it does not last long enough they will try for short-range objectives. We want it to last long enough so that they do not have to rush into it without thinking the project through.

You will notice there are three annual increments of $500 million. This means that Congress is going to have an opportunity to review this whole program, each year Congress will have its finger on the pulse of the program. We want to have the concept that it will last long enough and will be big enough in amount that we will encourage these countries to develop the free way rather than the Communist way that Khrushchev is hoping to get them to adopt.

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

Mr. VORYS. I yield.

Mr. FULTON. I want to compliment the gentleman because this development loan fund is actually along the idea that the gentleman from Ohio has proposed almost from the beginning of the Marshall plan, a moving away from grants to loans.

Mr. VORYS. That is right.

Mr. FULTON. He wants to get it on a basis where the money will be repaid if it can be and get away from grants.

Mr. VORYS. And 15 percent of the whole bill is in loans this time; nearly half of the economic aid is in loans; so we are getting toward the direction that Herbert Hoover pointed out to us years ago. This is one of the important parts of this bill.

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

Mr. VORYS. Briefly.

Mr. GAVIN. This is the first time the committee has come up with a sound approach to this problem. The programs heretofore presented have been based mostly on grants. So it looks as though over the past 10 years we are learning a little.

Mr. VORYS. I confess to a little pride of authorship for this administrative system for running this fund. The idea of having a manager in ICA and then this loan committee, and then this advisory committee; is all good. The

language on page 23 of the report describes the administration of the fund. It has been very carefully thought out, and that is the way it is understood, not only by the committee but also by the executive branch that this thing is really going to function.

The loan committee is intended to act in the capacity of managers of the fund in deciding whether a proposed loan meets the criteria laid down. The loan committee will determine whether either private capital, the Export-Import Bank, the International Bank for Reconstruction and Development, or any other free world source is available and whether the proposed loan will have adverse effect on existing outstanding loans and future operations of such other sources in addition to passing on the requirements for the specific project or activity. That is to be the administration of this plan. Another strong feature is the nature of the reports it must make. So with all the requirements and criteria which surround such loans we think it will be a workable operation.

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

Mr. VORYS. I yield.

Mr. MEADER. As the gentleman knows I have been consistently in favor of emphasizing the role of private capital investment in the development of the economies of all of those countries we are trying to help. I want to commend the gentleman for the language appearing on page 8, lines 20 and 21, which read as follows:

> The fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title.

Here is the question I want to ask.

Mr. VORYS. Read the next part: "and it shall be administered so as not to compete with private investment capital." That is in the bill.

Mr. MEADER. The question I have in mind relates to the previous section, 201, declaration of purposes. In that section it is stated that it is our policy to encourage through self-help, and mutual cooperation, the efforts of other peoples to develop their economic resources, and so forth. There is not a specific reference to doing so through private capital and investment and the encouragement of the free-enterprise system. I wonder if the gentleman would have any objection to including such language in that declaration of purpose? I have drafted an amendment which will emphasize that it is the policy of the Congress to encourage the development of economic resources through private capital investment.

Mr. VORYS. Will the gentleman let me sleep on that? We have it in one part of the bill but I do not know whether we should put it in another part or not.

Mr. MEADER. It is not in the declaration of purpose section.

Mr. VORYS. Mr. Chairman, I want to mention some other things. We have had a massive reappraisal of this whole foreign-aid program in the past year. We had it in the House committee. The Senate had a special committee and spent $300,000, using various important expert institutions to make studies. The President had the Fairless Committee where Fairless and John Lewis traveled around and held hearings and joined in a unanimous report.

During the hearings on this bill we have had organized intelligent expert criticism of the administration of this program by the General Accounting Office. We have been aided by the Government Operations Committee. For instance, all of part I of the hearings, all 109 pages, are devoted exclusively to an analysis of these criticisms. These criticisms and the analyses of them went on throughout the hearings and we have profited greatly by this study.

On the other hand, you will find in part 6, page 1300, comments on a lot of other criticism that came up from time to time.

I want to pay my tribute to the retiring head of the ICA, John Hollister. When he appeared before us my criticism was, and other Members joined me, that "you are too modest. You have not told what you are accomplishing with this program."

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

Mr. VORYS. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, in response to that demand you will find in part 5, pages 962 to 982, 20 pages spelling out in detail what ICA has been accomplishing. I think it should have appeared earlier in the hearings, but I do not want it to be overlooked. I will not have time to read to you the 20 pages of accomplishments.

Then you will find in part 5, pages 982 to 996, 14 pages of improvements in the ICA administration as to personnel, as to the projects and general administration that have taken place under Mr. Hollister. As I say, one criticism of him has been that he has not let enough people know about what he is accomplishing and the improvements made in the administration, many of them the result of expert criticisms made of the program.

So there has been this reappraisal. Meanwhile the opposition is still with us. You would think that as a result of this reappraisal they would have come up with a new plan, with an alternative to the plan we have been following, as to how they would protect the security of the United States. But if they have ever come up with one I am unaware of it. I hope they may bring one out in general debate. However, I attempted to study this whole thing and to reappraise it myself to see what else might be done, instead of the way we are doing it.

I took this up with Admiral Radford, and in part V, pages 734 to 736, I said to Admiral Radford:

> Mr. VORYS. Admiral Radford, you have referred collaterally to the alternatives 2 or 3 times. Right on the first page of your statement you say that our force levels would have to be expanded at greatly increased costs were it not for the Free World forces.
>
> We have those in Congress who would vote against this whole program. We have those who urge, on this Status of Forces Treaty, that the thing to do is to bring our boys home, arm to the teeth here, and wait for the Soviets to come over if they want to.
>
> Could you give us any estimate in dollars and cents as to what that strategy, that alternative, would cost the United States? To pick up everything, come home, and arm to the teeth here—the Fortress America idea?
>
> Admiral RADFORD. Mr. Vorys, I see those same statements made occasionally and they bother me a great deal. I can only assume that people who say things like that have not really taken the time to study the problem of the world we live in today.
>
> In the first place we have two situations that we have to plan for. One is the effort to plan and to maintain this major deterrent force. That is the force that we rely upon to prevent the Communists from attacking us. I say "us" because I am sure in the Communists' eyes we are the main stumbling block to the achievement of their aim of world domination. If the United States didn't exist, why, they could achieve world domination. And they also know if they tried to attack in any quarter of the globe there is a likelihood that we would throw our offensive forces against them. It follows that the great retaliatory strength which we have in being and which we have to maintain prevents them from taking that kind of action.
>
> On the other hand, a major deterrent force per se is not absolute insurance enough to prevent the Communists from achieving their aim of world domination. They would have the opportunity—if that were our only program—to defeat us. In a sense sole reliance on a United States based major retaliatory force is the fortress America program—I might say in passing it is not now technically possible to achieve that state of affairs without some bases overseas. I have covered that in my statement. Perhaps 10 years or more from now it might be possible, with guided missiles of long range and longer range aircraft and other improvements in submarines. It is possible at some indeterminate time in the future that we could build sufficient military strength based either on United States territory, or in the international waters of the world that we had to get no permission to use, to deter Communists from attacking us.
>
> But the main hope of preventing the ultimate success of the Communist power in the world is to maintain the freedom of the rest of the Free World. There are several reasons for that. No. 1, if we were successful in maintaining a fortress America concept and let the rest of the world go hang, so to speak, we would find ourselves sooner or later in an impossible position to just live in the kind of world which would eventuate. There are many things we have to get from the rest of the world. Raw materials from abroad for instance, become increasingly more important to us as we use up our own resources. We would have to trade with the rest of the world. If they were all Communists, they could hold us up.
>
> We would like to sell things to the rest of the world. If it was controlled entirely by the Communists they would let us know whether we could sell or not. They would control foreign trade. So from a purely living standpoint, I don't think we could stand the economic situation that would be almost bound to come about if we adopted a fortress America military concept.
>
> On the other hand, as Dr. Judd mentioned a little while ago, the military deal with rather tangible problems and we are up here today talking about the military assistance program. We can tell you pretty definitely what we are going to do with the money we get. We buy equipment and we help train people to use it. We thus generate force that is in being. This force tends to give the politicians, the Government leaders and the diplomats time to work on the rest of this problem. They must use that time to good advantage because this is not a static situation and, their adversaries are very clever.

* * * * *

Admiral RADFORD. That is all there is to it. If we were to go on a military fortress America concept (which as I have said is not technically feasible at this time although it may be at some future time), it would cost a tremendous amount of money, much more than we spend now. But the worst disadvantage of the adoption of such a concept is that the rest of the world would gradually swing to the Communist side and we couldn't live in the world that was left.

Mr. JUDD. It might not be gradually.

Admiral RADFORD. No.

Mr. VORYS. Just to tie the thing up, you used the word "incalculable." You are a military man, but if you can't figure it, and you know the cost of weapons and so forth, certainly no economist could figure it because he doesn't know enough about your business. The fortress America concept is just incalculably more expensive than this present operation, is that not right?

Admiral RADFORD. It is, and it isn't technically possible at this time. It may be, as I said, at some time in the future, but it isn't right now. No matter how much we spend on it.

Now, that is the only alternative that I know of that is offered to us by our brethren who are against this whole collective-security program and against having us maintain those bases. I maintain that when you study it over you will find that our collective-security military-aid program is an economy measure in that there is no other way we can get so much defense for so little money. We have been told this: The Soviets have a bigger army than we have—175 divisions; we have 17. They have the second biggest navy. They have a tremendous air force. They have the A-bomb and the H-bomb. The only thing we have that they have not got is our strategic system of 250 bases, located so that, if they launch an attack on us, we can start retaliation before they hit the United States.

Now, we have men in all those bases, but the primary defense of them is by the forces in the countries where they are located and in those neighborhoods. It costs us $6,600 a year to maintain an American soldier overseas without a gun in his hand. We contribute to the 200 allied divisions that are armed, $458 per soldier, through this mutual-security program. So, wherever we can replace an American at $6,000 per year with an ally that costs us $458 per soldier, based on this year's request for military assistance and defense support, we are saving money on our security.

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

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

Mr. FULTON. It should be pointed out, too, that, if we required American troops to replace these foreign troops of our allies, we, in the United States would have to increase our draft tremendously.

Mr. VORYS. That is right.

Mr. FULTON. So a vote for this bill is really a vote to keep down the draft of United States men.

Mr. VORYS. Here is another thing that is not well known. We have supplied the Free World not with $17 billion in military supplies but with $18 billion, but $1 billion of it was paid for by other countries under what we used to call reimbursable sales; we now call it just sales. And in the coming year it is proposed under this program that we shall sell approximately $340 million worth of weapons to our allies. I want to see this program move in the direction that indicates where we will do more in the form of sales and more in the form of loans. The post-World War II record shows that we get paid back on loans. The defaults are trifling, one-twentieth of 1 percent. Also I want to see other countries start to pay us for the weapons that we furnish them.

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

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

Mr. NICHOLSON. I made a statement awhile ago and I checked up the figures in the World Almanac for 1956. I had made some comments about what England owed us from the First World War. These are the figures. The total indebtedness is $8,086,559,000. Due and unpaid $1,079,000,000. Unmatured debt $3,289,000,000. And just the interest that is due and unpaid by England, $3,718,559,301. That is from the First World War.

Mr. VORYS. I said before to the gentleman that I am not attempting to defend the failure of these countries to pay their World War I debts. There are excuses that can be made. What I am saying is, and I am saying it to everyone, that the record since World War II has been an entirely different kind of record.

Mr. FULTON. Mr. Chairman, will the gentleman yield to clear up that point, so I may give the authoritative figures?

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

Mr. FULTON. In the hearings before the Subcommittee on Foreign Economic Policy, of which I am a member, on the amendment to the Anglo-American Financial Agreement, which hearings were held March 18 and 19, 1957, in response to my question, George Humphrey, Secretary of the Treasury said, as shown on pages 26 and 27 as follows. He gave the United Kingdom debt record both for World War II and for World War I. Now if I may read his exact statement, to refute the statement of the gentleman from Massachusetts [Mr. NICHOLSON]:

World War I debt contracted $4,802,000,000. Repayments principal $434 million. Interest repayment $1,591,000,000. Not due yet $3,289,000,000 of principal. Due and unpaid $1,079,000,000 of principal. Interest due and unpaid from World War I $3,719,000,000.

Mr. VORYS. As between George Humphrey and the World Almanac I think I will string along with our fellow Ohioan.

Mr. Chairman, at this time I yield to the ranking Republican member of the Committee on Foreign Affairs, the gentleman from Illinois [Mr. CHIPERFIELD].

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

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

There was no objection.

Mr. CHIPERFIELD. Mr. Chairman, the purpose of this bill, S. 2130, amending the Mutual Security Act, is to make important contributions to our own security and that of the Free World. As the President has pointed out we must continue this program for "the safety of our country, the preservation and strengthening of world peace, and the minimizing of risk to American lives and resources in future years."

Many people consider military and economic aid to foreign countries as a foreign aid bill. Because some of this aid is in the form of grants they again generalize and think of it as a giveaway program. The term "foreign aid" is a misnomer.

Through this program our own defense as well as that of our allies has been greatly strengthened. The free people of the world have stiffened their will to resist and join in a common effort to maintain peace in the world. We have erected a firm shield against communistic aggression behind which freedom-loving people may work together for a common goal—permanent peace. The assistance which we have furnished and are furnishing our friends increases their ability to defend themselves against subversion from within and aggression from without.

Certainly recent events in Hungary and the Near East clearly demonstrate that the communistic threat has not lessened, and we must continue to provide military assistance to our allies and expand and improve our programs for assistance to undeveloped countries where, because of explosive conditions, war might break out.

We must face the fact that Russia has 175 line divisions, over 25,000 planes, atomic weapons, and the second largest navy in the world with over 400 submarines. We also must realize that in Red China they have an additional 200 divisions, and also about 2,500 operational aircraft.

What have we done to meet this threat? When we started the Mutual Security program in 1950 we were determined to increase our defenses by protecting our bases abroad, by working together with our allies in collective security agreements such as NATO, SEATO, and so forth. It was also necessary to safeguard our strategic materials which are so necessary for our defense. Our overall purpose was to build up the strength of our allies and to do so at a minimum cost.

Have we been successful? In 1950 our allies had 960 combatant navy vessels. In 1956 they have 2,300. They had 3.5 million active ground forces in 1950 and now they have 5 million. They had 10,995 conventional aircraft and now they have over 12,000. But the most important figure is that in 1950 our allies had only 477 jet aircraft and now they have approximately 11,000.

Mr. Chairman, when we take into consideration we and our allies have more and better airfields, new early warning systems, better communication systems, improved support units, and better trained troops it can readily be seen we have gone a long way in building up our mutual defense.

This has cost huge sums of money. During the last calendar year, more than $3 billion was furnished to foreign countries in military assistance. That is a huge amount of your and my money, but let us see what we got for it. That money helped support more than 200 divisions, 2,000 naval vessels and 300 air squadrons. It would be impossible to maintain all of these forces without our help. In like manner it would be absolutely impossible for the United States to maintain such forces itself. The United States last year spent $8 billion on the Army which has about 19 divisions plus a number of independent combat units. Simple arithmetic applied to the 200 divisions of our allies would show what a tremendous cost those divisions would represent to the United States if we were to try to maintain them out of our own resources and our own manpower. Obviously the United States could not afford such a crushing burden either in taxes or manpower. The cost of these divisions is cheap when compared with what we would have to pay ourselves if we tried to maintain them with our own money and our own boys.

Between 1950 and 1956, we spent under the military assistance program about $17.4 billion. I have just indicated what we got for our money. During that same period, how much did we spend for our own forces and what did we get? We spent $254 billion for 969 combatant ships, with an Air Force of 26,630 aircraft, and a ground force of 1 million. How was it possible for our allies to obtain a larger force with an expenditure of $17.4 billion on our part, when our own smaller force cost us $254 billion? The reason is that NATO and other allies spent during that period $107 billion for military purposes making a total combined expenditure by ourselves and allies of $124.4 billion. In other words, it cost us twice as much for our own forces as the combined expenditures of our allies of whose share we paid only $17.4 billion.

Again you might ask how this was possible. The answer is simple. One of the reasons for the lower cost both to ourselves and to our allies is the difference in the cost of maintaining an individual ground soldier. It costs us $3,511 to maintain a United States ground soldier without arms. That cost rises to $6,660 still without arms, when other costs, which many other nations do not have, are added. Contrasted with this, it costs $530 for Japan to support a Japanese ground soldier, $142 in the case of Taiwan, $105 in the case of Turkey, and $117 in the case of Korea. In other words, about 60 Turkish soldiers or more than 40 free Chinese soldiers can be maintained for what it would cost to keep 1 American soldier in the field. It would be false economy to say that we should replace the Turkish or Chinese soldier with an American GI.

Even though many people say that the countries to which we send aid are not helping themselves, the fact is, they are spending a large share of their own resources on defense.

Just one more comparable figure as proof. In 1956, we spent on our NATO defense $1.7 billion while the NATO countries spent $13.1 billion. In other words the European NATO countries spent almost $8 for every dollar's worth of guns, ammunition, and planes we sent them.

This bill authorizes an appropriation of $3,242,333,000. This is a reduction by the Foreign Affairs Committee of $622,077,000 below the request of the Executive for the year 1958. It also must be recalled that the President reduced his original request voluntarily by $535 million. So the figure the committee is actually considering today is $1,157,077,000 below the original request. The amount authorized is also $524 million below last year's appropriation for this purpose.

When the Foreign Affairs Committee considered this program we cut the military and defense support by $600 million. Will this weaken our security? I do not believe so. Last year we cut the military end of the program approximately $1 billion and we were subsequently told by the military that they were able to carry out the entire program as planned. As a matter of fact the military was able to save not only the $1 billion we cut but an additional $467 million. This was through better management, better planning, better screening, better funding, and better administration; and also by initiating savings in spare parts, ammunition, consumables, refinement of advanced weapons, et cetera. I therefore believe the Pentagon can continue to make improvements and absorb the cuts we have made.

I would also like to point out that the appropriations for military assistance are relatively small when compared with our own defense budget. In fiscal year 1956 we appropriated $33,149 million for our own defense and $1,022 million for military assistance. I am not going to contend that $1,022 million is an insignificant amount of money or that greater value cannot be achieved for our taxpayers' dollars through more efficient means of controlling expenditures. I am saying, however, that we got a lot for our money.

Mr. Chairman, we also hear numerous statements about the waste of personnel under our foreign military assistance programs. The fact of the matter is that United States military and civilian overseas personnel in our overseas missions amounts to 7,915 persons. This, when compared with the 200 divisions, 2,000 naval ships, and 300 air squadrons which they help support, seems small. We also hear that the military assistance program deprives our communities of improvements and needed resources. The fact of the matter is that at least 85 percent of every dollar expended for military assistance is spent in the United States and finds its way back to your home or my home in one form or another. This program creates additional jobs for our sons and brings additional wealth to our farmers, our merchants and to our workingmen.

So far as the economic part of this program is concerned, we have changed our policy and have created a revolving fund to cover a 3-year period. While the amounts are increased in the 3-year authorization, we are doing this so that long-term loans can be made rather than yearly grants. I think it is highly important that we get away from grant programs so far as possible and arrange loans in their places.

I wish to call attention to the fact that the President requested for this revolving fund $750 million for 1959 and 1960. Your committee cut the authorization $250 million for each of these 2 years, which could possibly represent an additional savings of $500 million.

I have expressed myself on numerous occasions that I believe the point 4 program, if confined to its original purposes whereby we give technical assistance, our knowledge and skills to undeveloped countries in the fields of agriculture, health, sanitation, and education, we get more for our money than under almost any other program. However, we should not expand this program into a worldwide WPA, and that is the reason for establishing a revolving loan fund.

Mr. Chairman, as I have indicated, with a highly explosive situation especially in the Near East, and with our new Eisenhower Near East policy, we must do everything we can to protect this area from communistic control. That this program has been effective is shown by the fact that only Vietnam and Tibet have been turned over to the Red bloc since 1950, and we are at peace.

I believe these programs should be continued for our own self-interest. Without them we might find ourselves standing alone in a hostile world with neither friends nor allies to support us in our resistance to the totalitarian, alien doctrines of the Kremlin. I only hope that we in the Congress have the wisdom to continue this program and thereby help ensure that war is averted.

Mr. VORYS. Mr. Chairman, I yield 22 minutes to the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. First of all I want to thank the gentleman from Ohio for his generosity in giving the minority of the minority one-half the time that has been allotted to him. It was very generous on his part.

I call your attention to the fact that the minority report is bipartisan in character. Two Democratic members of the committee have signed with four Republicans. In addition, supplemental views have been submitted by five other members of the majority party. I think the history of this legislation indicates that this is perhaps the first time that this has occurred and I think it is evidence, Mr. Chairman, of the fact that there is considerable difference of opinion on the merits of the bill and especially that part of the bill which deals with this so-called new look at the development-fund proposition.

Mr. Chairman, at the outset it should be understood that any remarks that I make on the bill are strictly my own. It should not be inferred that any Member who joined in the minority report shares my views on this legislation.

The time I have to state my position is much too short to cover all aspects of the bill. Briefly, however, I call your attention to serious defects which constrain me to oppose it. First as to the

provisions of the bill and finally as to its basic philosophy.

Mr. Chairman, a very serious objection to this measure is the almost complete abdication of Congressional control over the program. If approved in its present form the sole responsibility for its deficiencies is squarely upon us. The Congress over a period of years, under both administrations, has approved departmental requests for broad authority, in many instances not justified. Many complaints are heard every day in this Chamber about administrative misconduct. But upon investigation it is often found that the Congress has surrendered its authority to the executive department.

So with this bill, Mr. Chairman, this Congress is asked to surrender its control over, first, the military assistance program; second, over defense support; third, over technical assistance; fourth, over special assistance; and fifth, it is requested to surrender its control over this new look in foreign policy, the development loan fund.

Do you want to surrender all this authority to the executive department? The decision rests with you. As for myself, I shall never vote to surrender control over appropriations in such reckless fashion which involves billions and billions of taxpayers' dollars.

Then, Mr. Chairman, I call attention to a very important matter in connection with the request this year for $3.2 billion. Over the years we have authorized and appropriated so much money for the program that the administrators cannot spend it. Little wonder there is a demand for economy and here is a place to meet that demand.

The point I make, Mr. Chairman, is that there is $6.2 billion in the pipeline. There is $1 billion in counterpart funds, plus another $1 billion in Public Law 480 funds which are available for loans.

In other words, Mr. Chairman, there is presently available for use by the administrators of this program $8.2 billion. And the record is clear that this amount is sufficient to run the program for 2 years. But now you are asked to authorize $3.2 billion more and if you do there will be a sum available of $11.4 billion. Why authorize any further appropriation in view of this situation?

There is one further fact that I call to your attention, Mr. Chairman. The request is stated to be for $3.2 billion, but actually it calls for a 2-year authorization of $1 billion. So if this bill passes as it is today you will have authorized $4.2 billion.

Mr. Chairman, I think it might serve a good purpose to consider briefly what has happened under this program in the past, where we are today, and whither are we bound.

In a recent report by the United States Department of Commerce attention was called to the tremendous sum of money which the taxpayers of this country have spent in an effort to stabilize world conditions and prevent the further spread of communism. In the table prepared by the Department of Commerce, which I shall insert at this point, it appears that the total net aid from July 1, 1945, to June 30, 1956, is $69,136,000,000:

	Million
Grants paid out July 1, 1945, to June 30, 1956	$46,768
Grants unexpended as of June 30, 1956	6,400
Appropriations provided for fiscal year 1957	3,767
Total grants	56,935
Less: Returns on grants to June 30, 1956	1,648
Net aid in grants	55,287
Loans paid out July 1, 1945, to June 30, 1956	12,592
Grants converted to loans and not included in grants above	2,256
Loans authorized but not paid out June 30, 1956	2,900
Total loans	17,748
Less: Principal collected on loans to June 30, 1956	3,899
Net aid in loans	13,849
Total net aid	69,136

This generosity on the part of the American taxpayer is unparalleled in human history. It is difficult to grasp the enormity of $69 billion. We would be appalled by the suggestion, Mr. Chairman, that 17 of the biggest cities in the United States were to be shipped overseas as gifts to foreign nations. Actually, the extent of our gifts is equivalent to the assessed valuation of all real and personal property in New York, Chicago, Philadelphia, Los Angeles, Detroit, Baltimore, Cleveland, St. Louis, Washington, San Francisco, Boston, Houston, Pittsburgh, Milwaukee, New Orleans, Buffalo and Dallas. That, Mr. Chairman, is what $60 billion or more means to me. This information has been furnished me by the Legislative Reference Service of the Library of Congress.

Now in spite of this effort the world has not been saved from the evils of communism; in fact it continues to spread in many areas of the world. For what good then have these great expenditures been made?

Now consider where are we today in this uneasy world situation? Have we increased our national prestige? Are we winning the fight against Communist expansion? Are we to continue a program that might well bankrupt and destroy our own economy by approving a program that is to continue far into the future and which every day adds more and more to our national debt?

What do our national leaders say about our present situation? Quite recently when we here considered the extension of the British loan resolution the beloved Speaker of this House, and he is one of our great leaders, stated American prestige is slipping all over the world. Here are his words as they appear in the CONGRESSIONAL RECORD of April 10, 1957, on page 5473:

> I am pained to say that we have few enough friends in the world. I fear that we have fewer real friends in the world today than we have ever had in the history of this Government.

Incredible, but true, notwithstanding our magnanimous contributions to world stability, in money, property and human life.

Recently an observer at the United Nations said that the United States prestige was at a new low as Ambassador Lodge charts a foreign policy course in that organization. Is this not a strange situation? Sixty-nine billion dollars should bring substantial results in the way of prestige, friendship, and security. We have gained none of these important intangibles. How can we justify further expenditures as requested in this legislation?

Mr. Chairman, we should consider these things as we again debate this request for new authorizations and an entirely new approach to global spending.

Where are we headed? An important provision in the bill before us charts a new course in foreign aid. For the first time the proponents of this legislation advocate a scheme of spending that has no end. The American taxpayer is asked to assume the burden of supporting the economies of 60 countries all over the world. This is necessary because it serves our national interests, proponents say. Do the American taxpayers want to assume this staggering obligation without strict Congressional control?

We might recall a bit of Roman history at this point. It is said by historians that the end of Rome started when she began to subsidize outlying tribes and nations of Europe and depended upon non-Roman mercenaries for her defense.

The persistent demand for economy by the people is unabated and in my opinion they are going to demand an accounting when the next campaign rolls around. What, then, of our stewardship?

The foreign aid program must be judged on the results achieved to date. I refer specifically to that part of the program that deals with other than military aid.

There are serious contradictions in the mutual security bill. It cannot be successfully denied that there has been great waste in the administration of more than $69 billion since 1945. And, of course, some good has been achieved, also. But it has supported Communist regimes which are antagonistic to our form of government. Some of these governments are repressive and unpopular with their own people. Our gifts have caused confusion in the monetary systems in those countries where our aid has been given. Further, there has developed an anti-American attitude. These evils can be traced to contradictions in concept and program. Time does not permit me to dwell on these inconsistencies and contradictions. However, I should point out that the American people have never had a clear understanding as to the purpose of this international program of benevolence. It has been said on the floor of this House many times that the objective of the program is our own national security but this concept has never been spelled out to the satisfaction of the American people. Many believe that it is humanitarian and on that ground alone some of our great church organizations and

church people support it without question.

Is it not strange, Mr. Chairman, that the program of foreign aid which is designed to combat the advance of communism throughout the world in effect applies socialistic or communistic techniques to achieve its ends? The program that has been in effect and which is proposed for the indefinite future is one of crass materialism based upon the socialistic principle that economics is the controlling factor in life. Give people food, clothing and shelter and that is all they need. Yet we do not live by bread alone. Under this program the spiritual side of man is completely ignored.

Only yesterday, Pope Pius urged Roman Catholics of all classes and all nations to react against "the terrible temptation of materialism." Yet it seems to me that the foreign-aid program undertakes to place sole emphasis upon the materialism which the Pope has condemned.

But it uses the fruits of a Christian society of individual effort based upon private enterprise. We seek to condition whole societies and governments where we think they should be conditioned to our military, economic and political way of life. This is a wholly inconsistent position and it cannot succeed. There is one phase of the program which if administered on a modest basis could succeed, and this is the program of technical assistance but with this new look in global spending it will soon go down the drain. There is too little money for the experts to play with in it.

Mr. Chairman, I repeat again that the theory of foreign aid is inconsistent and contradictory and is not producing the results we seek.

For some unknown reason we have failed to transmit to the rest of the world the great American idea. That idea is based upon the principles of liberty and freedom for the individual. Our forefathers did not guarantee us a livelihood. They did not guarantee the highest standard of living in the world, but in the Declaration of Independence they guaranteed nothing except life, liberty, and the pursuit of happiness. Emphasis was upon the pursuit of happiness. They did not guarantee that an all-powerful government would make these blessings possible without work and for free, as we say. Nor should we at this time lead people all over the world to believe that we can raise their standards of living, that we can and will supply their material needs and defend them against their enemies, from within and without.

In our early history we were not the recipients of gifts from abroad with which to create the kind of standards we enjoy today. Basically we know these things were made possible only because we have been willing to work for them, yet how strange a philosophy we have promoted under this program. Our position seems to be that dollars will save the world and we have been pouring out the fruits of our labors in all parts of the world on a "come and get it" basis. This is the antithesis of the ideas and ideals upon which we have built our great Nation.

Recently a Catholic priest who came to see me after having observed the work abroad of this program, said:

> Mr. SMITH, unless we change our program of assistance we will make paupers of the countries who receive it. The people who are receiving this aid fail to realize the purpose behind our giving.

It occurs to me that the words of Brigham Young, a great church leader, are appropriate. He said:

> God has given you the wood, stone, and strength to make a house, but he won't come down and build it for you.

This is a concept we have failed to convey to the recipients of our assistance.

Thus we present a paradox to the world and this accounts, in my opinion, for the failure of the program to produce the results for which we have been spending these $69 billion or more since 1945.

In 1948 under the Marshall plan we gave many billions for the reconstruction of the European economy after a devastating war. We provided a crutch to assist needy nations to rehabilitate themselves. It has worked in some instances. Now 12 years later what do we propose? An extension of a $1½ billion economic aid program on a global basis which is to continue forever, into the distant future. So, instead of helping nations to walk without a crutch we have made them more helpless and for that crutch we now substitute a wheelchair. We are willing to help people who want our help, especially those people whose governments are prepared to pass on to their people the benefits of our aid. We want them to walk alone in self-respect as soon as possible. It is often said that we want to raise the standards of living of people in underdeveloped lands. We cannot raise the standards of living of other people. A standard of living is a byproduct of personal effort and only the people themselves can achieve that end.

Mr. Chairman, it will not be denied that there are some governments today which are interested only in the welfare of those who are a part of the ruling clique. Why should they have any interest in developing their own resources? Why should they make it possible to provide better living standards? Why should they risk the chance that they may have to pay more taxes? Why should these present ruling authorities be interested in disturbing the status quo so long as your Uncle Sam stands ready and willing to give them what they ask for upon the threat that they will embrace communism if the request is denied? This government-to-government relationship is one of the evils inherent in the program. The answer lies in a program of individual enterprise. Private capital can achieve what no public treasury can do. This fact needs no elaboration.

The reformation of society and the establishment of a better way of life in any country begins with the individual. It does not begin with governments, as such. It is produced only by a regeneration of the spirit—by a change from within.

In passing, I might humbly suggest that if peace, progress, and prosperity are to come to this confused world it will come only when the spirit of man wants peace, progress, and prosperity. One writer has well said that man is not reformed by being bathed and shaved and provided with a clean shirt, but that when man is reformed he takes a bath, he shaves, and he sees that his shirt is clean.

This program defies the lessons of our own history. A majority of Members of Congress since 1945 have supported this legislation on the assumption that it would prevent unrest, that it would make for peaceful existence among nations, that it would prevent world communism. As we look at a confused and harassed world we must admit that this objective has not been achieved after more than a decade of almost unlimited giving by the people of these United States.

How futile have been our efforts to create stability in any area: Europe, Asia, the Middle East and North Africa, and why? We do not have the right to interfere in the internal affairs of other people, no right to become involved in the efforts of minorities who seek freedom and independence, no right to interfere in racial jealousies, no right to interfere with the military affairs of any nation. We have no right under this program to insist upon justice in the administration of local laws, nor to impose our will upon the taxing authorities, nor are we prone to oppose corruption by public officials, inflation of the money, or protest official caprice or official impotence. These situations are beyond our control.

Mr. Chairman, we have failed to apply to our overseas efforts the lessons of our own early history. We have failed to transmit to the world the concept that economic growth and spiritual development rest solely with the individual. In this program we substitute government action for individual effort.

Hon. Spruille Braden said recently, and I quote him:

> The Soviets and communism will never be defeated by United States giveaway programs. On the contrary, our giveaway programs are founded on the Communist doctrine that the productive workers shall support the incompetent and the loafers. Both Lenin and Stalin violently opposed all development by private enterprise and investment. They said that the backward nationalities could be communized only through prolonged aid from the advanced countries, aid such as Washington is now disbursing. Due to ignorance of Communist policy and the basic Soviet plan our Government has been and still is subsidizing the U. S. S. R.'s long-range campaign against the United States.

Mr. Chairman, in conclusion I repeat what has been said by those of us who have filed minority views on this program that passage of these multi-billion-dollar mutual-security bills was not and could not be the answer to our basic national need for peace and security. There is still a great need for study and investigation of the underlying philosophy of this legislation. This year as in the past, committees charged with the responsibility of reporting this legislation

have been submerged in a mass of details of the program. It has been impossible to intelligently pass upon the merits of the bill in the short period of time that we have had to consider it.

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

Mr. SMITH of Wisconsin. I yield to the gentleman from Texas.

Mr. ALGER. Mr. Chairman, I want to commend the gentleman for his statement and wish to join with him in his sentiments. I applaud the way he has expressed his thoughts.

Mr. SMITH of Wisconsin. I thank the gentleman very much.

Mr. CARNAHAN. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, I wish to congratulate the Committee on Foreign Affairs for their statesmanship so clearly shown by the results of their diligent and strenuous work on this year's foreign-aid legislation.

As this House well knows, I have been closely associated with our foreign-aid program since the early stages of planning back in the closing days of World War II. I also had the privilege of serving in 1947 on the Herter committee which provided the foundation for this country's effort to rehabilitate the economy and the social conditions of the world not enslaved by Soviet imperialism.

The words "foreign aid" are a misnomer and so is, probably, "mutual security." "Mutual assistance" would be more descriptive. I believe that the few of us who may have had a notion that through the tremendous outlay of the American taxpayers' money we are helping the outside world only, have long since come to the conclusion—always clear to me—that by helping our friends and allies we are primarily helping ourselves.

This is predominantly clear in my mind whenever I think about the assistance we are lending international migration. In this respect, I feel entitled to convey to the House a part of my experience gained over the last decade during which I have been closely associated with all legislation dealing with international migration and our own immigration problems, as well as with most international efforts aimed at relieving the population pressures where they exist and to supply underpopulated countries with manpower needed primarily to develop national resources and food production.

It is my considered opinion that the era of mass immigration into the United States is a matter of the past. The fast rise of our own population and the overconcentration of our population, both native and immigrant, in urban and industrial centers make it imperative for this country not to exceed the present rate of our annual intake of immigrants, allowing, of course, for flexibility carefully controlled and operating solely in behalf of those who seek safe haven and asylum from persecution, or who come to the United States to join their close relatives.

However, there are vast areas in the world where there is not only crying need for manpower but where agriculture must be developed in order to prevent starvation threatening the growing population of the world. These vast areas are located right next to our own doors. Latin America offers magnificent opportunities for the teeming masses of overcrowded southern and western Europe. Latin America needs European migrants who will impart to the native population their skill and experience in agricultural endeavor.

The fact that we are struggling with the problem of agricultural surpluses shall not mislead us into believing that the outside world has enough food to sustain the bare minimum necessary to maintain a human being alive. Three-fourths of the population of the world goes to bed every night inadequately fed, after having consumed less than one-half of such minimum. The problem of mass starvation due to lack of agricultural production begins to haunt many lands from which we are not too far away.

The basic reason for which we have created the Intergovernmental Committee for European Migration in December 1951, was to provide an instrumentality to restore the balance between the overcrowded and the undermanned nations of the world through orderly migration of those who could not move without international assistance. Among those were not only natives of countries lacking in economic opportunities, but also the refugees who had to flee from Soviet Communist persecution.

So far the Intergovernmental Committee for European Migration has moved from Europe well over 600,000 migrants and just a few months ago, ICEM performed magnificently in a true emergency operation moving out of Austria and Yugoslavia over 150,000 Hungarian refugees. ICEM with a membership now comprising 27 nations is setting its sights a little higher hoping by the end of this year to move around 750,000 European migrants who without this organization's assistance would have remained in Europe further to swell the population surplus.

It is clear to me, and I believe that my colleagues who have attended the many sessions of ICEM's Council over the last 5 or 6 years agree, that except for Latin America, Australia, Canada, and certain countries of Africa, resettlement opportunities for European migrants are shrinking rapidly. The only area where a truly dramatic expansion of those opportunities is possible to occur, are several countries of Latin America such as Brazil, Argentina, Colombia, Chile, Peru, Costa Rica, and so forth, provided that the virgin lands of those countries are to be opened and prepared to receive rural settlers.

Last year the Congress recognized the necessity of promoting agricultural resettlement in Latin America by enacting an amendment to the Mutual Security Act of 1954, as amended, under which an allocation of $15 million was made for the purpose of promoting economic development in Latin America for—among other things—land resettlement programs which will contribute to the resettlement of foreign and native migrants in Latin America serving the advancement of the economic development and the agricultural and industrial productivity in that area.

The amendment, usually referred to as the Smathers-Walter amendment, was received with unanimous applause in Europe and in Latin America. It was looked upon by the interested nations as not only one more proof of American generosity but mostly as evidence of American farsightedness and our continuous leadership of the Free World.

It was rather unfortunate that the agencies of the executive branch charged with the implementation of the law passed by the Congress, have not been prepared to stimulate and encourage the submission of acceptable land resettlement plans. It took many months before the International Cooperation Administration recognized that the Congress authorized an important economic and social program. Delays piled up upon delays, and there may have been even a lack of comprehension and realization of the importance of that program and its impact upon relieving the United States of the ceaseless pressures upon our own immigration quotas.

An extensive study undertaken by our committee shows that although $14,850,000 of the $15 million fund authorized under last year's legislation has been spent, actually only $1 million to $3 million has been authorized to be spent for projects which the Congress specified in subdivision (C) of section 4 (4) of Public Law 726 of the 84th Congress. The balance of the funds was authorized to be spent for, no doubt, meritorious projects but not even indirectly enhancing the resettlement of European migrants in Latin American rural areas.

The Senate and now the Committee on Foreign Affairs of the House have acted very wisely in authorizing the expenditure of up to $25 million for economic development in Latin America, again including land resettlement programs benefiting immigrants. In addition to that, I am particularly glad to notice that some of these projects will have access to loans from the development loan fund also provided for under the bill now under consideration. I wish to congratulate the Committee on Foreign Affairs for their wisdom, and I wish to urge the House to accept the committee's recommendations.

There is an additional matter which I want to bring to the attention of the House at this point. One of the countries plagued with overpopulation is Holland. The Dutch population is rising very fast and the influx of Dutch families displaced from the Dutch East Indies, now Indonesia, has added a heavy burden to the economy of this small but brave, hard-working, and courageous nation.

Dutch immigrants represent one of the best resettlement material as we so well know in this country and particularly in my own State of Pennsylvania. Many nations, and particularly Australia, are seeking additional population from the Netherlands. However, due to the poor housing conditions in Australia the Dutch immigrants experience great hardship.

There is but a relatively small sum of money involved. What is needed is a loan of around $3 million which may possibly go up to $5 million, but it must be a long term loan—20 to 30 years—with interest rate no higher than 4 percent. The Dutch immigrants in Australia will repay the loan out of their own earnings and so far their record in repaying every loan they have received is truly magnificent.

The Government of Australia has agreed to match a sum which will be put up by the Government of Holland if that Government could obtain an outside loan.

Dutch migration to Australia is declining right now solely for the reason of lack of proper housing and will continue to do so unless proper housing is provided for the Dutch farmer "down under." I believe that the lending authority provided for the development loan fund in the bill, S. 2130, as amended by the Committee on Foreign Affairs, will make it possible for the Government of Holland or for Australia to obtain a loan for a purpose clearly falling within the specification of the task of the fund. I wish at this time to address a plea to whoever will be in charge of the fund on behalf of the combined Australian-Dutch financial problem and I cannot think of any money lent to a more worthy borrower for a more worthy cause.

I regret that my good friend, our former colleague, John Hollister, has decided to resign from the International Cooperation Administration and I do hope that his successor will recognize in the action which the Congress is going to take this year on the mutual security legislation a mandate and not just a pious hope for land resettlement of migrants in Latin America.

Certain good projects have been prepared and are being submitted to the ICA. These are pilot projects—they are not going to solve the problem within the next year or two, but they represent the beginning and the nucleus of a program of primary importance, a program which in relieving population pressures in Europe and providing for manpower for the underdeveloped areas, will go a long way toward improving the economic, social, and political conditions of the Free World.

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

Mr. WALTER. I yield to the gentleman from Minnesota.

Mr. JUDD. I think it is most helpful that the gentleman from Pennsylvania has brought before us this afternoon an illustration of the kind of basically sound project the development loan fund was set up to take care of. The project, understandably, does not come within the scope of the ordinary commercial bank.

Mr. WALTER. May I point this out to the gentleman, that but for the length of the period this would be a most desirable loan for one of the large banking institutions of the United States.

Mr. JUDD. That is precisely right, but the length of the loan is one of the conditions which may make it undesirable perhaps for commercial banks. Most of them cannot make foreign loans for over 30 or 40 years. However, knowing the kind of people both the Dutch and the Australians are, this is as good a loan as could be made anywhere—if only the world does not blow up or war break out.

Mr. WALTER. Especially in view of the fact that over 50 percent of the amount involved will be advanced by the Government of Australia.

Mr. JUDD. That is right. It would be a natural if the two nations involved are not able to get the funds from private sources, from the Export-Import Bank, or from the International Bank.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. O'HARA of Illinois. The gentleman from Pennsylvania has conclusively answered the argument that the loans of the proposed development loan fund are in reality grants. I wish to commend the gentleman for giving this practical illustration of the type of loans that will be covered by the development loan fund.

Mr. WALTER. I certainly did not wish to convey the idea that this would be a grant, because in no sense of the word would it be a grant. It would be a loan to a government, and the government would have the assurance of the settler that the money would be repaid to the government; but actually the Governments of the Netherlands and of Australia would be the borrowers.

Mr. O'HARA of Illinois. I think the gentleman from Pennsylvania misunderstood me. I said that the illustration he gave me was a conclusive answer to those who erroneously or falsely say that the loans will be grants.

Mr. WALTER. I think so; yes.

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

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

Mr. FULTON. May I congratulate the gentleman from Pennsylvania on his long-time service on the Intergovernmental Committee for European Migration. We on the Committee on Foreign Affairs know how much good this Committee has been doing. I think it is a good thing that the House and the American people hear how these programs are worked out to help people help themselves and take them out of places where there is no possible chance for them to get along. Again I congratulate the gentleman on an excellent statement.

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

Mr. WALTER. I yield to the gentleman from Maryland.

Mr. HYDE. I, too, join in congratulations to the gentleman from Pennsylvania on the fine work he has been doing in this field. The program of which the gentleman has been speaking is a sensible approach to the population problem of Europe. We have heard too much, I think, about letting down the floodgates at our own borders and bringing undetermined numbers into this country, where we are beginning to have serious population problems of our own, including unemployment. We have not heard enough about this program of which the gentleman is the author to get the surplus European population to the undeveloped areas of the world. I certainly hope the House will follow the gentleman's recommendations.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Chairman, this bill comes to the floor after many weeks of exhaustive hearings and study on the part of the committee. Something over $600,000 was cut from the requests leaving us with a total for authorization of $3,242,333,000. It is my hope that the House will pass it with little change.

It is to be expected that there are those who object to the whole mutual security program. No one is more fitted to express these objections than our distinguished and beloved colleague, the Honorable LAWRENCE SMITH of Wisconsin. I thank him for his statement.

I truly believe that no one on the committee has failed to register and to regret the mistakes of judgment and of administration. Some of these are receiving drastic treatment and others will receive careful going over by those in authority.

May I say, however, that our withdrawal from these activities is no cure—rather must we see to it that the work go forward with greater care and consequent better results.

OBJECTIVE NOT ACHIEVED

We Americans have a strange desire to share our good things. We cannot enjoy our ease when so many others are sick and starving. True as this may be, the fact is that the basis for this program is not a foreign-aid program as such—as so many have let themselves believe.

To understand fully the meaning of a mutual security program one must accept the fact and the implications of the cold war. Whether we like it or not, we are in a position of leadership with responsibilities for which we have had little training, and which we cannot refuse to assume. We are a young Nation and we have had our eyes focused upon our own development overlong. When we looked beyond our borders it was largely to see where we could better our own economic situation. Then we fought Spain and freed Cuba and the Philippines. And in 1918 we sent our youth across the Atlantic and freed Europe, but we failed to recognize our responsibilities to win the peace. So we sent another generation over to win again. Then, blind to the character of the rulers of Communist Russia, we, who had the strongest military force the world had ever seen, once again failed to protect the freedom for which so many gave their lives, and brought our armies home. We refused to believe the cold fact that Communist Russia knows no honor, no decency, no mercy—that she never deviates from her ultimate goal: complete domination of the world. We failed to see in her zigzag path, in her apparent retreats, that she was being more than ever determined in her march to this end.

We have seen the consummate skill with which she has insinuated herself in

any convenient guise into the confidence of the few in one state after another—beclouding the real issue until she is in control, free to rape and murder and destroy. We have watched her use our mistakes to her ends while we stood by unable to redeem ourselves. We have watched her take over one country after another until she controls one-fourth of the earth's surface and rules 850 million people.

Surely one must recognize the fact that it was our Marshall Plan that made it possible for Turkey, Greece, France, Italy, and West Germany to withstand Communist pressures. Can one fail to recognize the extra courage given Iran and Iraq so that they are holding out against Russia's anger at the Baghdad Pact? Is it not clear that their increasing strength is of value to these United States of ours?

At the moment the United States has the largest industrial economy in the world. So let me ask further: Where are the raw materials to come from that have become so essential in this scientifically mechanized world of ours? How shall we feed this evergrowing industrial machine whose fantastic production exceeds $400 billion a year? How shall we keep the foundries, the steel mills, the machine tool industries, the automobile factories, the thousands of other businesses going without the necessary minerals and metals, fibers and fuels? And if they can't get those which we do not have and factories are forced to close down one after one, where will the jobs come from for the hundreds of thousands who would be thrown out of work? I fear there is all too little realization of the cold fact that the wheels of industry must have the wherewithal to maintain our peacemaking role in the world—infinitely more true should war overtake us.

If I seem to be ignoring the altruistic part of this program, education, health, and so forth, I believe no one will accuse me of lack of interest in these exceedingly important areas if I confine my remarks to what is perhaps the basis upon which our ability to continue to help these countries to raise their standards of living.

RAW MATERIALS

So great has our need become for essential raw materials that the Government has stockpiled in more or less degree some 70 items which have great strategic importance.

I have had prepared a map which shows where various portions of the total United States supply of only seven of these imperatively required materials comes from: natural rubber, tin, manganese, tungsten, chrome, cobalt, and industrial diamonds.

All of the natural rubber we use comes from outside the United States. Most of it from three countries in the Far East: Thailand 20 percent, British Malaya 27 percent, Indonesia 36 percent, Liberia 6 percent. Both Malaya and Indonesia are being heavily pressured by communism. Should they succumb to these pressures, we would be deprived of a major present source of supply of natural rubber. And we are a country that runs on rubber tires, rubber belts, rubber tile, et cetera.

Now take tin: the United States produces no tin though we do reclaim some. One country alone provides 58 percent of our tin, the same Malaya that is our supply for 27 percent of our rubber, the same Malaya that the Communists are licking their chops for.

Another vital material is manganese ore of which we have but 11 percent of what we need. 89 percent has to come from outside sources. Our largest single source of such supply is India. I am told that for every ton of steel we produce it takes 13 pounds of manganese to deoxidize the crude steel—and more still must be used as an alloy to harden and strengthen large tonnages of ordinary steel. In addition manganese is necessary as an oxidizing agent in various chemical processes as well as in the manufacture of dry cell batteries.

And bauxite of which we produce about 25 percent of our requirements. The rest we buy from Jamaica, British Guiana and Surinam.

An absolute necessity in the alloying of many materials is chromite. Chromium alloys resist corrosion, heat, friction, impact, creep, and wear. Look at the vast amounts we use of stainless steel—at the buildings made possible only by high-strength structural steel, at the alloys which withstand the high temperatures of jet engines and gas turbines, to say nothing of high-speed tools—and realize that 92 percent must be secured from other countries.

Our supplies of chromite come from the Philippines, 28 percent; Turkey, 20 percent; Rhodesia, 17 percent; and the Union of South Africa, 18 percent.

And cobalt: 90 percent of our requirements must come from other lands. Almost 60 percent of it we get from the Belgian Congo in Africa. Where would we be for the permanent-magnet alloys used in motors, generators, control devices, communication equipment, meters, instruments, and mechanical devices without cobalt? Do you forget it is necessary in alloys that resist high temperatures, maintain their strength, resist wear, corrosion and erosion? I am told that the performance of almost any efficient high-speed steel is improved with cobalt and is roughly proportional to the cobalt content.

What about industrial diamonds that are essential to making drill bits and diamond grinding wheels for shaping and sharpening the very hard cutting tools and dies, particularly carbides, which are used in high-speed metalworking?

We do not have any, so where shall we get them? We need diamond wheels for glass grinding, or how would we make windshields for automobiles? And do not forget the diamond drills used in geological, mining, and heavy construction work, and wire-drawing dies. These take many industrial diamond tool stones and the bits that have become indispensable parts of many industries. It is Africa's Belgian Congo that is the primary source of supply for this important commodity.

This chart illustrates our extreme dependence on the underdeveloped, the emerging areas of the world. It illustrates the cold fact that our industrial civilization, despite our pride in our own accomplishments, could not survive without the materials supplied us by friends and allies.

It wipes out the superficial idea that this is a "foreign aid" program. It indicates that mutual security—our security, too—is the vital part of this program of insuring that these supplies continue to flow into our industries which would not be the case if the Communists took over the source countries.

Look well at this map and then let your imaginations give you the picture of our situation should these countries so essential to the continuance of our peacetime production be subverted, be taken over by communism. Is it not just plain commonsense to help them maintain their freedom?

I shall not touch upon the development loan fund—others will cover that. But at this point I shall insert a report, Economic Development Through Private Investment Activities of the Mutual Security Program:

ECONOMIC DEVELOPMENT THROUGH PRIVATE INVESTMENT ACTIVITIES OF THE MUTUAL SECURITY PROGRAM

In recent years, the Mutual Security Program has had increasing success in securing economic development by private investment in the countries in which the program has operated. This has been accomplished in several different ways through (1) technical assistance in exploration, mapping, aerial surveys, etc., of various resources and particularly mineral resources. Local or foreign, and partnerships of local and foreign investors have then developed, or are in process of developing, the resource which has been identified; (2) study missions have been organized to advise on the economic, technical and financial feasibility of exploitation of known resources. Such studies have aided governments in their consideration of various alternative plans for development in projects of such size that free world investment is needed and desired; (3) loan funds have been established from counterpart and program funds for lending to small investors; (4) investment guaranties have been issued providing for free convertibility and protecting against loss of profits and principal through expropriation or war of United States foreign investment; (5) private and mixed private and Government development banks have been established in cooperation with the World Bank, foreign governments, United States and foreign investors; (6) specific investment advice and general economic advice intended to improve the investment climate and make investment in certain countries more attractive has been given; (7) reservation of Public Law 480 loan funds for relending to private investors.

A complete listing of all such activities would take much more time than we have but some of the main activities of this sort can be enumerated rather briefly. Technical assistance activities in exploration of mineral resources, mapping and charting of resources has aided in or directly led to (1) establishment of a new rubber plantation in Liberia by the Goodrich Tire and Rubber Co. and the Liberia Mining Company and other American and foreign investors who have established companies in Liberia. Geological surveys in Brazil have resulted in establishment of manganese mines and reduction plants by Bethlehem Steel and other plants by U. S. Steel and Harbison-Walker. In Jordan a survey of oil resources by personnel from the United States Geological Survey,

financed by ICA, has resulted in an oil exploration agreement between an American independent oil producer (Edwin Pauley and the Phillips Oil Co.) and the Government of Jordan. In Guatemala as a result of activity of an ICA industrial adviser, General Tire and Rubber Co. is planning to establish a tire and rubber products factory. Many more specific examples of this sort could be given and many more cases exist where investments will certainly be established in the future as a result of past technical assistance activities of ICA.

One example of a study mission which is a particularly interesting and effective device in this work was that sent, at the request of the Belgian Government, to the Belgian Congo to advise on the feasibility of constructing a giant hydroelectric plant on the Congo River. Some of you may know Mr. Wm. Rand of Boston, former president of the Monsanto Chemical Co., who was chairman of the mission, and Mr. Elmer Lindseth, president of the Cleveland Electric Illuminating Co. who together with several ICA technicians made up the mission. This mission made a generally favorable report and recommended further careful study of both engineering and economic aspects of the proposal.

The proposal is to develop at a site some 75 miles up the Congo from the Atlantic up to 20 million kilowatts of electric power. Of course, in an underdeveloped country, such a large amount of power could not be used nor such a plant financed, and so the Belgian Government has had 6 engineering firms, 2 American, 2 Belgian, 1 Swedish, and a Swiss firm study the size and design of the plant which should be built as a first stage. No decision has yet been made but it is reported in the press that a first stage of 3 million kilowatts costing up to $500 million may be constructed. The entire project would equal the power capacity of ten Bonneville projects, while the proposed first phase only, is one-half again as large and the estimates are that the power would be the cheapest in the world. The means of financing have not yet been selected but it seems safe to speculate that much, possibly all, would be financed on the private market in the United States and Europe. The industries contemplated such as aluminum reduction, fertilizer and chemicals, wood pulp and paper products, Belgian Government representatives have said, would likely include among other Free World countries particularly Belgian, French, Canadian, British, and American companies.

Surely there are many other projects of this scope in the Free World in which our Government can be helpful by advice and assistance where foreign governments can secure private financial assistance to construct and develop, where private American and other investors would be anxious to locate foreign operations, which would add significantly to Free World industrial capacity, trade, and investment, and strengthen in a security sense whole areas and even countries. Yet the expenditure by the United States Government on this project has amounted to less than $15,000. The Belgian Government has already paid over $750,000 including $300,000 to two American engineering firms, while the powerplant, dam, and transmission lines for the first phase are estimated as costing up to $500 million and private investment in industrial plants might approach that figure and easily amount to a great deal more in the end.

Loan funds to aid small investors establish a business have been established and have worked well in Taiwan, the Philippines, Jordan, Israel and elsewhere. In many cases, notably in the Philippines and Taiwan, productivity centers are operated in conjunction with the loan funds so that production advice and financial assistance are provided jointly.

Investment guaranties have been issued up to March 31 of this year to the amount of $142 million and these guarantee against loss to American foreign investors from inconvertibility, expropriation, and war risk. The guaranty program has been especially active during the last year and promises to continue to be so. In the 14 months since March 31, 1956, investment guaranty contracts for American foreign investments in excess of $1 million have been issued to: The Olin Mathieson Chemical Corp. for a powder actuated tool factory in Germany; Von Kohorn International Corp. for a rayon manufacturing plant in Taiwan; Dow Chemical International Ltd. for a plastics plant in Japan; Knott Hotels Corp. for hotel operation in United Kingdom; two contracts for Kraft Foods for food processing in United Kingdom; one for $6 million to Edwin Pauley for oil exploration in Jordan.

Development banks under primarily private management have been set up in cooperation with the World Bank and private investors in Turkey and India and are being considered in several other countries. Such banks are valuable aids to economic development since they deal with and develop local private enterprise by making loans to small and medium borrowers, at longer terms than commercial banks in those countries can lend, and at more reasonable rates.

Specific investment advice has been given to many countries which have considered investment laws intended to attract foreign private investment. In addition all advice on general economic policy but particularly including that on taxation, foreign exchange rates and policies has an important effect on the investment climate of a country and, in general, such advice has resulted in improving the investment climate in many countries.

Early in 1956 ICA took the initiative in seeking to secure agreement with governments purchasing agricultural surplus commodities to their relending a portion of the Public Law 480 loan funds to private investors of their own and friendly foreign country origin, including United States nationals. Including both those countries which voluntarily did this and those who have committed themselves by agreement, some $207 million has been reserved for such purposes in 15 countries including Austria, Spain, Japan, Brazil, Ecuador, Israel, Colombia, India, Pakistan, Greece, Italy, Turkey, Paraguay, Iceland, and Thailand.

Mr. Chairman, I would not be a responsible member on the Foreign Affairs Committee of this House did I not take a few minutes to bring to you at least a glimpse of today's position of the great emerging continent of Africa, whose 200 million people are going to play a leading part in the world's future.

For so long this oldest of the continents was no more than a coastline to the rest of the world. It was the "dark continent" shrouded in the perennial gloom of tropical rain forest and trackless deserts, peopled with so-called savages and a few explorers in pith helmets.

Now Africa is a vital portion of the Free World, struggling to leap from the stone age to an industrial civilization. Its population and its production are increasing. Its people are thirsting for education, for health, and for material improvements. Its remoteness is fast disappearing. Already most of the continent is readily accessible.

We on the Foreign Affairs Committee are asked if we are proposing to carry all of Africa on our shoulders. Such a question comes from the general ignorance of Africa which must be changed to knowledge and understanding.

Any intelligent consideration of Africa, with her 200 million, most of whom have black skins, though there are whites, Indians, and coloreds in addition, brings almost immediate realization that it is an Africa at the crossroads whose decisions will be made within perhaps 10 years. Whether the choice be for freedom as the West conceives it, or for the slavery Moscow has so well and so subtly covered with tempting words of freedom, will quite possibly decide the future of us all.

May I again urge that commonsense suggests that we show the various people of Africa that we are ready to give them such assistance as they desire and we can give, to bring them into today's world.

How are we to get them to understand the desire of all Americans to share our good things with others than by helping them toward better health, more and better education and technical know-how in industry as well as in agriculture?

Surely such help would demonstrate our good faith in ways they can understand and use.

Mr. Chairman, S. 2130 includes an item of $55 million for Africa, which is actually less than was spent last year—certainly a mere pittance in the face of the world's need to bring to them an understanding of the differences between the Communist picture and the western fact.

The program is of four kinds: Military assistance, defense support, technical assistance, and so-called special assistance. In addition to these four categories of aid, Africa will also be eligible for development loan assistance from the proposed development loan fund. The military assistance part of the program is for Ethiopia and Libya. An Ethiopian battalion fought beside American boys in Korea. Their country is a bastion and an outpost of the Free World. We have a giant base at Wheelus Field in Libya. The defense support component of the program is for Ethiopia, Libya, and Morocco. As you know, we have an extensive base complex in Morocco.

The technical assistance program is for Ethiopia, Ghana, Liberia, Libya, Morocco, Tunisia, Somalia, and the British overseas territories of the Central African Federation, Nigeria and Uganda. In large measure the technical cooperation program will consist of our furnishing technicians to these various countries in Africa to furnish training and advice in agriculture, health, education, and industry. In addition, African technicians will be sent abroad for training and study. These projects are intended to help Africans help themselves. They are not giveaways. They will help the Africans to alleviate disease and poverty, to teach their people how to read and write and to train their people in some of the more basic and simple techniques of agriculture and of industrial civilization.

MILITARY ASSISTANCE

Military assistance is furnished to Ethiopia and Libya. Ethiopia is a bastion of the Free World—an Ethiopian battalion fought side by side with Amer-

ican troops in Korea. We have a vital base at Wheelus Field in Libya. These programs are vital and well justified.

DEFENSE SUPPORT

Defense support is furnished to Ethiopia, Libya, and Morocco. Defense support is needed to enable Ethiopia to maintain its military establishment; we have bases in both Libya and Morocco.

Ethiopia: Aerial mapping, malaria eradication and education.

Libya: Foreign exchange costs of projects including harbor improvement, expansion of vocational and technical education, construction of irrigation and domestic water systems, health and sanitation facilities, and development of telecommunications; import of commodities.

Morocco: Import of surplus agricultural commodities and of other commodities. Local currency generated by the sale of these commodities will be used for agricultural, transportation, industrial, and mining projects.

TECHNICAL COOPERATION

Ethiopia, $3 million: The program will consist of assistance in the operation and development of schools in the fields of agriculture, mechanical arts, and health. Advice will be furnished to the Ministry of Education on the expansion and development of primary and secondary educational programs. Advisory services will be furnished to the Ministry of Commerce and Industry, the Ministry of Health and the Ministry of Education.

Educational institutions assisted: agricultural secondary school at Jimma, agricultural and mechanical arts college at Alomaya, and Gondar Health College.

Ghana, $800,000: The program will consist primarily of teacher training and the furnishing of United States technicians in the field of agriculture and education.

Educational institutions assisted: A teacher training college under construction and the Kumasi Technical Institute.

Liberia, $2,100,000: United States technicians will assist in agriculture, forestry, highway maintenance, education, and health. Assistance would also be furnished to small manufacturing establishments and service facilities.

Educational institutions assisted: The University of Liberia.

Libya, $2,400,000: Training and assistance in livestock improvement, agriculture, farm-to-market roads, highways, and telephone systems.

Libya may request assistance under the development loan fund for the carrying out of some of these projects.

Morocco, $1,300,000: United States technicians to assist in development projects, agriculture, industry, education, and transportation. Moroccans would also be brought to the United States.

Morocco may also request a loan from the development loan fund.

Tunisia, $1,000,000: Twenty-five to thirty technicians will be furnished. They will specialize in range management, soil conservation, irrigation, agriculture, entomology, industry, mining, and vocational training. Technicians also will be trained elsewhere.

United Kingdom overseas territories, $750,000: Technical assistance will be furnished to Central African Federation, Nigeria, and Uganda. Technicians will be furnished in the field of agriculture and education. Training would also be furnished in the United States.

Somalia, $350,000: The technical cooperation program is primarily in agriculture and transportation.

OTHER ASSISTANCE

Tunisia: The other assistance provided will finance commodity imports for resale in Tunisia.

Somalia: A very limited contribution will be made to the Somalia development fund to finance foreign exchange costs of equipment for flood control, grain storage, and ground water development activities. Certain surplus agriculture commodities will also be furnished.

Unfortunately we have not taken seriously the possibility of a strong Communist threat to Africa in the cold war between godless slavery and freedom under God. We have shut our eyes—as the other Western governments seem to have done also—to the fact that many young Africans, hungry for education, have gone eagerly to Communist centers to return to their own people, preaching the doctrines they have been taught so skillfully. Now it comes to western ears that Russia is giving scholarships to Africans in African universities, and helping finance these same institutions.

How can we expect any of the Africans, regardless of their race, to believe we want to appease their hunger for education, respond to their need for health, clarify their understanding of what we mean by freedom, if we do not give help to their schools, to their universities, to their hospitals, and their need for technical and professional training.

Mr. Chairman, it is my fervent hope that Africa may find the United States responsive to her needs and ready to forward her plans for her constructive development.

In closing, Mr. Chairman, may I say again that I trust this House will prove itself a body of thoughtful men and women who recognize the truly terrible responsibility that is the partner of leadership, not permitting themselves to be victims of an hysteria that plays into the hands of our enemy but rather, accepting the burden, determined that there shall be an end to poor judgment, careless administration and waste, in order that in this great program every dollar used to preserve freedom in the world may be spent wisely and well.

Mr. Chairman, I look to the passage by this House of a sound and sane mutual security bill.

Mr. CARNAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee, having had under consideration the bill (S. 2130) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, had come to no resolution thereon.

COORDINATING INTEREST RATES OF FEDERAL LENDING WITH BORROWING PROGRAMS

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

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

There was no objection.

Mr. HIESTAND. Mr. Speaker, today I am introducing a bill to correct certain Federal fiscal policies which are long overdue for reform.

The bill would insure greater consistency among Federal loan programs, avoid hidden subsidies, and achieve more effective coordination between Federal loan programs and the fiscal and credit policies of the Federal Government.

What this means is this: Today the Federal Government is operating several loan programs that pay less interest to the Treasury than the Treasury has to pay the people of this country to get the money to lend. My bill would adjust the interest rates charged to borrowers so that they would have to pay at least as much for their money as the Treasury has to pay.

This only makes sense. There is no logical reason for giving any Government agency, or any group of citizens who borrow from that agency, a hidden subsidy in the form of excessively low interest rates, and charge the costs of this subsidy off the general taxpayers. Yet this is happening.

The most flagrant example of one of these programs is the Rural Electrification Administration, which now pays to the Treasury only 2 percent for the money it borrows, while the Treasury has to pay 3¾ percent to get the money to lend to REA. In other words, despite the fact that 96 percent of all the farms in this country are now electrified, REA is getting a hidden subsidy of 1¾ percent by law, because the rate of interest paid by REA is fixed by law.

An added fact should be noted here; namely, that REA is investing its surplus lending funds directly into Government securities. It borrows the money at 2 percent, invests it at 3¾ percent, and on top of this has its entire administrative costs paid by the taxpayers.

Another program, although it is not as flagrant an example as that of REA, is the college housing-loan program under the Housing and Home Finance Agency. This Agency now borrows from the Treasury at 2¾ percent for college-housing loans. The Treasury, however, again has to pay 3¾ percent on today's money market to get the funds to lend at 2¾ percent. Similar cases exist with the Farmers' Home Administration. Its farm ownership and operating loans pay the Treasury only 3 percent for money that costs the Treasury 3¾ percent.

The rates of interest would be brought into line through the bill I am introducing today. It would be impossible for the Treasury to lend money to agencies at less than the interest rate it has to pay.

This same principle would hold for disaster loans made by the Small Business Administration, and for loans made

by the Department of State through the International Cooperation Administration. Borrowers now pay the Small Business Administration 3 percent on disaster loans, but the Federal Government must pay 3¾ percent for this money. International Cooperation Administration loans bear 3 percent interest, but again the rate paid for the money to make these loans is higher—3¾ percent.

I should mention two other related factors which I believe make it imperative to pass this bill as soon as possible.

One is the tight money situation. By eliminating some of the Federal Government's subsidies and by attempting to normalize the demand for loans, this bill would ease further the tight money problem brought on by excessive demands to borrow money from the Treasury. The bill would restore loan programs to a competitive basis rather than have the interest rates artificially pegged. Establishing a sensible policy would stimulate more private saving, relieve pressures for subsidies, and be a step toward eventual relief of the tight money problem.

The other factor, an all-important one, is the matter of inflation. By adjusting the interest rates on its own programs, the Federal Government would save taxpayers an estimated $150 million annually at the present rates. This is an extremely conservative estimate.

Any measure which can hold the line on inflation demands consideration.

This bill is the first of its kind to be introduced in the House. It is similar to S. 2427, introduced by Senator HOMER E. CAPEHART and scheduled to begin hearings July 22 before the Senate Banking and Currency Committee.

Mr. Speaker, I urge the Members of the House to give this bill thorough consideration as a means of stabilizing our fiscal policies, combating the tight money situation and working to defeat runaway inflation.

UNITED STATES FOREIGN POLICY IN LATIN AMERICA

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. PORTER] may insert his remarks in the body of the RECORD at the conclusion of the legislative business of the day.

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

There was no objection.

Mr. PORTER. Mr. Speaker, because of the considerable interest being shown by some of my distinguished colleagues in my recent trips to Latin America and in my proposed amendments to the mutual security bill, I want to make the following statement, which is substantially the same as the report I sent last week to the members of the House Committee on Foreign Affairs. It seems plain to me that our policy in Latin America needs drastic changes in some respects. I recognize that I have much to learn in this field but I have already learned a great deal.

I read Mr. REECE's remarks in Friday's RECORD and, while I appreciate his interest in this subject, I regret the inaccuracies in his statement and his apparent misunderstanding of the issues I am attempting to raise. I shall deal with his statement in detail within the next few days.

Mr. Speaker, as you may know, I was propelled into the field of our Latin American relations by the mysterious disappearance in the Dominican Republic of my constituent, Gerald Lester Murphy.

It is not my intention to discuss at length the Murphy case. The essential facts were reviewed before the House Committee on Foreign Affairs several months ago and have received wide notice in the press. However, there have been a number of recent developments. On May 29 and June 10 Mr. Richard Roy Rubottom, now Assistant Secretary of State for Inter-American Affairs, brought the case up to date in hearings before the Senate Committee on Foreign Relations in answer to questions put by the senior Senator from Oregon.

Briefly, the facts are the following: The State Department has rejected the Dominican Government's explanation for the disappearance of my constituent. The State Department further stated, and I quote, "sufficient evidence has now been uncovered to indicate that Mr. Murphy may have been connected with the disappearance of Dr. Jesus de Galindez in New York on or about March 12, 1956." The Department has requested that General Arturo Espaillat, former Dominican Consul-General in New York, be made "amenable to the usual and lawful procedures in matters of investigation and trial" without the cloak of diplomatic immunity. After a delay of 2 months, the Dominican Government answered the Department's request with a refusal.

The Department of State has now concurred in my original charges against the Dominican Republic. We know who ordered Murphy's death and why. What concerns me today are certain provoking questions that arose during my investigations.

What emboldened the tyrant of a tiny Caribbean nation to believe he could commit crimes on the soil of the United States and upon United States citizens with impunity? What made Trujillo think he could, literally, get away with murder?

What encouraged him to spread a net of terror within the United States, terror which Edward R. Murrow so remarkably depicted recently in a nationwide broadcast using only the voices of those persons involved?

Why did our Department of State deal politely and lightly with a vicious Western Hemisphere tyrant caught redhanded in a bloody crime against an American citizen?

Do considerations of military defense weigh so heavily that we must abandon our traditional policy of fostering democracy in the hemisphere? Are our defense interests truly served by friendship and cordiality with despotic regimes in the Americas?

A policy that leads to condoning the most flagrant abuses of human rights and decency can never be successful in halting communism.

At the outset I was warned by high State Department officials, as well as by some of my most respected colleagues in Congress, that in the interest of "hemispheric solidarity" I should soft-pedal this case. I was told that hemisphere defense against international communism demanded close cooperation among all the American governments, regardless of the internal nature of those governments. I was reminded how resentful our Latin American neighbors are of any kind of intervention by the United States.

Yet the response from Latin America to my simple thesis that the interests of the United States would best be served by fostering democracies and cold-shouldering dictators has been startling. Mail from 18 of the 20 American Republics unanimously cheered my position. I received many invitations to visit Latin American countries. The only opposition in my mail came from two self-styled anti-Communist leagues here in the United States, which are Trujillo-paid propaganda mills.

This widespread Latin American approval of my stand at once heartened and perturbed me. Naturally I was encouraged by the evidence that throughout the hemisphere my position, rather than invoking cries of Yankee imperialism, was warmly supported. On the other hand, the burning popularity in Latin America of my position attested to the sad fact that our policy is out of touch with Latin American realities. Our policy of treating dictators as respectable and valuable allies in the struggle against international communism is, to put it mildly, universally deplored by all but the handful of dictators themselves, along with their retainers and apologists.

I accepted a number of invitations to visit Latin America in the hope that I could learn firsthand where our neighbors stand on such questions as inter-American defense, intervention, and inter-American solidarity. I chose to visit Puerto Rico first, where I was guest of the Puerto Rican Press Association, and semiofficially of Governor Muñoz-Marín who was kind enough to have me stay at La Fortaleza, his official residence. Puerto Rico seemed an ideal place to find out what Latin Americans really think about United States policy. Puerto Ricans, being United States citizens, have their sentiments attuned both to the mainland and to their Latin American neighbors. The island is, in fact, our bridge to Latin America. It is situated only 70 miles from the Dominican Republic.

In Puerto Rico I found a warm response among the press, the public and government officials alike. All believe that our present policy, by fostering dictatorships in the hemisphere, spawns communism—that this policy is not designed in the best interest of either furthering democratic principles or of defending the hemisphere from Communist subversion.

The following week I visited Costa Rica as the guest of its President, Jose Figueres. I felt I could learn much in

Costa Rica, one of the true democracies in the Western Hemisphere and the first country to take up arms against Communist infiltration. There the response was overwhelming to my thesis that the American people love democracy and hate dictatorships. The National Assembly held a special session to honor me. This is not a congress screened by the President as is the farce that calls itself a congress in the country misleadingly known as the Dominican Republic. The Costa Rican Congress contains a healthy, vociferous opposition, and it was my privilege to meet Sr. Echandi, leader of the opposition party. I also had an opportunity to meet with the leaders of the Rerum Novarum labor movement. I found the fervence of my welcome in Costa Rica embarrassing. I was but reiterating the true intent of the American people who fought several major wars in defense of freedom and justice under law. Yet the Costa Rican people lionized me. The eagerness with which democratic elements in Latin America have, to all appearance, pinned their aspirations upon me, a freshman Congressman, contains a grave warning. I can only conclude that our Latin American policy must indeed be missing its mark by far.

My next trip, 2 weeks later, was to Bogotá, Colombia, where I was privileged to be the guest of the great newspaper, El Tiempo, and its devotedly democratic publisher, Dr. Eduardo Santos, former President of Colombia. El Tiempo had felt the monstrous fist of dictatorship. For 22 months its voice had been silenced by the Rojas Pinilla regime. Last May, in an unprecedented demonstration of the will for democracy, the Colombian people began a movement of civil disobedience against a dictator armed with United States hardware and surrounded by troops battle-seasoned in Korea. Not a shot was fired from the civilian side of this struggle that toppled the usurping dictator.

It was my privilege while in Colombia to meet and discuss hemisphere problems with men of stature in both the Liberal and Conservative Parties: Dr. Cruz de Santa Maria, Minister of Foreign Affairs; Dr. Lleras Camargo, former Secretary-General of the Pan American Union and President of Colombia; the previously mentioned Dr. Eduardo Santos, elder statesman and grand old man of Colombian democracy; Dr. Guillermo Leon Valencia, Conservative Party leader and the candidate both parties have agreed to present on a coalition ticket for President of the Republic during the moratorium established while the country is returning to its traditional democracy. Dr. Valencia took time from his many heavy responsibilities to drive for an hour and a half in order to lunch with me.

UNITED STATES FRIENDS APPREHENSIVE

It is with much sadness that I must inform you that these distinguished men, the real friends of the United States, are truly apprehensive of the path United States foreign policy seems to have taken in Latin America.

At the urging of Sr. Fabian Velarde, editor of the Panamanian newspaper El Dia, I stopped in Panama for several hours as a guest of the newspapers, El Dia and La Hora. At a press conference and reception there I again felt embarrassed by the effusion of praise for my stand.

AMERICANS STAND FIRM FOR DEMOCRACY

Again and again in Latin America I found it necessary to assure our friends that the American people have not abandoned their belief in democracy and justice under law—that the American people stand as firmly as ever for the moral traditions that make us a great Nation worthy of respect.

What is the American tradition that attracts Latin Americans to our side? We believe in human dignity and governments under law. We fought a war of independence to achieve our beliefs, and several major wars to defend them. We sympathized and abetted Latin America's struggle for independence. We overtly helped Cuba's liberation from Spain and in a gesture unparalleled at that date in world affairs, turned Cuba over to the Cubans. We did likewise with the Philippines, and we permitted Puerto Rico to choose its own status.

RELUCTANT LEADERS

We now find ourselves, albeit reluctantly, the leader of the Free World in a struggle to perpetuate our beliefs against Communist opposition. But our present policy in Latin America, unfortunately, belies our tradition.

Latin Americans ask whether the liberty and justice under law which we are defending today means only liberty and justice under law for United States citizens. They want to know what liberties they are being asked to help defend, when it is quite obvious that the people living under home-grown dictatorships are not enjoying even the most basic freedoms.

THE BIG SNEEZE

State Department officials assure me we are living up to Latin America's own insistence on a policy of nonintervention. It is nonsense to speak of nonintervention in a theoretical sense. We are big, economically powerful, the leader of the Free World. It is in the nature of things that United States policy should have strong repercussions south of the Rio Grande. It is a common saying in Latin America that when the United States sneezes, Latin America catches cold.

Let me hasten to add that I am not advocating sending the Marines or favoring one party over another in an old-fashioned partisan battle at the polls. What I am protesting is the current policy of treating dictator and democrat alike under the pretense of nonintervention. By treating despots, who abuse every principle we hold dear, as friends and allies, we in effect do intervene—we lend them respectability and strengthen them against their own people.

DANGEROUS NEUTRALISM

As I see it, this policy of not making a clear distinction between our natural friends and our natural enemies has resulted in a dangerous neutralism. Instead of encouraging democracy, which is our duty and tradition, we are fostering dictatorship.

Dictators have seized upon this weakness in our policy to enhance their own prestige. They have also found it pays off to cloak themselves in the mantle of anticommunism. While ostensibly cooperating with the United States in the global struggle, the dictators feel free to employ at home every method of human degradation of which the Nazis and the Communists have been guilty. Meanwhile our policymakers openly praise the dictators for their so-called anticommunism, while turning a deaf ear to the crying abuses closer at hand.

UNITED STATES IDENTIFIED WITH OPPRESSORS

The United States thus is becoming identified among the suffering in Latin America as a friend of their oppressor, with the result that United States moral prestige among the people who are suffering the rape of their human rights plunges to rock bottom. When the chips are down, we will want and need the help of the people, not of the single man who temporarily manipulates their government.

On close examination we find that our policy has in effect favored the dictators. I believe the American people would be astonished to know to what lengths we have gone. Latin Americans are well acquainted with this anachronism in our foreign policy. It grieved me to hear a popular calypso singer in Panama embroider this strange aspect of our foreign policy into his verses—to the wild applause, I am sorry to say, of his audience.

FRIENDSHIP

The particular case sung of in Panama was President Eisenhower's message at the death of the tyrant, Somoza. Latin Americans from Cape Horn to the Rio Grande regard Somoza as another Hitler. Brutal in his oppression of his opposition, Somoza was regarded throughout Latin America as the archetype of the enemy of democracy. Yet President Eisenhower sent his personal regrets at what he called the dastardly assassination of the man who, he said, "constantly emphasized both publicly and privately, his friendship for the United States."

In democratic Uruguay, the Congress stood in silent prayer for the courageous act of the assassin. A newspaper in Argentina exploded editorially: "Apparently the North American President has a very personal idea of courage and cowardice, because if the tyrant-killer who acted alone, knowing Somoza's bodyguards would riddle him with bullets, is a coward, it is because undoubtedly the man in the White House believes that to be surrounded by hired killers and protected by a coat of mail constitutes the sum of valor."

ASSASSINATION IS FUTILE

I do not mean to defend an act of assassination. I myself deplore such an act and think it is futile. I merely wish to point out, that in the interest of United States foreign policy in Latin America, surely discreet silence was in order. If assassination is not occasion for rejoicing, neither is it ground for publicly praising a notorious tyrant.

Another blatant case that had extremely unfavorable reaction throughout

the hemisphere occurred in Argentina. Secretary of the Navy Charles S. Thomas, on an official visit to Argentina, spoke with great warmth and praise of President Juan Peron. He said that with Argentina's previous liberties threatened by international communism, it was a fine thing indeed that the nation had the inspired leadership of General Peron. Less than 6 months later, Peron fell amid universal democratic applause. What graver damage could we have done to our moral leadership with the Argentine people who were suffering under the oppressor's heel than for a high United States official to commend Peron?

MERIT FOR JIMENEZ

We will take years to recover from another incident that occurred in 1954. On that occasion President Eisenhower bestowed the Legion of Merit upon Venezuela's strong man, General Perez Jimenez. The man upon whose chest we pinned a medal "for the exceptional nature of his outstanding accomplishments as President of the Republic of Venezuela and previously" includes among those accomplishments the overthrow of a democratically elected government, the maintenance of concentration camps, the outlawing of the country's majority party, and the suppression of the trade union movement.

In Costa Rica, Colombia, Panama, and Puerto Rico I met many young Venezuelans from all walks of life—lawyers, engineers, farmers, architects—who are forced into a life of exile for the single crime of urging free elections, the basic tenet we proclaim so proudly in Europe, Asia, and the Far East. These Venezuelans are the minutemen of Venezuelan liberties, or if you prefer, the freedom fighters. Does it make sense for the United States to decorate the man for whom they are sacrificing family and comfort in the battle for liberty?

PEDRO ESTRADA

And still another example is the mid-November 1954 visit to the United States of a man who has been called the "Himmler of Venezuela," Pedro Estrada. Estrada is number two man of that blatant dictatorship and head of the security police. He spent several days in this country on an official visit, trading shoptalk with top United States State officials and members of our Secret Service. Every courtesy was extended to this representative of one of the most hated dictators in the Western Hemisphere.

The policy of praising dictators has a peculiar counterpoise in our treatment of the democratic elements of the hemisphere. As an example, there is the case of President Figueres of Costa Rica. Figueres is militantly democratic. He is the man who took up arms to return Costa Rica to constitutional democracy when a dictator tried to deny the people the ballot. He is the man who drove the Communists out of his own country in 1948 before the dangers of Communist subversion were widely recognized. He is highly regarded by democratic elements throughout the hemisphere.

Many universities in this country are constantly inviting President Figueres to speak—and he is an eloquent voice for hemisphere democracy and cooperation. But the State Department tells him he cannot come to the United States without full red-carpet treatment as chief-of-state—while at the same time our President is too busy to extend this courtesy. In effect, President Figueres is exiled from the United States.

MORAL ALLEGIANCE

Last year President Figueres and his charming American wife visited a number of countries in Europe. En route, they stopped in Mexico and Canada and were accorded full honors. They had to leap over the United States. Surely, we should have seized upon this opportunity to proclaim our moral allegiance to everything Pepe Figueres stands for.

The case of Romulo Betancourt is equally reprehensible. Betancourt, admittedly a Communist for a few months in his youth in the early thirties, is leader of Accion Democratica, the strongest Venezuelan political party, which is militantly anti-Communist. In exile in Puerto Rico, he is in touch with distinguished democratic leaders all over the hemisphere.

INTERVENTION

A number of years ago, Governor Munoz Marin and Pepe Figueres arranged a three-way meeting with Betancourt in Puerto Rico. At the instigation of certain Caribbean dictators, I am told, Betancourt was removed to the Virgin Islands by United States authorities to prevent the meeting. Is this not intervention against the democratic forces of the hemisphere?

Again and again Latin Americans tell me that they have no faith in the Organization of American States because it is controlled by the dictators, with the tacit approval of the United States. Why do we lean over backward to appease the dictators, when it should be the other way around? Is it that we assume the democratic forces are with us ideologically no matter how much we abuse their natural friendships?

REGAIN MORAL LEADERSHIP

We can, I am certain, push our luck too far. Already a strong current of opinion is saying that we have abandoned our devotion to democracy in the hemisphere. By our present policy we are losing our moral leadership. We can and we must recapture it.

Latin American support—I mean the support of the Latin American people—will mean much to us in the years to come. Already their population has surpassed that of the United States. At their present birthrate, by the end of the century Latin America will contain 500 million people, twice the estimated population of the United States. The United States now has more private foreign investments there than in any other area of the world. Our two-way trade passed the $7 billion mark last year. The future holds much promise for cooperation and prosperity.

LATINS WANT REAL FREEDOM

Politically, Latin America is a continent in ferment. We make a grave error to assume that politics south of the Rio Grande is a case of the "ins" against the "outs," and that one is as bad as the other. The Latin American people want freedom. They want the freedom Jefferson and Lincoln spoke of. They want the freedom we talk of today when we expose Soviet tyranny. And they question our good intentions in the global struggle when we align ourselves with the forces that deny them liberty at home. It is foolhardy indeed for the United States to vacate a position of leadership in steering the social revolution now in progress in the neighboring republics. They are crying for leadership. Only the dictators dare to call it "intervention."

The military alliance we erect with dictators and the facade of inter-American solidarity we are so fond of praising on inter-American occasions, are so many houses of cards. Our best defense is in having a strong democratic Latin America in which the people believe in us. That honor we do not presently enjoy.

IT'S NOT A "HOT WAR"

We can still recover our prestige and leadership in Latin America. The important thing is to recognize that our Latin American policy is not impeded by the same military considerations vital to policy in areas peripheral to the Soviet Union. Hot-war strategic considerations are of secondary or tertiary importance. The strongest defense against communism in the Americas is a people determined to defend a democratic way of life. If dictatorships prevail and hold back the clamor for freedom south of the Rio Grande, we will find one day we have not only a soft but an infected underbelly.

The following are a few recommendations for getting our foreign policy in Latin America back on a sensible keel:

COOLNESS TO THE DICTATORS

First. Instruct our ambassadors in dictatorially governed countries to avoid all unnecessary identification with the dictator. Instruct our ambassadors to maintain proper, but cool, diplomatic relations, as they do in Iron Curtain countries.

Second. Encourage democratic nations to send their chiefs of state and other high officials to the United States. Honor them publicly—let them know the American people are on their side in the tough business of governing by democratic processes. We should have an annual conference of the hemisphere's democratic leaders.

Third. No medals to dictators. A dictator who sends clothes to the poor children of another country which has suffered an earthquake is still a dictator. A dictator who allows a handful of persecuted Jews to resettle in his country is still a dictator. The acts themselves are virtuous, but let us look behind the smokescreen.

NO MORE APPROVAL

Fourth. Curb all statements by official representatives of the United States Government which show approval of dictators.

Fifth. Make sure each American tourist traveling abroad knows the nature of

the government of the country he intends to visit.

Sixth. No loans from the Export-Import Bank to dictatorships.

Seventh. No economic or military aid to dictatorships. In this respect, I intend to introduce an amendment to the Mutual Security Act stating this as the intent of Congress. The people in Latin America feel that the United States is arming their oppressors. I am aware of the clause in the bilateral treaties which states that such arms as supplied by the United States are not to be used in civil strife. In Colombia, to my dismay, I learned that one of the most publicized pictures of the recent revolution which overthrew Rojas Pinilla shows the dictator's storm troops beating down unarmed civilian demonstrators with weapons clearly marked "U. S. A."

HOW IMPORTANT IS MILITARY ASSISTANCE?

With regard to military assistance, a sizable sector of public opinion both in the United States and in Latin America thinks United States armaments serve a single purpose—to encourage and strengthen the military caste. The Pentagon, I know, is bent on strengthening hemisphere defense. I raised the question of how important tanks and conventional weapons are in Latin America in view of weapon developments in the last decade. I have yet to receive a satisfactory answer. Senator FULBRIGHT raised the same question last year in the mutual security hearings.

Eighth. Seize the initiative in Latin America in the cold-war battle for men's minds. This means dropping the hot-war psychology of joining with any government that professes to be anti-Communist, and replacing it with a cold-war psychology that sets out militantly to further democratic ideals. This means openly condemning dictatorial regimes and praising democratic ones. It means giving wholehearted support—moral, intellectual, and financial—to those men who are striving to liberate their countries from economic feudalism by democratic means.

THE GERALD MURPHY CASE

I have spoken at length regarding overall, long-run policy vis-a-vis Latin America. The Gerald Murphy case merits some special attention. The State Department is presently in receipt of an answer to its notes of May 2 and May 29 asking that Espaillat come to the United States to give testimony. The Dominican Government refuses. In view of the fact that the Department of State tossed out the Dominican Government's explanation for the disappearance of my constituent, we appear to have reached a diplomatic impasse.

I do not believe, however, that we have exhausted the peaceful means of letting the Dominican Republic and the rest of the world know that we will not brook this type of international criminal behavior. The spectacle of the United States accepting in abject submission the flouting of its laws by a Caribbean tyrant is humiliating.

AMBASSADOR PHEIFFER REPLACED

One of my first recommendations has already been put into effect. Ambassador Pheiffer, who showed undue cordiality for Trujillo even to the point where he did not pursue properly his duties as United States Ambassador, has been replaced by a former FBI agent, a fitting appointment under the circumstances.

Secondly, in consultation with Dr. Charles Fenwick, Director of the Division of International Law of the Pan American Union, I have learned that it would be juridically possible to submit the Murphy-Galindez cases to the Organization of American States. Undoubtedly, the Dominican Republic will protest such a move. That government will do everything in its power to halt an investigation into its crimes.

ENHANCE UNITED STATES PRESTIGE

I was informed in Bogota by Dr. Lleras Camargo, who himself was Secretary-General of the OAS from 1947 to 1954 (the first Latin American to hold that office), that if the United States should present the twin cases to the OAS, it would not only enhance United States prestige throughout the hemisphere, but would also rejuvenate the OAS which is falling into disrepute as an instrument of the dictatorships. I urge the committee to look into this possibility.

In the third place, I think every American tourist planning to go to the Caribbean area should be instructed about the real conditions in the Dominican Republic.

THE SUGAR QUOTA

Fourth, there is the matter of the sugar quota. It is unthinkable that we should in any way favor economically a Government which has clearly expressed its contempt for our sovereignty. Trujillo has taken over all but one of the sugar companies in the Dominican Republic.

Fifth, no loans from the Export-Import Bank should be made available, nor should our point 4 or military aid be continued.

DE MOYA SHOULD RETRACT

Finally, the present Dominican Ambassador, Manuel de Moya, should be asked to retract his speech in San Francisco, in which he, in a manner reminiscent of the worst aspects of McCarthyism, criticized the part I was playing in trying to find out what happened to my constituent in his country, by insinuating that what he called Operation Galindez and Operation Murphy were Communist plots and that I was a dupe of such plots. Clearly, this is a major breach of international law, when a foreign diplomat criticizes a Member of Congress in the exercise of his duties. If Ambassador de Moya is unwilling to retract his statements, then he should forthwith be declared persona non grata.

COMMUNIST THREAT IS SUBVERSIVE

Everywhere I visited in Latin America I was questioned about why the United States puts up with such conduct. The Communist threat in Latin America arises from subversion, not invasion. The counterattack, therefore, must be political, economic, and social, not military.

The United States must energetically and publicly support those groups which, as Professor Alexander in his new book entitled "Communism in Latin America," says:

> Are able to meet the Communists on their own ground, to promise and in a democratic way to deliver to the humble and ambitious people of the continent the fruits of the Latin American revolution. The United States must not allow them to turn away from this country in bitterness or frustration or to be undermined by the Communists as a result of apparent United States support of dictatorship.

ADDITIONAL MARKETS FOR MUNICIPAL BONDS

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

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

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, today I introduced H. R. 8702, a bill to amend the Internal Revenue Code of 1954 with respect to the income-tax treatment of dividends paid by certain corporations which hold the obligations of States and local governments; which was referred to the Committee on Ways and Means.

Previously, I introduced H. R. 4380, a bill to permit regulated investment companies to distribute interest derived from tax exempt State and local government bonds to their investors with the same tax exemption. Since reviewing the matter, I am convinced that the purpose sought to be achieved, that is, providing a wide market for State and local government bonds would be better achieved by extending the principle to unregulated investment companies as well. An analysis of the economics of this matter reveals that there will be no effect on Federal revenue one way or another except insofar as interest rates on municipal bonds might be lower as the result of a better market. Because municipalities are paid for through local taxes, which in turn are deductible from Federal income tax, the lower interest rate would provide less Federal tax deductions and so to this extent improve Federal revenue.

This bill deals with an exemption from income tax which exists under present law. It is designed to stimulate the purchase of State and local government bonds by investment companies by removing a discouragement to such investment. These companies do not distribute the interest from these bonds because such interest loses its tax exemption when distributed. This bill extends the Eisenhower pass-through or conduit principle to all investment companies and preserves the exempt status of the interest when received by the beneficial owners, that is, the shareholders whose funds are invested in the bonds.

This bill will substantially extend the potential market for these bonds by making them attractive to all investment companies. We know that these companies hold a sizable volume of assets and are growing steadily. As always when a new avenue of investment is opened, it is difficult to forecast how rapidly investors will avail themselves of the privileges extended.

THE POTENTIALITIES FOR THE MUNICIPAL BOND MARKET

The bill extends the conduit principle to all investment companies which meet the income test of regulated investment companies prescribed in section 851 (b) of the 1954 Code: all corporations deriving at least 90 percent of gross income from dividends, interest, and gains from the sale of securities, if less than 30 percent is from the sale of securities held for less than 3 months.

The bill applies both to the regulated and to the unregulated investment companies. Section 851 (a) (1) of the Internal Revenue Code includes as a regulated investment company any domestic corporation—other than a personal holding company—which is registered under the Investment Company Act of 1940 as a management company or as a unit-investment trust. The Investment Company Act of 1940, in section 3 (c) (1), excludes as a covered investment company a corporation the outstanding securities of which—other than short-term paper—are beneficially owned by not more than 100 persons and which does not make a public offering of its securities. An unregulated investment company, for our purposes, therefore, may be roughly described as any investment company held by 100 or fewer stockholders which has not publicly offered its securities.

REGULATED INVESTMENT COMPANIES

Regulated investment companies consist of the closed-end variety which on March 31, 1957, had assets valued at $1,335,572,000 and the open-end companies—mutuals—with assets of $9,105,048,000. The portfolios of these companies predominate in common stock. In the case of the mutuals, 7.6 percent of their assets, or $691,983,000, are represented by corporate bonds. It is difficult to estimate the extent to which these regulated investment companies would invest in State and local bonds. It is reasonable, however, to predict that in making new commitments the possibilities in the municipal market would be carefully surveyed. The bill certainly furnishes them with a very real and attractive incentive to purchase municipal bonds and pass the interest on to their stockholders in its tax-free status. Furthermore, the enactment of this bill would probably cause them to grow more rapidly.

UNREGULATED INVESTMENT COMPANIES

This group is made up of companies which are more closely held and, therefore, statistics in regard to them are not available. Two categories are included in this group. The first embraces investment companies which derive more than 20 percent of their gross income from the operation of a business, from rentals of real estate, from investments in oil and gas, and so forth. Thus, by so arranging the nature of a part of their income, these companies avoid the classification of personal holding company and are not required to distribute income. Although it is impossible to estimate either the number or size of these companies, it is reasonable to assume that they hold a sizable volume of assets for it is common knowledge that, where possible, investment companies strive to avoid the tax penalties placed upon personal holding companies.

The other category, which also constitutes a potentially substantial source for State and local governments and which this bill also seeks to interest in such investments, is the personal holding company. This company pays the same corporate tax as any other business corporation, namely 52 percent, and then it is required to distribute its personal holding company income, as defined in the code, to its stockholders where it is again promptly taxed. If the income is not so distributed, the company is required to pay an additional surtax of 75 percent on the first $2,000 and 85 percent on the balance. At the present time this type of unregulated investment company may receive interest on municipal bonds tax free and need not distribute it; in fact, it does not distribute such interest for the simple reason that in the hands of its stockholders it is fully taxed as an ordinary dividend.

In the last published report of the Commissioner of Internal Revenue on personal holding companies, which was for the taxable year 1952, it was indicated that returns were filed by 4,956 companies. The total chapter 1 net income—as defined in the 1939 code—reported by these companies aggregated $279,125,000. If we assumed a return of 3 percent it would mean that these companies held assets having a market value of approximately $9 billion. Several of these companies have indicated that they would be greatly attracted to the municipal bond market if the tax-free interest did not change its status in passing through.

THE EFFECT UPON THE FEDERAL REVENUE

The growing population and expanding volume of business are forcing State and local governments to increase their capital improvement programs. Projections have been made which show that construction expenditures—exclusive of land and equipment—of State and local governments which amounted to $10.7 billion in 1956 will rise progressively in each year until they reach $25.2 billion in 1967, and that the new bond offerings of State and local governments will climb from the $5.4 billion in 1956 to $15.5 billion in 1967.

These bonds will be issued whether this bill is enacted or not. The interest on these bonds will be tax-free and will pro tanto reduce the Federal revenue to the extent that the bonds are purchased by taxable persons whether this bill is passed or not.

It is impossible, therefore, to predict the loss in Federal revenue:

First. It is reasonable to assume that nonregulated investment companies do not presently distribute the interest they receive on tax-exempt bonds because there is no penalty on the accumulation thereof and the distribution of the interest is fully taxable to the stockholders. This bill will place the interest in the hands of the stockholders and make it available to them for taxable use and the interest will no longer be immobilized in the hands of the investment company.

Second. To the extent that the municipal bonds replace other investments in the portfolios of the investment companies there will, of course, be a loss of Federal revenue. All the bill does is to encourage investments in municipal bonds by investment companies. The bonds which these companies are encouraged to buy under this bill would produce the same loss in Federal revenue if purchased by other taxable persons and to that extent there will be a complete canceling out of the loss in Federal revenue.

Third. When considering a loss in Federal revenue, consideration must also be given to the concomitant additional cost to the State and local governments in borrowing funds. If the increased Federal revenue is offset by additional cost to the local governments there is not a complete loss in Federal revenue for the same taxpayers who pay income taxes are called upon as local taxpayers to bear the additional cost of borrowing on the local level and such additional local taxes reduce the Federal revenue when taken as deductions.

Fourth. The realistic evaluation of the effect upon the Federal Treasury must seriously weigh the probability that encouragement for broadening the market for State and local bonds will relieve the Federal Government from the inevitable increases in grants and direct loans to State and local governments.

In conclusion, certain facts are clear. This bill will broaden the market for State and local bonds. Such help is sorely needed by the issuers of these bonds, and with the rapidly increasing volumes of new bonds the need will grow greater as time passes. To the extent that the market is broadened, the advantage shifts to the municipal issuers. A narrow market favors the investor.

THE ADMINISTRATION'S NATURAL RESOURCE POLICIES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentlewoman from Idaho [Mrs. PFOST] may extend her remarks at this point in the RECORD and to include an editorial from the St. Louis Post-Dispatch.

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

There was no objection.

Mrs. PFOST. Mr. Speaker, the inconsistencies of the administration's natural resource policies are skillfully analyzed in a St. Louis Post Dispatch editorial of July 7 which I ask unanimous consent to include in the RECORD.

Some Americans may be surprised to learn that while we are too poor to develop Hells Canyon we have millions of dollars to help finance power, flood control, and reclamation projects for other countries all over the world.

The editorial also asks some provocative questions on why the administration has given its blessings to the upper Colorado River and Fryingpan-Arkansas projects, while at the same time it violently opposes Hells Canyon.

It is well worth reading:

TOO POOR

India has completed its 3-mile-long, $210 million dam on the Mahandi River for power production, irrigation, and flood control.

Mexico has dedicated the Presidente Aleman Dam on the Rio Tonto in the $15 million first phase of a $250 million project for development of the Papaloapan Valley.

Canada has adopted a plan for nine power dams on the upper Columbia River, the largest alone, Mica Creek, to cost $400 million.

Thailand is preparing the $100 million Ping River Dam in its northwest for power, irrigation, flood control, and navigation.

Australia has opened the $54 million Eildon Reservoir for irrigation in the foothills of the Australian Alps.

The Central African Federation has decided to undertake a $240 million hydropower project on the Zambesi River at Kariba Gorge.

Turkey is constructing the $36 million Seyhan River Valley project for power, flood control, and irrigation.

Little TVA's are in progress in El Salvador, Afghanistan, Iran, and Haiti.

Meanwhile, the United States, almost alone among the industrialized or would-be-industrialized countries of the world, is dragging its feet in the development of natural resources and particularly of electric power.

The richest country in the world, able to help finance power projects for other countries, professes itself too poor to develop its own resources at Hells Canyon, on the Snake River in the Pacific Northwest, finest remaining undeveloped power site in the Nation.

The surrender of national resources by the National Government has been a recurring phenomenon during the 4½ years of the Eisenhower administration.

It began with surrender of national sovereignty over the oil-rich offshore lands to the States. It continues with default after default of opportunity to put the Nation's waterways to the service of its people.

The St. Lawrence Seaway was a happy exception. Other notable exceptions have been the upper Colorado River development project and the Fryingpan-Arkansas diversion. The upper Colorado project affects Colorado, Arizona, Utah, and New Mexico. After defaulting on Hells Canyon as too costly to build, the administration gave its blessing to the upper Colorado project, estimated to cost more than a billion dollars—1 of the 4 dams, Glen Canyon, is itself in the cost category of Hells Canyon. The Fryingpan-Arkansas diversion, which is entirely in Colorado, has also been ardently espoused.

Not only has the adminstration shown a marked duality in its attitude toward spending money for river control, it has shown an even more marked double standard in its ideas concerning how to go about river-valley development.

In the Tennessee Valley the administration attempted with unprecedented force to break up the unified development of the TVA power system by intruding upon it high-priced privately produced power from the Dixon-Yates syndicate.

In the Columbia River Valley the administration is disrupting unified development by permitting Idaho Power to develop a small amount of fancy-priced electric power only at a site badly needed for maximum power development and maximum flood control.

In the Central Valley of California the administration is moving to destroy the unity of the development by intruding private power operations on the Trinity River part of the project.

Yet in signing the Upper Colorado bill President Eisenhower said:

"This bill represents what I believe in—treating a whole valley as a unit, as a whole thing. It goes from top to bottom. It recognizes one thing that is also true—that water is getting to be our most valuable resource."

In these words the President expressed precisely the philosophy of those who want Hells Canyon Dam built, who want TVA to keep control of its present and growing power system, who want California's Central Valley to be developed without strategic enclaves of hostile private management. And he is fighting them tooth and nail.

Why is a prudent investment in the Upper Colorado region an unjustified expense in their region?

Why is unified development so necessary elsewhere—but not for their parts of the country?

Why, if water has become the most valuable resource, is so much of it being willfully wasted where they live?

The answer to every one of these questions points straight to a vote, in the House after the victory in the Senate, for a comprehensive public dam at Hells Canyon.

BEACH EROSION ON THE NEW JERSEY COAST

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. AUCHINCLOSS] is recognized for 15 minutes.

Mr. AUCHINCLOSS. Mr. Speaker, beach erosion of the coast of New Jersey, which is about 280 miles in length, is a matter of the greatest importance to the State and, I venture to say, to the Nation as a whole. I have given many years of study to it and experts from different parts of the country, together with the Army engineers, have spent a great deal of time and thought in surveying and investigating the phenomena which are found along this coast. Conditions are unlike those which are present in other localities. Fifty years ago the coastline of New Jersey presented an entirely different aspect than it does today, and its deterioration has developed a problem not only to the residents of the State but to the many citizens throughout the country who journey to New Jersey to enjoy the surf bathing and their vacation time at the seashore. The largest business in New Jersey is its recreation business.

The New Jersey coastline is bounded on the north by the entrance to New York Harbor and on the south by the entrance to Delaware Bay, and Barnegat Inlet is located about equidistant between these two points. One of the interesting features which must be remembered by all who study this problem in New Jersey is that at this center point the current in the ocean is divided, part of which flows in a northerly direction toward New York Harbor and part in a southerly direction toward Delaware Bay. This is probably caused by the tidal action of the waters which rush in and out of New York Harbor and Delaware Bay. When the tides flow into New York Bay water is sucked up the coast to the north toward the entrance to New York Harbor, and in the opposite direction when the tides flow in and out of Delaware Bay. This steady current along the coast robs the beaches of sand and as a result Sandy Hook to the north has been built up tremendously, while the same phenomenon is in evidence at the entrance to Delaware Bay at the southerly end of Cape May County.

Together with the power of these currents as well as action by the wind and waves, aided and abetted by occasional hurricanes, the coastline has been severely battered and it has been necessary to build jetties, groins, and seawalls for the protection of those living on the land. In some areas beaches have disappeared altogether, in others they are disappearing, while in a few localities, they have been improved due to the natural curve of the shoreline.

About 3 years ago the Army engineers together with representatives of the State made a survey of the northerly section of the New Jersey coast from Sandy Hook to Barnegat Inlet, and a most complete and exhaustive report was the result. A similar survey has just been completed of the southerly half of the shoreline but the engineers have not yet filed their report. Largely based on the report of the northerly section, work has been done for the protection and rehabilitation of the shoreline and a considerable sum of money has already been expended not only by the State but by the counties and municipalities situated along the shore. It is hoped that in the not too distant future the Federal report may be implemented and aid secured from the United States Government.

In the meantime, however, people have become more and more aware of the seriousness of this situation and a great service has recently been done along these lines by thoughtful and factual articles published recently in the Long Branch Daily Record, written by Mr. Alan Littell. The residents of Long Branch in Monmouth County, N. J., are particularly concerned about this erosion problem because the coastline there has suffered seriously, causing severe damage to private as well as public property. The city of Long Branch is fighting this menace in a most intelligent manner and is spending considerable sums of money, with the help of the State and the county, to protect the interests of its residents. Mr. Littell in his six articles has described this situation in an exhaustive manner and I am grateful for the permission to have these articles printed as part of my remarks. Too much credit cannot be given to Mr. Herman Obermayer, publisher and editor of the Long Branch Daily Record, and his associates, Mr. Louis H. Farb, general manager, and Mr. R. Barry Kamm, city editor, for their cooperation in this matter. These articles have roused a great deal of interest and have given the facts to the people so they may understand the problem.

The question of beach erosion, of course, is not confined to the New Jersey coast alone but is of paramount interest to the people in many sections of our country, yet each area presents its own problem and must be treated separately. The erosion problems on the New Jersey coast, the Florida coast, and the coasts

of New York or Connecticut not only differ from each other but are entirely different from the problems of erosion on the Great Lakes where there are no currents or tides, but where the action of winds and waves is most destructive. It is being realized more and more that this problem is a menace to the country as a whole and deserves the cooperation and financial help of the Federal Government.

Flood control and the erosion of public and private property along our inland waterways have been recognized for some time as the responsibility of the Federal Government, and vast sums of money are appropriated and spent each year on such projects without any matching funds being provided by the States or localities where the damage occurs. The action of the winds and waves of the ocean causes similar floods and disasters to property, and the only difference from inland river flood control is that on the coastline the water is salty. It is, therefore, a fair question to ask why the Federal Government should not be concerned with this menace to the same extent and on the same financial basis as in other parts of the country. Today the Federal Government pays all the cost of the prevention and correction of flood control in inland rivers, but the Federal Government pays only one-third of the cost—under certain conditions—of similar destruction along the coast, while the State and political subdivisions thereof are required to pay the balance of two-thirds of the cost. This does not make sense and I am planning to introduce legislation in the near future which would bring the Federal contribution up to 50 percent of the cost, thereby making the Federal policy more equitable.

I hope my colleagues will read these articles from the Long Branch Daily Record. They present beach-erosion problems in a clear and forceful manner which are applicable in almost every instance, but especially to the critical situation in New Jersey.

RECEDING SHORE PUTS ECONOMY ON DEBIT SIDE

(EDITOR'S NOTE.—This is the first of six articles being presented by the Long Branch Daily Record as a public service to acquaint the public with the problem of erosion plaguing Long Branch and other sections of the State. In the series we will place before the public the facts as our survey has revealed them, and try to draw a logical conclusion for the solution to the problem.)

(By Alan Littell)

Last week a Broadway businessman, standing on the pavement outside his empty store, said: "We've got nothing here. This town is as much a resort as Hackensack."

This particular view from merchants row, while not being entirely accurate, lends color to an ever-increasing complaint—a deteriorated beachfront, unexpanded resort business.

Merchants here would welcome bigger and free spending crowds. The city would crow over new ratables. Residents could stand lower taxes.

Thus when city officials think in terms of a resort-residential-industrial balance uppermost in mind is the nourishment of the beachfront.

That part of the city has lagged behind other development. The twin problems are erosion and money. There always was erosion. But there once was plenty of money.

Less than 80 years ago Long Branch's gilt-edged heyday was summed up in the short, stocky, ruddy complexioned person of one Phil Daly and the view from his magnificent gambling house.

On summer afternoons when Daly stepped from the smoky rooms of the Pennsylvania Club on Brighton and Ocean Avenues, he was greeted with a panorama that fairly reeked of money.

To north and south, along the bluffs, palatial hotels and sprawling estate homes gleamed in the sun.

Strollers, dressed rigidly for the afternoon promenade, formed a procession along Ocean Avenue. The daily caravan of gaily plumed horses and ornate gentry brought out lines of sightseers like children to a glittering parade.

Inside Daly's twin-domed gambling rooms Congressmen and railroad men, bankers and builders, added to a season's take that saw between 5 and 10 million dollars wagered on the gambler's tables and wheels.

Daly could rightly muse: "God's in His heaven: All's right with the world."

But it was the beginning of the end. As one writer recently put it, Long Branch was being gold-domed to death.

The town behind the bluff had two things to offer that taken together made it unique: Sea and sand.

The beaches drew all classes like magnets. On any given weekend excursion crowds swarmed over the boardwalk. It has been estimated that as many as 2,000 persons watched the Sunday promenade on Ocean Avenue.

When Monmouth Park opened in 1870 it made Long Branch the mecca of the sporty set. The smell of money hung in the air. From the quiet, sleepy family resort of pre-Civil War days, the Branch took on the aura of a madcap Monte Carlo.

John T. Cunningham wrote: "No resort by 1885 matched Long Branch in glitter veneered over dangerous hollowness."

Around the turn of the century legislation was passed to cripple horse racing and outlaw gambling. The resort crashed with a resounding thud. The horseplayers, gamblers, professional sharpers, dandies, celebrities and hotelmen packed up and went elsewhere.

What was left was an incongruous little town behind the bluff, the hoary segment who came back to the Branch year after year, mostly through habit; the sea, and a neglected oceanfront that had slowly begun to bow before the erosive force of the waves.

As the town began to solidify into a year-round business and residential community, the area along the bluff declined. Hotels such as Howland's Ocean, West End, Elberon, and Hollywood capitulated to economic malaise, fire, or the onslaught of winter storms. The great estates were broken up into smaller parcels.

In the 1900's Long Branch mayors found it necessary to take up popular subscriptions to cope with storm damage. Winter seas often washed over Ocean Avenue.

The town's population swelled with newly arrived immigrants. Industry grew. Officials continued to attack the ever-present erosion problem. The first jetty was erected at Sea View Avenue in 1915 in an abortive attempt to keep the sea from washing away the 6½ mile beachfront.

Four more jetties were thrown up during the 2 years following 1929 between Chelsea and South Bath Avenues.

At present Long Branch boasts more than 30 jetties along its shoreline.

Publications on the city's history declare Ocean Avenue was pushed inland by the sea three times since 1862. When the avenue was called the Bluff Drive in 1833 there was a half mile of land to the east of it.

Old residents remember land where the sea now encroaches.

By 1862 the half mile of land east of the bluff had dwindled to 1,000 feet; then 400 feet less in 1883.

The resort had developed to a point right on top of the beaches. Hotels stood where once there was a supply of sand. As sand disappeared, beaches shrank. The northward moving longshore current carried beach sand to Sandy Hook and New York's ship channels.

Along the central part of the shorefront, an old wooden bulkhead, put up early in the century, was all but obliterated by the 1940's. In 1932 wild northeast seas carved 30 foot chunks out of the bluff.

Storms from the same compass point undercut and nearly toppled into the sea a number of Elberon homes.

The 1944 hurricane coincided at Long Branch with the predicted time of high tide. It resulted in one of the highest tidal levels ever recorded in the area. Army engineers reported "several waves * * * reached a height of 15 feet over the top of the seawall at Sea Bright." There was extensive damage in Long Branch.

Erosion was of major proportions, according to the report, during the storm of November 1950. Stretches of boardwalk were ripped out by the waves and two persons were killed by flying debris.

The November storm 3 years later, with wave heights ranging to 40 feet, further compounded a badly deteriorating beachfront situation.

In a walk today along the oceanfront, you find that by far the best beaches are the public, USO, and private strands between Atlantic Avenue and a point a third of a mile north of Joline.

An atlas of Long Branch, published 1886 in Philadelphia, shows a number of private estates on what is now the Atlantic Avenue beach. Where Ocean Avenue today turns sharply at Sea View before proceeding north, the road then ran arrow-straight to Atlantic. There were hundreds of feet of land to the east of it.

Use of the beach at Joline Avenue was discontinued a few years ago because of its seriously deteriorated condition. The high-water mark was behind the crib pilings sunk parallel to the ocean. The bluff here is steep and badly eroded. Only recently was the beach put back in operation.

Looking north from the Lido Hotel at Sea View Avenue the view is unprepossessing. Black and twisted pilings have as much effect as matchsticks against the surge of the sea. Some like an old dog's teeth, are worn down to smooth nubs.

Cement foundations are cracked, showing rusted steel wire supports where the boardwalk begins at Sea View. From Sea View Avenue to the jetty between Cooper and North Broadway, the winter tides come up to the boardwalk. The bluff is eroded to 10-foot depths in places behind the walk. Blocks of cement have fallen. Concrete beams behind the walk have broken off in the eroded bluff.

Between South Broadway and Melrose Terrace, custard stands, restaurants, bathing clubs, a penny arcade, bars, a cupola bandstand adorn both sides of Ocean Avenue. (In the same area, with an unblocked view of the sea, once stood the buildings and expensive lawns of the Mansion House and city-block-long Ocean and United States Hotels.)

The boardwalk ends abruptly at Morris Avenue. Until recently concrete supports remained to the south, where the wooden walk was plucked away by a stormy sea.

The bluff is steeper in the neighborhood of Morris Avenue. It rises in places to over 20 feet above the sand. But erosion is as extensive as the bluff. The condition in spots extends 20 feet behind the walk.

The beaches along the central shore front hardly exceed 75 feet in width. The current has generally built up sand on the south side of jetties; the north side remains denuded. The jetties are being cut down in height inshore as work has progressed along the Brighton Avenue-Cottage Place seawall. Sand has spilled over these jetties onto their north sides, starting to build beaches.

A mile-long bulkhead built in the early 1940's contains most of Elberon. That section nearly washed into the sea during the severe storms of 1940. Good protection and sandy, moon-shaped beaches are provided by T-shaped jetties in the Garfield Terrace section of Elberon.

At Brighton Avenue there is an eroded cliff where a hotel once stood.

The private property on either side of Takanassee Lake; homes, beach clubs, and hotels; has moved inland since the time Pullman, Fahnestock, Biddle, and Brown built frame mansions to the water's edge. Very few of them still stand.

When the word "resort" is mentioned today there are always those local residents who look back with horror on the shenanigans of the gilded age.

In any talk of resort development they find seeds of an incipient Coney Island.

The long view is neither of these. But building a modern resort, with accruing benefits, takes knowledge, daring, and plenty of the "long green."

And the first step is erosion control.

STORMS CARVE AWAY BLUFF, BATTER HOMES

(This is the second of six articles dealing with the erosion and economic problems of Long Branch and vicinity.)

(By Alan Littell)

One day in spring of 1948 Long Branch residents witnessed (what was for them) a decidedly uncommon sight.

Wallowing in the swells off the fishing pier was the Army engineers' ship, *Goethals*, then the largest seagoing dredge in the world.

She was here to take part in an experiment: renourishing sand-starved beaches with material dredged from New York's ship channels.

Like a farmer planting wheat, the big ship laid down a 600-foot-wide, nearly mile long, windrow of sand in 30 feet of water. The experimenters hoped the sea would wash the sand ashore.

The experiment failed. What happened to that sand is disputed today. But so is the largely experimental nature of erosion control.

There is general agreement that Long Branch plays dubious host to one of the most serious shorefront erosion problems along the entire 126 miles of Jersey coastline.

Storms can (and did) carve 30-foot slabs from the bluff. They can (and did) pluck the boardwalk from its foundation like so much matchwood. They can (and did) topple homes into the sea.

Ocean Avenue has been forced inland three times by the encroachment of ocean waves. Part of the once 4-lane road was eaten away by the sea. The beaches have narrowed. One until recently was not fit for public use.

Saying this is a problem, not just a state of affairs, admits of a situation that skirts ready solution. And the answer to the brain twister is buried in the often-opposing views of erosion engineers from Sandy Hook to Cape May.

Erosion, the central fact of the city's shorefront situation, is the gradual wearing away of the land by sea action. The problem has the general facets: method of solution and money.

Engineers agree that a long-shore current exists parallel to our part of the coast. It flows from south to north.

The current moves between the tidal zone and a point a few hundred feet offshore. Water contains sand the way milk holds cream. Shake a milk bottle (give the liquid motion or velocity) and the cream mixes evenly. Let the bottle stand (slowing and stopping the liquid's motion) and the cream settles out.

In the case of cream it floats to the top. Sand drops to the bottom.

"Held in suspension" is the term civil engineers and geologists give sand mixed with water. Moving water carries sand in suspension, the amount depending on how fast the water moves. The longshore current carries sand from our beaches northerly in suspension.

To get sand out of suspension and back on the beach it is necessary to slow the water's speed.

Jetties serve that purpose. They act as brakes. They force the sand out of suspension. But they do not get all of it. A great amount always escapes.

The beaches lose sand and they get sand back. Over a year's time there is a net loss.

This northward moving current or littoral drift is not the whole story of erosion. It is evident to anyone who has ever watched the surf that sand is moved by the combers breaking along the shore.

Waves breaking on a beach pull sand rapidly into the ocean. If the beach is too narrow for the waves to dissipate their energy, the uplands will be damaged. The erosion caused by the high, short waves of a storm is often sudden, dramatic.

Ocean Avenue's disfigured bluff is a striking example.

Vice Adm. W. Mack Angus, United States Navy (retired), chairman of Princeton University's civil engineering department and a New Jersey beach consultant, says that most sand pulled into the sea by a storm is brought back by good weather surf.

However, every particle of sand displaced by surf is moved by the current along the beach. And this is where the net loss comes in. Storms and surf dig up sand. Current carries the material north. Jetties stop some of the movement.

But still, according to Angus, New Jersey's beaches lose roughly a half million cubic yards of sand yearly. He maintains this is approximately the same amount dredged each 12-month period from New York's ship channels.

Long Branch City Engineer O. W. Morris has said the beaches here are of insufficient width and depth to properly "wear out a storm." Northeast storms invariably harm our shorefront. With beaches too narrow to contain storm water, winter seas, and hurricane weather can attack the bluff.

Asbury Park's engineer, William M. Birtwell, feels that his city's relatively good beaches are inadequate. They are generally 200 feet wide and 12 feet above the mean low-water mark at their highest point

Birtwell considers 16- or 18-foot elevations minimum protection against the sea.

These engineers view beaches from the standpoint of property protection and not only as a vacationer's playground. They are of the opinion, however, that one will necessarily mean the other.

Storm water striking a high, wide beach, engineers point out, while unable to reach beyond the beach, will tear up the sand. But, as Angus argues, fair weather surf restores most of the sand.

In the Long Branch area the prevailing summer west wind opposes the incoming surf and causes sand to deposit. Northeast winds, whipping up stormy seas from that quarter, harm the beaches.

Without optimum beaches, seawalls have become necessary. Angus says they do not give permanent protection. Sooner or later they become undermined and fail. The question is how soon? One year, ten, a lifetime? Or geological time measured in thousands of years or more?

SEAWALLS CALLED INADEQUATE WITHOUT STRETCH OF BEACH

(This is the third in a series of six articles dealing with the erosion and economic problems facing Long Branch and other shore communities.)

(By Alan Littell)

One shore area borough engineer stood with this writer on the new seawall at Monmouth Beach. The sea rushed in and smashed in creamy froth at the base of the wall. There was no sand to hinder it.

The engineer, who asked that his name be withheld, characterized the seawall as not adequate. He said most people are unaware that in the sea we deal with tremendous forces. (One geology book recites: "The vertical distance through which water can be flung against the shore would surprise anyone whose experience of coasts is limited to periods of calm weather. During a winter storm in 1952 in Great Britain, the bow half of a small steamship was thrown against a cliff and left there, wedged in a big crevice, 148 feet above sea level.")

The engineer warned that the Monmouth Beach seawall, expensive to build, sturdy to the eye, could possibly get knocked down by the first hurricane.

But if the seawall had not been built, there would be no road. And now an engineer says because there is no beach, the seawall will go all the faster.

As funds were made available, seawalls were thrown up to protect uplands and jetties constructed to trap available sand.

Over the years, however, a controversy raged along this coast as to the most effective type of jetty construction.

Most jetties were built straight out into the sea or slightly sloped to conform with general beach profiles. The jetties amassed sand on their south, or updrift sides, but not north.

Claude W. Birdsall, Deal's borough engineer, years ago pioneered a type of jetty cut down in a step near shore. He found it allowed sand to spill over onto the other side. These cut-down structures made for a more uniform beach.

When Frank D. Holmes was head of the Bureau of Navigation in 1948, he won over opposition to erect an experimental T-shaped jetty in Elberon.

A pair of these boxed in the sea and built sand in a moon-shaped beach, following the jetty and bulkhead contour.

As the amount of available sand dwindled through the years, engineers along the coast resorted to more radical designs.

The jetty at Allenhurst was built to jut out from the land at a southerly slant. This construction, and another like it at Monmouth Beach, were dramatically effective on their south sides.

They built beaches. But they had disastrous effects on their north faces.

As Adm. Mack Angus explained: the sea tended to swirl in whirlpool form on the north side, scouring the area. As a result, in nearly every instance of a south jetty, a serious manmade erosion problem exists on the north side.

In the absence of any unified plan the history of beach protection of the Jersey shore has been every town for itself. Sand coming from Manasquan and Shark River inlets was snared by Asbury Park's 300 foot long Eighth Avenue jetty.

Theodore J. Langan, director of New Jersey's division of planning and development, stated unequivocally at a recent beach erosion session that restoration of Asbury Park

and Belmar beaches have destroyed in a large measure beaches to the north.

Engineers, while reluctant to point the finger at Asbury Park and other communities, agree that Loch Arbour and Allenhurst beaches were starved for sand.

Allenhurst had a particularly acute situation. Then the town constructed the south slanting jetty and Deal began feeling the pinch.

The littoral current at Long Branch is as strong as ever, but the sand now measured in fistsfull.

James K. Rankin, chief engineer of New Jersey's bureau of navigation, made the guarded comment that the city-State joint operation has been by people putting their best thought forward to meet what they thought to be the problem of the time.

When the *Goethals* dropped 600,000 cubic yards of sand off Long Branch in 1948, engineers thought it would come ashore. Angus is of the opinion the sand might still be out there.

Morris is convinced the sand benefitted Sea Bright, clearing Long Branch on the northward moving current.

But not so the Army engineers. They do not know what happened to the sand. New Jersey's Rankin says there is no evidence that towns north of Long Branch were helped. But he knows the sand did nothing for Long Branch.

The one big thing the engineers agree on is the operation might have nourished the beachfront here had the sand been dropped in the surf: what they call white water.

But the *Goethals* is a hopper dredge. It could not open its giant bottom doors to drop the sand if it come close inshore. So this brings another unsolved problem into the ranks of the overall complex of the erosion situation.

After years of experimentation and construction, with millions of dollars shoveled into the shore, some of it to no avail, a comprehensive plan for shore restoration and protection was formulated by the Corps of Army Engineers.

In 1955 they made a beach-erosion control study along the coast from Sandy Hook to Barnegat Inlet. The study was made in cooperation with the New Jersey Department of Conservation and Economic Development.

The plan that resulted from the study seems to coincide with some of Admiral Angus' pronouncements.

He declared at last month's Asbury Park session of the American Shore and Beach Preservation Association, that there exists "a hue and cry for protection from storm damage, whereas the real need is for means of dealing with the littoral drift problem and the maintenance of a beach of reasonably safe width."

He said the people who most often raise the cry fail to understand the problem.

He concluded that the best method of protecting the upland of "a coastal resort and at the same time insuring the existence of a beach of sufficient width to attract vacationers is * * * to provide and maintain a beach * * * of adequate width.

"This necessitates," he continued, "an initial large beach filling operation at a location where * * * erosion has taken place and the subsequent artificial nourishment or feeding of the eroding beach * * * periodically, or practically constantly."

And that is exactly what the Army plan proposes. It suggests the initial placement of about 14 million cubic yards of sand, construction of 23 new jetties, and the extension of 14 existing ones.

It provides for the yearly placement of 565,000 cubic yards of sand on feeder beaches to compensate for what is lost through normal annual erosion.

The single greatest amount of this project would accrue to Long Branch.

An engineer will point out that a project of this magnitude is no good unless done along the entire coast. It cannot be done piecemeal. As Rankin said, these engineering segments overlap political boundaries.

Engineers feel that if the plan were successfully carried out, the Jersey shore, including Long Branch, would be a sparkling stretch with fine beaches.

But they are forced to ask three trenchant questions: Where is a source of sand; how do you transport it; who has the money?

SAND AND MONEY PRINCIPAL QUESTIONS IN EROSION FIGHT

(This is the fourth in a series of six articles dealing with the erosion and economic problems facing Long Branch and other shore communities.)

(By Alan Littell)

Sand and money are the two big question marks in any discussion of erosion-control work along the Jersey shore.

But of the two, the problem of an adequate source of sand is more readily given to some sort of solution.

Money is something else again. No single person seems to know where the staggering amounts needed might come from.

Of if one does, he is not stepping forward to tie his name to the political swan song of luxury and State income taxes.

Erosion control engineers look to the New York ship channels as a primary source of sand fill.

An enormous quantity of suitable material follows the long-shore current and drifts into Gedney and Ambrose Channels.

Hopper dredges, engaged primarily in channel maintenance, suck up over half a million cubic yards of sand yearly. These vessels transport the sand 15 miles to sea. They drop it in a spot known as the "mud hole."

A technique recently developed by the Philadelphia district of the Corps of Army Engineers applies here. District engineers rebuilt a former dredge into what is now called a sump rehandler.

Dredges dump their sand into the vessel through delivery pipes or "snorkles." The sump rehandler, in turn, is capable of pumping sand to the shore through a pipeline. It is reported to be an efficient operation.

However, the Philadelphia sump rehandler's propulsion machinery has been removed. She relies on tugboats for movement.

Adm. W. Mack Angus, tall, white haired head of Princton University's civil engineering department, points out that "the principal obstacle to be overcome in applying the sump rehandler technique * * * is of course to provide a safe means of mooring * * * in the open sea off a beach, in such a way that hopper dredges equipped with snorkels may come alongside and pump their loads into her bins."

Angus is of the opinion that if the sump rehandler were self-propelled the problem would approach solution. In that case the ship could, in the event of stormy weather, break moorings and reach shelter under her own power.

As the situation presently stands, getting under way with the aid of tugs in bad weather is a slow, cumbersome and often dangerous affair—not to mention costly.

There are, in existence, methods and machines for getting sand from the ocean floor. But Angus makes the trenchant statement: "There is no use dreaming of getting sand from the ocean floor if the material there consists of something else."

He advises that borings be made into the sea bottom off our New Jersey beaches to establish if proper sand is available. If it is, then work out a scheme to get it on the beaches. If not, "let us consider the feasibility of hopper dredges working in the channels of a nearby port * * * making it available."

Relatively little is known about the sediment makeup of the ocean bed adjacent to our beaches. James Rankin, the State Bureau of Navigation's chief engineer, claims the Shrewsbury River is largely impractical as a fill source. He says bottom materials there run to mud, clay and sand.

The engineers do know this: that there is clean sand in quantity in New York's channels. The problem is to get it onto Jersey beaches.

The same engineers are uncertain as to what lies offshore. There have been test borings made in the Belmar region. The results were not promising. However, the coast is long and the possibilities extensive.

If sand lies offshore in quantity and suitable quality, engineers are quick to point out that there are ways of bringing it ashore.

But no matter what is found and what is proposed, the one thing people interested in erosion control are dead certain of is that there is very little money available for shore projects.

Beach reclamation work involves enormous expenditures. To place the millions of cubic yards of sand along the Jersey coastline would involve an initial layout of $28 million.

The sum to be expended between Sea Bright and Ocean Township would slightly exceed $20 million.

The term "Federal aid" hangs on the tongues of babes today. The United States Government makes funds available for shipbuilding and crop rotation. There is also such a thing for erosion work.

The aid as it applies to Long Branch and the rest of the Jersey coast is spelled out in the provisions of the recent Public Law 826.

Maj. Gen. Charles G. Holle, president of the Beach Erosion Board, screening agency for these funds, said in Asbury Park recently that "Federal aid will be provided only toward projects adopted by Congress after investigation and study by the Beach Erosion Board."

The Sandy Hook-Barnegat Inlet study is such a project. Maximum Federal aid permitted is one-third the project cost. Federal contributions toward future maintenance are prohibited, however.

Federal money is also forthcoming when a shore section is privately owned, but where public benefits would be secured. The opposite is also true. But the amount of money depends on the percentage of private to public property.

General Holle said that if the Sandy Hook-Barnegat study is undertaken in toto by the State, Federal aid in the amount of 23.6 percent of the first cost plus a similar contribution toward periodic beach nourishment for 10 years would accrue to the people of New Jersey.

But the general is cognizant of the fact that "financing of beach erosion control projects is still primarily a local responsibility."

This signifies town, county, and State.

EROSION FUNDS—HOW RATIO IS DETERMINED

(This is the fifth in a series of six articles dealing with the erosion and economic problems facing Long Branch and other shore communities.)

(By Alan Littell)

Between Sea Bright and Ocean Township 23.3 percent of property fronting on the sea is publicly owned (compared with total frontage).

If the sand-fill method of beach restoration were undertaken, the Federal Government's financial contribution hinges on the ratio of public to private property.

In any case, the Government's offering could not exceed one-third the project's total cost.

Between Asbury Park and Manasquan 96.1 percent of shorefront property, according to

the Army engineers' 1955 study, is publicly owned.

Indeed, that section would get more Federal aid than the Long Branch area although expenditures for beach work between Asbury Park and Manasquan are estimated at four times less than Sea Bright-Ocean Township.

The work for the section between Sea Bright and Ocean Township involves placing an estimated 10 million cubic yards of sand. The total estimated cost is between twenty and twenty-one million dollars.

The Government would contribute 20.1 percent of this sum and of the $266,500 needed annually for beach nourishment.

On the basis of current practices, Monmouth County would chip in 10 percent and the State 50. It would fall to the municipalities involved to raise between six and seven million dollars.

Asbury Park-Manasquan would be one of the few coastal areas slated for a full one-third of initial costs from the Federal Treasury. This follows directly from that section's high ratio of public to private shorefront property.

At present, these Federal funds are available with one proviso: that the beach fill method of reclamation is carried out.

The Army engineers' 1955 beach erosion control study estimated that benefits along the Jersey shore from the proposed plan would amount to over $2½ million annually.

Their figure is based on increased earning power, prevention of storm damage, decreased maintenance costs and recreational benefits—an intangible.

Public benefits slightly overshadow private.

The report maintains the benefits would exceed the estimated annual costs (beach renourishment) by nearly a million dollars.

The report concludes: "Erosion has seriously reduced the width of beaches in the study area and public and private property is subject to storm damage.

"The most practicable plan for protection and improvement of the New Jersey coast from Sea Bright to Seaside Park consists of beach fills to restore a beach of 100-foot minimum width at elevation 10 feet above mean low water.

"Maintenance of the stability of the restored shore would be accomplished by placement of sand on feeder beaches as required. * * * Intangible benefits increase the economic justification. The public interest associated with protection of public property and recreational benefits to the general public warrants Federal assistance * * *."

The Army Corps of Engineers has studied the situation and stated the Government position as to what is needed. Their representatives have indicated, through General Hollie's Beach Erosion Board, how much money can be expected.

But they have not pointed to a source of sand. Local engineers have done that. Neither have Government sources suggested where local and State moneys would come from.

No one seems to be able to turn that particular trick.

If the money were available, City Engineer O. W. Morris has warned that spending it does not assure success. Anything to do with beach erosion control entails risk.

In this case it means $28 million worth of risk along 126 miles of finicky coastline—with the United States Treasury well in the game for $6 or $7 million of their own hard-won funds.

Morris pointed out it might be difficult to issue bonds on the local level. Who will certify that the work done will last for 10 or 15 years? The engineer says sand fill spread scientifically in the surf can scatter with wind and sea if the wrong storm made up.

The odds are in favor of success. But they are not absolute.

And before anything could be done, the municipalities involved would have to yield their autonomy, work together—and pay together.

As to the State of New Jersey's responsibility, it would be looked to for half the necessary funds.

When Gov. Robert B. Meyner addressed the American Shore and Beach Preservation Association in Asbury Park a few weeks ago, he flatly stated New Jersey's treasury does not have the money available.

The Governor said he would like to see this local, State, and Federal project undertaken, but: "I must express doubt as to New Jersey's ability to participate because it would be difficult * * * for us to lay our hands on the funds required to match Federal grants."

He said the amount of money the State does make available each year to combat erosion is "only a drop in the bucket in relation to the total need."

He assured the Long Branch Daily Record that none of the $10 million recently cut from the State budget would have been used in erosion work.

Frank S. Farley, State senator from Atlantic County, said at the same session the big difficulty, moneywise, is getting people inland to appreciate the shore problem.

He maintained our landlocked neighbors know nothing about shore-erosion and care less. They use the beaches for recreation. But when it comes time to pay to preserve the coast, the inland counties disclaim responsibility.

Meyner made mention of this self-same paradox when he said: "This is not solely the problem of the people who live along the shore. The beaches," he emphasized, "are a basic resource of our entire population."

Other coastal States, including those bordering on the Great Lakes, have similar erosion difficulties. Some are coping with the problem successfully; some, like New Jersey, are not.

Connecticut is a State that is moving arrow-straight toward a goal. The State boasts 250 miles of coastline.

In 1955 Connecticut's Legislature set up machinery to carry out the Army engineers' proposal for its area. The State lays out projects, makes agreements with local communities, lets contracts, collects from the Federal Government—in fact, as the single, unifying, controlling agency.

Connecticut does not have a lot of money for this work. Granted, the State makes more funds available than New Jersey. But they go about their work systematically, so much a year, area by area.

They work strictly within their comprehensive engineering study. New York acts similarly.

New York has a personal State income tax. New Jersey does not. Some coastal cities in the Garden State, however, have luxury taxes on their books.

Perhaps the finest beaches in New Jersey are located in Atlantic City. A 3-percent luxury tax is in force there. More than a million dollars yearly are pumped back into the city's beaches.

In view of this dearth of money, New Jersey's budget has provided an annual dole of exactly a million dollars as its share of beach-erosion work scattered up and down the 126-mile-long coast.

This fund is matched with the same amount on the local level. It means that $2 million in erosion-control work is done in this State annually.

Governor Meyner concedes it just is not enough. It means a continuation of stopgap, piecemeal work. New Jersey is the perennial boy holding his thumb in the dike.

Many erosion engineers feel that the State needs a stronger dike.

It is difficult to convince inland residents as to the urgency of the need. Thus, without funds, the State must compromise.

When we move on down the line, the local municipalities must yield. That $1 million of State money gets spread as thinly as hot, drawn butter.

The sea nibbles at the coast. Long Branch, far down the line from Trenton, has compromised for years.

CITY OF FUTURE IS FORESEEN IN MASTER OUTLINE

(This is the last of six articles dealing with the economic and erosion problems facing Long Branch and other shore communities.)

(By Alan Littell)

Long Branch is situated in a remarkably endowed natural location.

Very few so-called centers can boast ocean on one side, a river on the other for water sports, good fishing, forest land; a ranking race track nearby.

But preservation of these blessings takes man-made help. Any resort's proximity to water means erosion. Here at Long Branch the problem is extensive.

In 1953 the United States Corps of Army Engineers undertook the first erosion survey of the Jersey coast.

The pilot section of the study, dealing with the area between Sandy Hook and Barnegat Inlet, was completed 2 years later. There are two other sectional surveys; from Barnegat to Cape May and Raritan-Sandy Hook Bays.

Long Branch is included in the first study. According to its terms, if State, county, and city follow through on the Army engineers' recommendations the Federal Government will foot part of the bill.

The Army engineers advocate improving the shorefront by using sand fill. The cost between Sandy Hook and Seaside Park is estimated at $28 million.

The United States Treasury would pay $6 million or $7 million.

Gov. Robert B. Meyner said in a recent speech the idea is a fine one. But the sad fact of the State's economic life is that there is no money available for the work.

Also problematical is whether or not coastal municipalities could float the necessary bond issues. As Long Branch's city engineer, O. W. Morris, said, the risks in beach fill projects are great.

In a three-hundred-odd-million-dollar State budget, New Jersey compromises, spends $1 million per year for erosion control work. This sum is matched on local levels.

The city of Long Branch has accepted all funds made available to it and matched them by floating bond issues. The city proceeded within this limited framework to set up projects designed to keep the sea from hammering away at the beach and bluff.

Between 1940 and 1953 the State spent $2,600,326 to combat erosion in Long Branch, according to James K. Rankin, chief engineer of the Bureau of Navigation.

In that 13-year period the city spent on the average $100,000 per year. Jetty work was done in Elberon, West End, and along the boardwalk.

Since 1953 the accent has been on seawall construction. Storms of that year did extensive damage to the boardwalk and bluff.

Slightly less than a mile of seawall has been built between Brighton Avenue and just south of Cottage Place. The cost, $525,000.

A fourth section of wall is in the process of being put up by Jesse A. Howland & Sons., Inc., of Sea Bright. This nearly $200,000 660-foot strip of rock should extend to about South Bath Avenue.

The contractors have lowered the jetties as the seawall work progressed. As has been previously mentioned, this allows sand to spill over from the south sides of jetties to the north, building more uniform, and perhaps larger, beaches.

In all these projects, Long Branch has contributed 40 percent of the funds; the

county, 10 percent; and the State of New Jersey the lion's share of 50 percent.

Long Branch still has another $100,000 of State funds as yet unused. Mayor Daniel J. Maher indicated a few weeks ago this money would eventually be matched and used for a fifth section of seawall.

City officials recently applied to the State for $200,000 for the fiscal year beginning July 1. Some of the money might be used to repair either or both the Atlantic Avenue and Joline Avenue jetties. More probably it will go toward seawall construction.

Although a few persons, including Mayor Maher, are of the opinion that the jetties are not being cut down low enough, there is general agreement that the jetty and seawall work now being done will maintain the status quo.

But without sand fill there are few, indeed, to say the beaches will build to a wide, sandy expanse.

Maher admits the beaches "are not in the best of shape." He charged recently the State was guilty of complacency in past actions. Maher agrees with erosion-control engineers that real progress is not made by working piecemeal.

But, realistically, he says "this is what must be done."

Within this frame of reference, the mayor plans to continue with seawall construction and to lower jetties. But to Maher the beaches here are not the big problem.

How to attract outside capital for resort-type construction fills that category, in his thinking.

He says: "We must create a nice resort environment. That's where the future of this city lies. There aren't 25 acres of land for industrial growth. And we don't have the labor market if we had the land.

"Residential areas are largely developed. This leaves the beachfront."

Maher, sees, as does Commissioner Paul Kiernan, director of parks and public property, a resort growth leaning heavily toward motels and efficiency apartments.

And he thinks it will start along the Brighton Avenue-South Bath Avenue area. There exists seawall on one side (or projected to South Bath), the beginnings of a boulevard on the other, cut between Brighton and Avery Avenues.

"Why not capitalize on the beachfront," is the mayor's plaint. "As resort capital comes in and one section becomes valuable, so will another."

Maher recently boosted the glories of Long Branch in advertisements in New York newspapers. He showed this writer a thick file of responses from motel and hotel builders. They are interested. But they want more information.

If Long Branch is to get the "nice resort environment" that Maher speaks of, the present Ocean Avenue must be destroyed. The mayor is cognizant of this. And he is persuaded that traffic on Ocean Avenue is a serious deterrent to outside capital.

Hotel-motel patrons like a clear, unobstructed view of the blue sea, without cars whizzing by.

As long ago as 1941 Kiernan said that "the automobile does more to hurt us and our beachfront than anything else." But the money-stifling effect of heavily traveled Ocean Avenue came under the gun more than 10 years before that.

The boulevard campaign, as it was called, originated among private citizens in 1928. The plan called for a 100-foot-wide street running between Ocean and Second Avenues; from Brighton Avenue in the south to North Long Branch.

Although the proposal was defeated in the 1931 general election, interest persisted over the years.

Then a few years ago, a nationally recognized community planning firm was hired at great expense to formulate a master plan for the city. One of the reports by Community Planning Associates, Inc., of Princeton, dwelt exclusively with the oceanfront.

The firm's recommendations were adopted by the city government in 1955.

In Community Planning Associates' analysis, the ultimate development of the beachfront follows from the relocation of Ocean Avenue westward.

"The success or failure of this entire venture substantially hinges upon rapid and proper development of this artery," the report emphasizes.

The report pictures the thoroughfare as a four-lane, boulevard-type roadway with a center island. The firm is convinced such a road would improve access to and from the oceanfront area, "eliminate the harmful effects of heavy traffic from the immediate beachfront. It would be capable of handling large volumes of traffic efficiently."

The report goes on to say the next step should be the removal of the boardwalk to a new location on the present Ocean Avenue. Community Planning Associates are of the opinion that the seawall should be extended through the central oceanfront area—to Sea View Avenue.

According to the plan, restaurants, custard stands, gift shops, penny arcades, and so forth, on the central boardwalk would have to go. The firm suggests they be limited to specific areas on the west side of Ocean Avenue.

There are also provisions for city-owned parking lots and bathhouse facilities.

The plan just north of South Broadway calls for the development of a civic center (with municipal hall, police department, courts) and as hotels and/or motels develop in the area, the construction of a convention hall to far outstrip Asbury Park's.

The Princeton planners make it plain that the city should act promptly to acquire title to beachfront property. Indeed, the firm feels that without this action by the city, it is extremely doubtful that any substantial amounts of private capital could be attracted.

In everything suggested, action as funds are available is implied or given voice to. There is not very much money available; nor is there expected to be in the immediate future.

Mayor Maher disclosed that the city owns all the land along the site of the proposed boulevard up to the south side of North Bath Avenue. He said recently that the road might be cut that far by the end of the year. As for the center island, Maher said in a telephone conversation, "There may be later consideration given it."

The city owns very little property on the west side of Ocean Avenue. But the mayor said it is a relatively simple matter to acquire title when the time comes.

The section of land between Brighton and Avery Avenues is the only one with seawall on one side, boulevard on the other.

Kiernan told the Long Branch Daily Record the recent sale of a plot between Brighton and West End Avenues is expected to bring to Long Branch a minimum $750,000 combined motel and efficiency apartment building.

Consequently, Mayor Maher thinks this could start a trend in that immediate area.

The master plan brochure for taxes shows an increasing burden on city taxpayers for the 10-year period following World War II. During that time municipal function costs increased 99 percent, the total tax levy 72 percent; while net taxable valuation lagged behind, increasing only 22 percent.

In 1955 the bathing beaches earned $25,573; in 1956, $23,403. The present budget anticipates $20,000 in beach revenue this summer. Against expected income, anticipated expenses (beach-front maintenance, wages, other) of $73,000 stand out like blazing trees on a skyline.

The cost of running the beaches for the summer months, included in the higher figure, is expected to be $19,200.

The present situation is one of small beach revenue, relatively poor ratables along the shore, and where seawall construction ends, a gradually eroding coastline.

The amount of seawall now in place is small. Most of the bluff is vulnerable to storm damage.

Community planning insists that "development of * * * commercial activities in the area would add immeasurably to the tax base, as opposed to the present small rooming houses and vacant land."

Long Branch Planning Board Chairman Thomas J. Mauro thoroughly believes in the aptness of the master plan. But so do most officials contacted. Mauro feels the city should act promptly and completely in the matter of the boulevard. "It will show that the city means business," he says. "It will attract outside capital."

Thus the problem turns full circle. The shore is eroding and has certain drawbacks for hotel and motel builders. If the sand-fill operation is undertaken, State funds would be gleaned from inland counties, among other sources.

A shore made attractive would bring in private capital which would fatten the city of Long Branch. This perhaps is one of the reasons it is difficult to convince inland residents to support erosion work.

On the other side of the coin is Long Branch's eminently desirable location. Part of the boulevard has been built. Close to a mile of seawall has been constructed (although there remains among engineers the controversy that had there been, or if there will be, adequate beaches, seawall construction is possibly unnecessary).

The city has opened the Joline Avenue Beach and pulled out the old boardwalk supports.

But Long Branch is not alone in its shore problems. The shore of any resort section is also part of the coastline of its State, and of the United States.

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

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

There was no objection.

BEACH EROSION

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 5 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I would like to join the gentleman from New Jersey [Mr. AUCHINCLOSS] for his very excellent presentation on the matter of beach erosion. A similar condition confronts the State of Maine where they have a very serious condition resulting from beach erosion.

POSTAL PAY RAISE

The SPEAKER. Under previous order of the House, the gentleman from West Virginia [Mr. STAGGERS] is recognized for 5 minutes.

Mr. STAGGERS. Mr. Speaker, the plight of the postal worker cannot be overlooked any longer. As the cost of living edges upward each month, the postal worker's cash balance, if there is any, goes downward. He has been

patient and hoped the cost of living would level off or the necessities of life would carry lower price tags, but his hope was for naught, and now he looks to this Congress for help.

A fair and adequate pay raise for postal workers, and yes—for all civil-service employees—should be approved by this Congress without further delay. If we do not want to lose our efficient employees to private enterprise and other fields of more fruitful endeavors, we must pay them what they are worth to the Government and society as a whole. It is foolish economy to train and teach a man or woman to fulfill the duties and administration of an office, and then lose him to a better paying employer because he could not provide a decent living for himself and family. The postal worker is a respected and dependable member of his community and we want to make it possible that he maintains his standing and influence for good wherever he may be.

I wholeheartedly support legislation for postal pay raise and urge all my colleagues to do the same. The only way we can help this worthy group of valuable servants of the people is to give them what they justly deserve and earn.

The United States Government must have efficient and loyal workers. To keep them, we must pay them adequately.

Let us return that smile to Uncle Sam's postal worker, let us bring his salary up to par.

If this does not happen soon, the cost of living will warrant another pay raise before this one is granted.

The cost of living is at an alltime high and is continuing to climb.

FOREIGN AID

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. MEADER] is recognized for 30 minutes.

Mr. MEADER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

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

There was no objection.

Mr. MEADER. Mr. Speaker, I desire to make some comments on foreign aid in connection with the measure now pending before the House of Representatives.

My position on foreign aid has been clear since the beginning of my service in the House of Representatives. I have consistently supported the extension of foreign aid, but at the same time I have sought to reduce the amount of funds and have urged that private capital be employed for economic development in foreign countries in increasing amounts so that we may taper off the Government aid and eventually bring an end to it.

Now, I wrote an article, Mr. Speaker, for the April issue of Reader's Digest which appeared on the newsstands on the 24th of March this year. Subsequent to the appearance of that article and on April 19, 1957, Mr. John B. Hollister, the Director of the International Cooperation Administration, addressed a letter to Senator PRESCOTT BUSH and attached thereto a memorandum in which Mr. Hollister or his organization commented on specific examples of waste and extravagance which had been mentioned in my Reader's Digest article which had appeared a few weeks before.

July 15, 1957, Reader's Digest sent a letter to the Members of Congress, with which was included a reprint of my article in the April issue, answering the Hollister memorandum of April 19, 1957, and containing an order blank for a detailed reply to the criticisms of the International Cooperation Administration.

I should also point out that in part VI of the hearings before the Committee on Foreign Affairs on the Mutual Security Act of 1957 there appears on page 1300 and following, through page 1314, what is headed "Compilation of Comments by the International Cooperation Administration on Remarks and Statements Made Against the Foreign Aid Program." Now, in that list are included many of the examples of waste and extravagance referred to in my article in Reader's Digest, but in addition to those there are many other comments on statements which do not appear in that article. I do not know the source of these other statements because the compilation prepared by the ICA, although it makes direct quotations, does not identify the source of the material quoted.

Mr. Speaker, at this point in my remarks under leave granted I shall include the Reader's Digest letter of July 15, 1957, with the attachments, and include the full text of the memorandum of the International Cooperation Administration of April 19, 1957. I also include the detailed reply to that memorandum, which is referred to in the letter from Reader's Digest.

THE READER'S DIGEST,
WASHINGTON OFFICES,
Washington, D. C., July 15, 1957.

The Honorable GEORGE MEADER,
House Office Building,
Washington, D. C.

DEAR MR. MEADER: In its April issue, the Reader's Digest published an article by Representative GEORGE MEADER, entitled "Our Foreign Aid Program—A Bureaucratic Nightmare." In the article, the author presents evidence of waste in foreign-aid operations and calls for a continuing investigation by a Congressional watchdog committee to combat such waste in the future.

On April 10 the Director of the International Cooperation Administration, Mr. John B. Hollister, told the Senate Special Committee To Study the Foreign Aid Program that he was having this article "worked on" for a reply because it "is not completely fair." Following up, he had the resulting memorandum—a statement of purported facts questioning the article's accuracy—placed in the committee's printed record with the observation that the article "presents a distorted picture of the total program." The ICA memorandum has also been sent to members of Congress, radio commentators, newspapers and the public generally, together with a form letter signed variously by Mr. Hollister and by his "Deputy Director for Congressional Relations."

To keep the record straight, we want you to know that, before publishing Mr. MEADER's article, The Reader's Digest, in keeping with its regular policy, checked all statements of fact in the article and found them accurate.

Now, as a result of ICA's official memorandum, this office has just completed a thorough recheck of the article in search of inadvertent errors or misstatements. On the basis of this extensive research, we have found the article to be correct as originally published, with all pertinent statements adequately based on public records. These records, in large part, are the ICA's own.

As the resulting research document covers all the questioned statements of fact in Mr. MEADER's article, it is quite voluminous (14 pages). We are, therefore, making it available to any interested parties as a separate mailing piece from this letter. In order to help you judge the nature of its contents, I will cite one example from it here. This pertains to:

JORDAN

The Reader's Digest article states: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: a half million Arab refugees from Palestine. Our major cure has been to construct throughways for the country's fewer than 9,000 automobiles."

ICA says this is incorrect, adding: "A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel."

ICA's own records show that road construction is by far the biggest ICA project in Jordan—with $7½ million spent for this to date. The House of Representatives Special Study Mission, which visited the area, complained that these roads are "of a type far too costly and elaborate for a country as undeveloped as Jordan" (p. 24, Report of House Foreign Affairs Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956).

Another ICA document—the chapter on "Highway Development" in the June 1956 Annual Report of the Technical Service for Economic Development, USOM-Jordan (p. 46)—lists construction of 400 kilometers (248 miles) of primary roads, plus 18 smaller projects totalling 120 kilometers (74 miles) being carried forward with United States Development Assistance funds. Here are some quotes from this official, illustrated ICA report:

"American standards of sight distances, gradients and curvature which permit a safe driving speed of 80 kilometers per hour on any portion of the system have been adopted in the development of the primary highway system" (p. 47).

"Two embankments of approximately 30-meter (98 feet) depth were necessary in the design of this (east-west) route and 20-meter (65 feet) are not uncommon. A similar condition exists in the development * * * of the north-south route. To perform this type of heavy road construction heavy road building machinery, valued at approximately $1,700,000 has been ordered" (p. 54).

"Additional base course surfacing has been placed on the Amman-Na'ur section in readiness for an asphalt application surface treatment" (p. 55).

That these are not to be the simple gravel roads that the ICA memorandum on Mr. MEADER's article indicates is given further confirmation in another official report released recently by the Senate:

"In a dispatch from Amman printed in the New York Times of August 26, 1956, Sam Pope Brewster quoted some adverse opinions of American assistance operations in Jordan made to him by Hamad Farhan, Under Secretary in the Ministry of Economy. Mr. Farhan complained that United States funds were not being spent in Jordan to the best effect, specifically that road costs were four

times as much per mile as they normally were in Jordan. * * * In reply to this criticism, the United States Information Service in Jordan issued a statement on September 8 referring to recent 'inaccurate and misleading statements.' It pointed out that 'normal equivalent' roads in Jordan are 7 meters wide, 5 meters asphalted; while major point 4 highways are 9 meters wide, 7 meters asphalted; further that the point 4 roads are being built to American standards, which require aerial surveying, engineering, and grading of a type not used in 'normal equivalent' Jordan roads. Even so, said the statement, the cost is approximately only 9 percent higher per mile for the modern wide highway" (p. 20, Report on Lebanon, Jordan and Iraq, prepared at the request of the United States Senate's Special Committee to Study the Foreign Aid Program, by Hamilton Fish Armstrong, editor, Foreign Affairs, February 1957).

This record is made up from official reports of the USIS, Congressional on-the-scene investigations and, particularly, from the published reports of the ICA itself.

If you are interested in having the complete research report giving similar documented background for each of the questioned statements, would you be kind enough to telephone me here (HObart 2-1071), or fill in and mail me the enclosed card? I shall be glad to send you one or more copies.

Sincerely yours,

CHARLES STEVENSON,
Washington Editor.

OUR FOREIGN-AID PROGRAM—A BUREAUCRATIC NIGHTMARE

(By GEORGE MEADER, United States Representative from Michigan)

(An experienced Congressional investigator, Representative GEORGE MEADER, Republican, was chief counsel of the Senate War Investigating Committee combating frauds during World War II. He also conducted the Senate investigation that unearthed the Reconstruction Finance Corporation scandals. Elected to Congress in 1950, he is a member of the House International Operations Subcommittee.)

Most of us in Congress have consistently voted for foreign aid to strengthen the underdeveloped countries so they can resist Communist aggression. We will be asked within a few weeks to appropriate additional huge sums. Investigation shows, however, that the program we are being asked to support has in the main degenerated into a bureaucratic nightmare, in which millions of dollars are wasted. Admittedly, some of the money spent has yielded good results. But too often we have forced projects upon countries not ready for them, with the result that we build up, not friendship, but ill will and resentment. In other instances we have scattered our money abroad with such abandon that it is hard to discern what, if any, results we have achieved.

Only a few weeks ago we 13 Republicans and 17 Democrats who make up the House Committee on Government Operations unanimously approved a 59-page report detailing the loose, slipshod, and unbusiness-like spending of more than a quarter billion dollars in Iran with so little regard for basic requirements of prudent management * * * that it is now impossible with any accuracy to tell what became of the funds.[1]

Yet this case is typical of hundreds uncovered throughout the world, not just by our committee but also by other investigators including those of the House, Senate, and General Accounting Office. Here are some samples that have been brought to my attention.

In the name of foreign aid our Government has built a $128,000 cow barn in Lebanon to demonstrate to average farmers living on $100 or less a year the equipment they should provide themselves with in order to get ahead.

In Ethiopia we spend hundreds of thousands of dollars a year to found an agricultural college, conduct experiments looking to better crops, and train veterinarians, all of which may be good. But at last report everyone was too busy to put to use 2,000 plows and a store of tractors rusting away since UNRRA days.

And consider Afghanistan. The 12 million inhabitants live as they did a thousand years ago. Some are nomads, but most of them are simple farmers. Ninety-six percent cannot read or write nor can they cope with the complexities of mechanized civilization. There are virtually no roads; the usual transport is over trails by camelback and pack horse. The Afghans need to be introduced to the age of the wheel and axle, and to simple handtools, if they are to begin ascending the economic ladder. Missionaries years ago learned that there is no other way up than step by slow step. Instead, we are trying to shortcut years of such essential development.

To illustrate: The United States advanced $39,500,000 of loans to complete two dams in the most isolated part of Afghanistan. The idea was to produce industrial hydroelectricity and to pour out water to reclaim a million acres of desert land on which to resettle the nomads. Today, 2 to 5 years after completion of these dams, there still is little power equipment installed and no electricity has been generated. The nomads have refused to settle down on the irrigated acres; the soil is so alkaline that some of it won't grow crops 2 years in succession. Nevertheless, every year we give further large sums to maintain the irrigation canal with our own technicians, while others strive feverishly to solve the soil problem.

The Afghans blame the United States, for haven't we led them on to expect great things? Therefore, from International Cooperation Administration headquarters in Washington, a demand goes out for projects which will show immediate results and encourage the people. Courtney Kimler, an experienced engineer was sent to find some of these.

"Help the Afghans to make better use of the good land they have." he advised. "Show them how to make a $5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. Above all, show them how to build carts in their own villages, and how to grade a system of farm-to-market wagon roads such as the United States had at the turn of the century. This can be done for $10 million—and then Afghans can begin to get ahead, just as Americans did.

No one would listen. Instead of starting with wheel and axle, ICA gave $14,500,000 last year to start five airports and provide electronic equipment for a sixth which Russia is constructing.

"After all, this is the air age," says an ICA man. "We'll give the Afghans an airline and an agency like our Civil Aeronautics Administration to regulate air traffic. American technicians will have to stay there to run the show, of course; we'll have to teach the nation to read and write before it can begin to produce technicians to replace ours."

This isn't foreign aid as Congress conceived it, and it isn't doing the good that it should. This is bureaucracy bent on building a permanent empire. The ever-growing corps of technicians and experts which it would fasten onto a simple people will be resented by the underdeveloped countries as violently as the colonial overlords whom they have fought for years to shake off.

This is only one of the things wrong with foreign aid as it is administered. The present and previous administrations have depended on our professional foreign-aid planners in ICA and the State Department for guidance. Unfortunately for United States taxpayers, too many of these men, holdovers from an earlier share-the-wealth political era, measure the success of their programs not so much in terms of accomplishment as in cash spent.

India is an example. That country's best project is its community-development program. Started years ago by missionaries and later given impetus by the Ford Foundation, it sends small teams into the steaming mud villages to instruct the almost 300 million impoverished and ignorant rural people in reading and writing, sanitation and health care; to show them how to increase their crops; to start cottage industries; and to teach village leaders to carry on the process after the teams leave.

A House Foreign Affairs subcommittee visited some of these villages recently. The inhabitants proudly showed what they had done, as a result of their training, to lift themselves: a road cut through the jungle to reach the outside world; a school built of concrete blocks; sanitary facilities; increased crops that meant the difference between hunger and hope. In these simple things, and in the villagers' rising spirit of pride and self-respect, was proof that men can and will help themselves when the goals are within their comprehension.

Nevertheless, ICA spent little on these community-development projects last year. Congressmen had to prod out officials to get them to show these villages.

The trouble is that our foreign-aid planners are trying to spend $80 million a year on India. A United States mission of more than 400 works hard at the task. But it is difficult to get rid of this much cash on the principle of showing people how to help themselves. So, the mission concentrates on buying things that have nothing to do with point 4.

In 1954, after telling Congress that it intended to spend but $639,000 on all transportation and communications in the country, the mission made India an outright gift of $20,500,000 worth of new railroad equipment alone. India didn't need this as a gift; it could have borrowed any cash it needed for its railroads because its system, the fourth largest in the world, is one of the nation's strongest assets.

In June 1954, 2 weeks before their unexpended balances for the fiscal year would expire if not obligated, our foreign-aid officials in India decided to donate $1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses to demonstrate what United States storage techniques could accomplish. Last fall ICA officials admitted that the bulk of the material was still sitting in Calcutta, untouched. Meanwhile, ICA approved a request from its office in India for an additional $4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent.

The fact is that India cannot assimilate aid as fast as we want to pass it out. Already a backlog of $135 million has piled up from past appropriations. Nevertheless, officials have proposed that we now increase our Indian assistance from $80 million to $100 million a year.

Every year, all but a minor portion of our Indian-aid funds is spent in ways having little to do with inspiring self-help. Last year alone at least $66,500,000 were allocated to buy items which included industrial steel

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[1] See "How Not To Handle Foreign Aid," the Reader's Digest, February 1957. Copies of H. Rept. 10 (dated January 28, 1957) are available on application to the Committee on Government Operations, House of Representatives, Washington, D. C.

and iron, machinery, machine tools, and raw materials for manufacture. Nearly $4 million worth of motor vehicles was given away. Most of these gifts are not connected with any project or program but are just handed over to the Indian Government, which merges them into the state-owned enterprises of its 5-year plan. Official proposals for the future merely look to enlarging such gifts by $20 million a year.

G. Corson Ellis, vice president of the Association of Consulting Management Engineers, took a team to India under an ICA contract to set up a management-development program that would help new industries to operate more efficiently. He later told the House Foreign Affairs Committee that he was not permitted to serve private businesses—just Government undertakings; that he had to wait 7 months before the Indian Government would let him have any people to train; that his job was impossible because of resistance to criticism and to the idea of a free economy.

"We make a mistake preaching that what these countries need is capital," he says. "Their principal need is trained men. We must teach, not simply act as experts. Unless our program is predicated upon leaving something behind, we are going to be stuck there for 50 years."

These examples of waste of American personnel and resources could be multiplied. In Greece, Marshall plan tractors rusted on the docks 2 years after arrival because the country couldn't absorb all the aid we insisted upon giving. Yet no lesson is learned from such waste. Recently, in Laos, a country of 1½ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of of Southeast Asia.

Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available. Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied.

Still, each year since 1948, the people who run foreign aid have come up with a conveniently timed emergency which has called for enlarging the scope of our operations. In the current fiscal year $1,749,000,000 was appropriated for nonmilitary assistance—an increase of $68 million over 1956, even though ICA ended the year with a backlog of nearly two billions it had been unable to spend.

By 1953 the foreign-aid bureaucracy had become so swollen and top-heavy that Congress ordered a 10 percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000. This bureaucracy has become so powerful, so cocksure, that it has defied Congress and done whatever it has wanted.

Under the law, requests for aid are supposed to originate with the host country. The United States mission is then supposed to try to find American cash for the worthiest point 4 proposals—if the benefiting nation will pay a substantial portion of the costs to show its interest. In practice, some of our missions start out with an allocation of funds, then try to prevail upon the host country to accept cash for projects drummed up by ICA. Sometimes the missions even find ways of getting around the stipulation that the host country put up earnest money. In one instance recently our committee found that a host country's contribution included the country's estimated loss of import duties on items which the United States gives to it.

Everywhere we are bestowing the accouterments of advancement upon people while giving insufficient heed to fundamental needs. Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: A half million Arab refugees from Palestine. Our major cure has been to construct throughways for the country's fewer than 9,000 automobiles.

In Thailand a 200-mile asphalt road was undertaken as a 1-year, $6½ million dramatic demonstration of United States efficiency in peaceful pursuits, but after 2½ years the estimated cost has skyrocketed to $18 million for just the first 100-mile stretch, with completion not due before 1958. Meantime, ICA has expanded this demonstration into a series of Thai highway projects which by June will have cost us $45 million, and no end in sight.

This project was tackled without sufficient advance planning. The American contractors' 150 employees have to be paid during the 6-month rainy season, when they can only sit. Congressional investigators have found that the boss of 1 team collects $27,750 a year; that 14 other engineers get $17,400 each; that machine operators make $700 to $800 a month, plus 15 percent for being overseas, plus $300 a month living expenses, plus overtime. None pays an income tax. And now 75 additional high-priced men are being sent to Thailand to join those already there. Such aid cannot be justified even as a means of insuring international cooperation.

Officials have admitted to our committee that some programs could well be taken over and paid for by the host countries—except that the latter don't think they're worth their own cash and would drop them. Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States. A Congressional investigator was told in Burma: "By being so aggressively friendly and insistent that we accept your money and superior knowledge in working out our destinies, you Americans insult us without meaning to." This reaction is spreading.

Is it not time to call a halt to this senseless, arrogant spending? Let's stop measuring the success of our aid by the amount of cash we can give away. Let's concentrate instead on helping people to help themselves with fundamental programs, meanwhile encouraging them to accept development by private enterprise so that their economies may grow and they may eventually stand alone instead of as dependents on an annual handout from the United States taxpayers.

What is needed is a clearer statement of Congressional policy and a Congressional committee equipped with funds and authority to investigate and combat waste in foreign-aid spending before, not after, the cash has gone down the drain. Such a Senate committee, of which I was chief counsel during the war, was able to save billions of dollars by keeping watch on the departments that spend our defense dollars. I know from experience that the same type of investigation can cut down waste in foreign aid and begin saving additional billions for the taxpayer right now.

Most Members of Congress know what I have set forth here. Most feel as I do. However, the bureaucracy has become so powerful that Congress will not act without knowing it has the support of the public. Until public opinion becomes so aroused that the people begin to insist on action by their Senators and Congressmen, the waste will continue, with little hope for better results than have been achieved thus far.

READER'S DIGEST,
Pleasantville, N. Y.:

I would like to have the Reader's Digest research document on Our Foreign-Aid Program—a Bureaucratic Nightmare.

---- (Number of copies desired.)
Name----------
Address----------

INTERNATIONAL COOPERATION ADMINISTRATION,
OFFICE OF THE DIRECTOR,
Washington, D. C., April 19, 1957.

Hon. PRESCOTT BUSH,
United States Senate,
Washington, D. C.

DEAR PRES: There is enclosed a memorandum in which we have attempted to answer the specific criticisms of the Internatitonal Cooperation Administration and predecessor organizations which were contained in Congressman MEADER's article in the April issue of the Reader's Digest entitled "Our Foreign-Aid Program—A Bureaucratic Nightmare."

The instances which Mr. Meader cites cover a period of some 10 years and 11 different countries, and certain operations for which ICA has no responsibility. You will note that many of them occurred several years ago.

But these instances, important as they are, nevertheless are relatively small details in comparison to the total program. Since the entire article is concerned only with these instances, it necessarily presents a distorted picture of the total program.

The International Cooperation Administration, which is charged with handling the mutual-security program, is first of all concerned with getting the maximum security results possible for the American taxpayer from expenditures for this program. The agency now maintains in all countries where it operates a careful system of auditing and review. Nevertheless, ICA is the first to admit that in such a highly complex program, involving some 60 different nations overseas, thousands of employees, and hundreds of millions of dollars, hindsight will always show that from time to time mistakes have been made. The agency, from the experience of the past, is constantly taking further steps to eliminate errors and waste.

We do not feel that the implications are justified that the mutual-security program on the whole is wasteful or inefficient.

Yours very sincerely,
JOHN B. HOLLISTER.

COMMENTS BY THE INTERNATIONAL COOPERATION ADMINISTRATION ON REPRESENTATIVE GEORGE MEADER'S ARTICLE IN THE APRIL READER'S DIGEST ENTITLED "OUR FOREIGN-AID PROGRAM—A BUREAUCRATIC NIGHTMARE"

LEBANON

Page 94. "In the name of foreign aid our Government has built a $128,000 cowbarn in Lebanon to demonstrate to average farmers living on $100 or less a year the equipment they should provide themselves with in order to get ahead."

Comment: This so-called cowbarn is part of an overall animal husbandry program for which the Lebanese Government requested United States assistance. The request was approved over 4 years ago. Funds were made available to the program in 1953, 1954, and 1955. No allotments have been made to it by the United States in 1956 or 1957.

ICA records show that the United States contributed $48,265 toward the construction of an experimental barn, sheds, yards, silo, etc. This is almost $80,000 less than the article states. The Lebanese Government itself spent 100,000 Lebanese pounds (about $30,000) in addition.

Purebred Holstein bulls were imported to improve the strain of Lebanese cows in order to increase milk production and thereby enable Lebanese dairymen to earn more than $100 a year. The crossings of purebred bulls with native cows has resulted in such a great increase in milk production that new pasteurizing and milking plants have been built in Lebanon which have helped to develop the economy and create employment. These plants were financed wholly by private capital.

ETHIOPIA

Page 94: "But at last report everyone (in Ethiopia) was too busy to put to use 2,000 plows and a store of tractors rusting away since UNRRA days."

Comment: Thousands of tons of agricultural equipment were left in Ethiopia by UNRRA (the United Nations Relief and Rehabilitation Administration, which had no connection with ICA or its predecessor agencies) in the immediate post-World War II period, and before that by the Italians when the British drove them out in 1941. By the time the United States technical cooperation mission was established in 1952 this equipment was in such poor condition, through mismanagement, lack of repair, and insufficient storage space, that it was unusable. Therefore, one of the earliest (and still continuing) projects was to assign an ICA technician to the job of training and supervising Ethiopians in rehabilitating it. Some of it now is in use in joint United States-Ethiopian projects, and the rehabilitation work is still continuing under American guidance.

AFGHANISTAN

Page 94: "The United States advanced $39,500,000 of loans to complete 2 dams in the most isolated part of Afghanistan. The idea was to produce industrial hydroelectricity and pour out water to reclaim a million acres of desert on which to resettle the nomads. Today, 2 to 5 years after completion of these dams, there still is little power equipment installed and no electricity has been generated."

Comment: This a reference to the Helmand Valley development project, an undertaking of the Government of Afghanistan, and not of ICA or its predecessors. Some work on this land-reclamation project was done prior to World War II. Shortly after the end of the war, the Afghan Government resumed work and retained the American engineering firm of Morrison-Knudson to carry it out, the Afghans paying the costs.

The Export-Import Bank in 1950 made a loan of $21 million to Afghanistan to continue work on the project and in 1954 made a second loan of $18½ million. As of today two large storage dams and related irrigation canals have been completed. The primary purpose of the dam was not to generate electrical energy immediately, but to provide land for resettlement. Unfortunately, the whole project was not adequately planned by the Afghan Government. However, so much had already been done that ICA has tried to help the Afghan Government realize as much as possible on its investment and has provided Afghanistan with technicians as advisers on the project. ICA also financed a survey by the Tudor Engineering Co., of San Francisco, designed to assist the Afghans to complete the development as well as possible.

Page 94: Courtney Kimler said, "Show them how to make a $5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. * * * No one would listen." (Presumably meaning ICA.)

Comment: Mr. Kimler was sent to Afghanistan in 1955 by ICA, and again in 1956 by ICA. His reports recommended that assistance be given to the rug-weaving industry and this proposal was adopted by ICA. One of the foremost authorities on rug weaving in the United States was sent to Afghanistan by ICA, and he has been working there on a rug-weaving project for almost a year.

Page 95: "Instead of starting with wheel and axle, ICA gave $14,500,000 last year to start five airports and provide electronic equipment for a sixth which Russia is constructing."

Comment: The United States believes that it would be highly advantageous to the Free World to direct the trade and travel of Afghanistan, long an object of Russian expansion, southward instead of northward to Soviet Russia. Therefore, ICA is planning to assist in highway development between Afghanistan and Pakistan. The terrain makes railroad development of doubtful wisdom.

The civil-aviation program was requested by the Government of Afghanistan. Under this program the United States will help Afghanistan expand its domestic airlines, supplies, build new airports and improve air-to-ground communications. As a result of the development with part of these funds of an international airport at Kandahar, Afghanistan's second largest city, United States commercial planes will be able to link Afghanistan with the other countries of the Free World.

INDIA

Page 95: "ICA spent little on these community-development projects last year."

Comment: Many present ICA technical cooperation projects are connected in one way or another with the community-development program in India. ICA has supported the following activities in India in this field: Extension and home science advisers; the services of five land-grant colleges to aid agricultural education and research institutions; projects in agricultural information; livestock improvement, irrigation, marketing, and dairy development; pesticides and equipment in support of the malaria-control program; pipe and other supplies to the national water supply and sanitation programs; health experts and demonstration equipment which will help train a quarter million doctors and a half million nurses; help in the development of home science departments in universities and aid in the reorientation and expansion of the secondary school system.

Page 95: "A United States mission of more than 400 works hard" (in India).

Comment: As of February 1957, there were 160 Americans on ICA's payroll in India and 82 under contract in India, making a total of 242. In addition, there were 174 Indian nationals working for the mission. Mission employees are assigned to live and work in all parts of India, not just in the mission headquarters.

Page 96: "In 1954, after telling Congress that it intended to spend but $639,000 on all transportation and communications in the country, the mission made India an outright gift of $20,500,000 worth of new railroad equipment alone."

Comment: Congress had continuously recognized the authority of ICA and its predecessor organizations to transfer funds from one program to another. The figures presented to the Congress are the result of planning which has to be developed months ahead of time. Often when the time comes to put the program into effect, conditions in a country have changed materially, and the best results can be achieved by changing the program to meet the then existing conditions.

In making the illustrative presentation to Congress in the summer of 1953, the Foreign Operations Administration (predecessor to ICA) listed $639,000 for transportation, communications, power for India. More than 6 months after this illustrative program had been presented, the Foreign Operations Administration approved an India railway program of $20.5 million.

The reason for this change was that during the summer of 1953 food production in India and grain harvests far exceeded expectations. As a result, the Indian Government urgently asked assistance be given to their railroad rehabilitation program so that this food and other materials could be properly distributed through the nation. Funds were therefore transferred from proposed agricultural programs into the more pressing railway program.

Page 96: "Our foreign-aid officials in India decided to donate $1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses." "ICA approved a request from its office in India for an additional $4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent."

Comment: To avert the threat of repeated local famine conditions, the Government of India is in the process of establishing a grain reserve of some 2 million tons. This reserve requires a greatly expanded storage capacity.

The 50 prefabricated buildings for flat storage of grain and 2 silos arrived in India in December 1955. In April 1956, at India's request, ICA agreed to supply an additional 500 storage buildings at a cost of $4 million contingent, however, on the erection of the first 52 buildings by the Indian Government. Unfortunately, there were delays on the part of the Indian Government, so that early in 1957 ICA reduced the number of buildings to be constructed under this program from 500 to 100. In March 1957, not having received the previously requested assurances with respect to the construction of the 52 buildings, the entire $4 million project was canceled by ICA.

Page 96: "Nearly $4 million worth of motor vehicles was given away."

Comment: Motorized transport equipment has been one of the major United States contributions to India's Community Development program which the article earlier describes as India's best project. The value of this equipment over the 5 years since the United States aid program began totals nearly $8 million and includes nearly 2,000 jeeps which are the only motorized transport equipment which can be used in many parts of India; 236 jeep station wagons; 30 health vans; 34 motor graders; 163 tractors, some of them fitted with bulldozers; 38 road tillers; and 350 trailers.

Page 96: "G. Corson Ellis, vice president of the Association of Consulting Management Engineers, told the House Foreign Affairs Committee that he was not permitted to serve private businesses—just government undertakings; that he had to wait seven months before the Indian Government would let him have any people to train; that his job was impossible because of a resistance to criticism and to the idea of a free economy."

Comment: Mr. Ellis, a partner in the management engineering firm of A. T. Kearney Co., of Chicago, went to India in 1955 under an ICA-financed contract between his firm and the Government of India to set up a management-development program. In 1956, a little more than a year later, the contract between Ellis and the Indian Government was mutually terminated. The principal reason why ICA originally sponsored the contract was in an endeavor to bring about a more enlightened attitude on the part of the Indians toward private management which would alleviate some of the problems of which Mr. Ellis complained. Other United States management engineering firms are still carrying on management-development programs in India, and have been able to work effectively with Indian private industry.

GREECE

Page 97: "In Greece, Marshall plan tractors rusted on the docks 2 years after arrival because the country couldn't absorb all the aid we insisted upon giving."

Comment: The tractors referred to were sent to Greece by UNRRA in early 1946, and had no connection with ICA or its predecessor agencies. Because of the civil war in Greece and because a number of the tractors were unusable in that country without certain modifications in their equipment, the

tractors were not used immediately. Eventually, however, the tractors were converted and were absorbed by the Greek economy.

LAOS

Page 97: "Recently, in Laos, a country of 1½ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of Southeast Asia."

Comment: ICA has supplied $83,000 worth of first-aid kits for the Laotian villages and $150,000 worth of pharmaceuticals for use in the malaria-eradication program.

The Philippine-Laos Junior Chamber of Commerce has jointly sponsored a project called operation brotherhood which supplies medical items donated by pharmaceutical houses. Dr. Thomas A. Dooley, a young ex-United States Navy doctor, is also operating a small private medical team in Laos and has enlisted the aid of many American drug supply houses to help him carry out his mission.

Private importers have also been allowed, by the Laos Government, to purchase pharmaceuticals through normal trade channels.

THE PHILIPPINES

Page 97: "Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available."

Comment: When arrrangements were made to send an electronic microscope to the Los Banos College of Agriculture—about 30 miles from Manila—verbal agreements had been made to get power from the Philippine National Power Co. Later it was deemed not economically feasible to put a powerline into the college. The college had been generating its own power from outmoded and obsolescent equipment. ICA suppplied some new generators. These supplied power not only for the new microscope, but also for the entire college. A Filipino operator for the electronic microscope has been trained in the United States and is working for the Los Banos College.

Page 97: "Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such water on the scene had already been supplied."

Comment: $250 worth of distilled water was sent to the Philippines in 1951 by the Mutual Security Agency (predecessor to FOA and ICA). This was specially prepared distilled water to be used for intravenous injections. There was an inadequate supply of vials in the Philippines at the time—the vials of water from the United States cost 10 cents each—and it would have cost approximately the same to have sent empty vials and to have had the Philippines fill them.

WASHINGTON

Page 97: "In the current fiscal year $1,749,000,000 was appropriated for nonmilitary assistance—an increase of $68 million over 1956, even though ICA ended the year with a backlog of nearly 2 billion it had been unable to spend."

Comment: Because it operates on the basis of year-to-year appropriations, ICA must always have a pipeline of unexpended obligations to pay for commodities and goods on order, and to finance previously approved projects and contracts. At the end of 1956 fiscal year, ICA's unexpended balance was $1,760,200,000, but of this amount $1,617,600,000 was unexpended obligations. The remainder included $97,200,000 in special Asian economic development funds which Congress authorized to be obligated over a 3-year period and a Congressional reappropriation of $45,300,000 in Palestine refugee funds which remained unobligated at the end of the 1956 fiscal year. Under law, ICA unobligated funds remaining at the end of a fiscal year in annual appropriations accounts automatically revert to the Treasury unless specifically reappropriated by Congress.

Page 97: "By 1953 the foreign-aid bureaucracy had become so swollen and top-heavy that Congress ordered a 10-percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000."

Comment: Total employment in ICA has risen from 7,556 on January 31, 1953, to 8,616 as of January 31, 1957, but these figures do not reflect the significant changes that have taken place in the nature of the program and the composition of its personnel. The following figures are provided for comparative purposes:

	Jan. 31, 1953	Jan. 31, 1954	Jan. 31, 1957
Americans:			
Administrative	2,784	1,952	2,101
Program	1,990	2,055	3,088
	4,774	4,007	5,189
Foreign nationals:			
Administrative	1,664	1,121	1,197
Program	1,118	883	2,230
	2,782	2,004	3,427
Total	7,556	6,011	8,616

The number of employees paid from administrative funds has been substantially reduced, while those paid from program funds (technicians) have increased. This change is primarily because ICA is no longer concerned with the economic rehabilitation of the developed countries of Europe but has turned toward the less developed areas of the world. This has necessitated a change in the type of employee required by the program. Increasing emphasis has been given to the employment of qualified American technicians who can transmit American techniques and methods to the indigenous population of the underdeveloped countries.

JORDAN

Page 9: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: a half million Arab refugees from Palestine. Our major cure has been to construct throughways for the country's fewer than 9,000 automobiles."

Comment: The major cure for the Palestine refugee problem has never been road building but development of the Jordan River. To this end the President three years ago designated Eric Johnston as his special representative to try to get the four countries involved—Israel, Jordan, Syria, and Lebanon—to agree to develop the river, to date without success. The United States has for the past several years contributed millions of dollars to the U. N. to feed the Palestine refugees. The road problem is not part of a direct attempt to relieve the refugee problem.

Jordan has only 225 miles of railroad, so it must also depend on highway transportation. Following the establishment of the State of Israel, transportation which had formerly flowed east-west from Jordan to the Mediterranean was cut off and had to be diverted into a north-south movement. There was a need for connecting links with roads leading northward to Lebanon and Syria and southward to the port of Aquaba, and for roads connecting the four areas of Jordan continuing the bulk of the country's 1½ million population, including the Arab refugees. A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel.

THAILAND

Page 97: "In Thailand a 200-mile asphalt road was undertaken as a 1-year $6½ million dramatic demonstration of United States efficiency in peaceful pursuits, but after 2½ years the estimated cost has skyrocketed to $18 million for just the first 100-mile stretch, with completion not due before 1958. Meantime, ICA has expanded this demonstration into a series of Thai highway projects which by June will have cost us $45 million and no end in sight."

Comment: The purpose of this road was not basically to provide a dramatic demonstration but was instead one of the first elements of the new defense support program undertaken in midfiscal year 1955 in response to increased Communist penetration of the neighboring countries of Vietnam, Cambodia, and Laos. This highway is part of a program to increase the mobility of Thailand's defense and internal security forces.

At an early stage, a preliminary cost figure of $6½ million (plus a $1 million Thai contribution) was suggested, based on generally unchecked Thai data. However, before ICA undertook to contract for any of this work, an engineering survey was arranged in order to secure more realistic cost figures. This resulted in an estimate of $22 million for a 200-mile highway. Consequently, it was decided to build only the first, more critical, 100-mile segment, which costs about $18 million because it is all new construction through difficult terrain. The second 100-mile stretch was to have been only the rehabilitation of an existing highway.

A general highway improvement program was also undertaken to improve key segments of the Thai highway system. This was not a mushrooming into a series of other projects with no end in sight, but constituted instead a comprehensive plan for highway improvement for primarily defense and internal-security reasons. Over a 3-year period the cost will be approximately $45 million.

Page 98: "The American contractors' 150 employees (working on the highway project) have to be paid during the 6-month rainy reason when they can only sit. The boss of 1 team collects $27,750 a year; 14 other engineers get $17,400 each."

Comment: Engineering and construction operations in Thailand proceed throughout the rainy season with comparatively little lost time because much of the highway is being built through a semiarid part of the country.

ICA carefully screens all salary contracts to insure that they are equitable and necessary in order to secure competent highway engineers and construction personnel in the present highly competitive United States market for these critical specialists. Personnel of substantial experience and competence are needed for this difficult work.

BURMA

Page 98: "Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States."

Comment: In 1953, after nearly 3 years of technical cooperation with the United States, Burma, for political reasons not related to the United States aid program, requested that the program be phased out. This was done gradually over a period of months, and Burman contracted with some of the United States technicians to stay on and work in the employ of the Burma Government.

However, we are again carrying on a program in Burma. The Burmese on March 21, 1957, concluded 2 loan agreements with the United States totaling $42.3 million, $17.3 million of which is in Burmese currency received from Burma for the purchase of United States surplus agricultural products. All these loan funds are to be used to further economic development in Burma, and are to be repaid with interest over a 40-year period.

RESEARCH REPORT ON OUR FOREIGN-AID PROGRAM—A BUREAUCRATIC NIGHTMARE BY REPRESENTATIVE GEORGE MEADER, OF MICHIGAN, FROM CHARLES STEVENSON, WASHINGTON EDITOR, READER'S DIGEST, 1300 CONNECTICUT AVENUE NW., WASHINGTON, D. C.

In line with its policy governing all important original material that it intends to publish, the Reader's Digest made a prepublication check on the accuracy of all factual statements in this article. In it the author documents evidence of waste in foreign-aid operations and calls for a continuing investigation by a Congressional watchdog committee to combat such waste in the future.

This article was published in the April Reader's Digest. On April 10, however, ICA Director, John B. Hollister put into the printed record of the Senate Special Committee to Study the Foreign-Aid Program a statement that he was having the article worked on for a reply because it was not completely fair and presented a distorted picture. Since then he has included in the committee's published records a statement of purported facts questioning the accuracy of the article. Copies of this 11-page official ICA memorandum have gone to Members of Congress, newspapers, radio commentators, and the public generally, accompanied by a form letter signed variously by Mr. Hollister and his Deputy Director for Congressional Relations.

This office has conducted post-publication research to recheck every statement of fact in the article which ICA has questioned.

This research shows that these factual statements are correct as published in the Reader's Digest.

The statements which ICA challenges are not only verified by official records, but are based in large part on ICA's own documents.

LEBANON

Consider the first statement in ICA's memorandum—that Mr. MEADER errs in stating:

"In the name of foreign aid our Government has built a $128,000 cow barn in Lebanon to demonstrate to average farmers living on $100 or less a year the equipment they should provide themselves with in order to get ahead."

The printed testimony of the House mutual security appropriations hearings for 1955 (p. 345) relates what happened when Members of Congress who had visited this model farm at Terbol, Lebanon, first asked about it:

"We noticed that particular building which was supposed to be a model," said Representative H. CARL ANDERSEN of Minnesota. "Evidently the idea was to show the Lebanese farmers what could be done. It was all out of proportion to anything that the Lebanese farmers could do in the future. We thought it would have been much more practical to have had some down-to-earth experimental buildings that the Lebanese farmers could look over and get information on how to construct them. That particular building included a milking parlor. I might say that in my section of Minnesota—one of the greatest dairying States—we have not had an opportunity to have such an institution constructed. To me it is simply a waste of funds. There was over $100,000 thrown away on this particular extravagance."

Representative TABER, chairman, interjected: "The clerk tells me that the actual cost of this thing is $128,000."

To all this, Norman S. Paul, the agency's regional director, simply replied: "We have not been happy with the progress of the program in Lebanon. I will have to check and find out why this particular project was ever permitted."

There is no record of any report back by the agency. Instead, a United States General Accounting Office team, looking over this demonstration farm a year later, noted in June 1955 that the farm manager refused to live on its grounds in the building provided for him because he preferred city life, and stressed in an official audit report to Congress that the project was of "limited use in Lebanon, because the majority of farmers have small holdings." The GAO also reported finding "a substantial quantity of equipment and supplies" delivered for the farm still in storage after 3 years. Other agricultural projects on which we were spending $423,000 were held up due to lack of technicians and "lack of cooperation of the host government." No action had been taken "to utilize or protect items subject to deterioration—such as seeds and insecticides" or to "expedite implementation and obtain maximum utilization of aid funds." (Pp. 31–32, Audit Report to the Congress of the United States on United States Assistance Program for Lebanon, by the Comptroller General of the United States, June 30, 1955.)

In a summary of its 72-page report on the Lebanon program, the GAO noted a "need for stronger top-level planning with the host country * * * for better coordination * * * policy review * * * improvement of financial procedures and records." It criticized indecision and improper use of technical-assistance funds" (p. 2, same report).

ETHIOPIA

ICA next asserts that the article errs in stating that in Ethiopia, at last report, everyone was too busy (at various new projects) to put to use 2,000 plows and a store of tractors rusting away since UNRRA days. ICA now insists, in its memorandum, that one of the earliest projects after establishment of the mission there in 1952 was to assign an ICA technician to the job of training and supervising Ethiopians in rehabilitating this equipment.

However, the facts of record are contained in a Senate Appropriations Committee report published January 23, 1954, in which on-the-spot investigators emphasized that no effort had yet been made up to that late date to put the UNRRA equipment to use:

"Despite the variety of projects," the report stated, "no effort is being made to utilize a store of tractors and 2,000 plows shipped to Ethiopia under the auspices of UNRRA which are rusting away" (p. 14, Report of Investigations Division of Senate Appropriations Committee on International Development and Related Legislation, January 23, 1954, Senate committee print, 83d Cong., 2d sess.).

This is the last official report on the situation. In an attempt to find out if anything had happened since, the Washington office of the Reader's Digest interviewed Richard Bernhart, in charge of the ICA/Ethiopia desk in Washington, as the April article was going to press. He said he had no knowledge of what had happened to this equipment and that, in any case, ICA would have no responsibility for anything UNRRA had brought in.

AFGHANISTAN

In the section dealing with Afghanistan, Congressman MEADER's point is that many millions of United States dollars are being spent to construct huge dams, irrigation works, and airline facilities beyond the ability of a primitive country to maintain, while inadequate attention is given to inexpensive projects on which any effective self-help and long-range development must be based.

Courtney Kimler, an experienced engineer sent to Afghanistan by ICA, came back with concrete proposals for a number of such projects. The ICA now seeks to give the impression that his ideas were carried out. To this end it quotes the Reader's Digest article as follows: "Courtney Kimler said, 'Show them how to make a $5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle.' * * * No one would listen." Then the ICA memorandum goes on to refute this with the statement that: "This proposal was adopted by ICA. One of the foremost authorities on rug weaving in the United States has been working there on a rug-weaving project for almost a year."

This ICA statement takes Mr. Kimler's material completely out of context by deleting his major points. What Mr. Kimler and the article actually said was:

" 'Help the Afghans to make better use of the good land they have. Show them how to make a $5 weaving rack so the rugmakers can bring their work inside during the winter months in which they now sit idle. Above all, show them how to build carts in their own villages, and how to grade a system of farm-to-market wagon roads such as the United States had at the turn of the century. This can all be done for $10 million—and then Afghans can begin to get ahead, just as Americans did.' No one would listen."

The Reader's Digest checked the accuracy of the complete statement with Mr. Kimler early this year just as he was leaving ICA for other employment. He said that instead of carrying out his practical proposals, ICA came up with a scheme for rug looms and industrialization of rugmakers beyond the peoples' reach, and that he couldn't interest ICA officials in his recommendations. He stated that when he tried to see John Harlan, Assistant Director of Industrial Programs in ICA's Office of Industrial Resources, Harlan broke three appointments with him and finally relayed the information that a meeting would be unnecessary. Mr. Kimler added that he was unsuccessful in then trying to arrange a conference with the Director of the Office. Meanwhile, he said, ICA insisted on skipping the gravel road and cart stage in order to provide a primitive people with air facilities that our experts must operate, and a single 325-mile modern paved highway would just link 2 cities and would have to be built by American engineers and would cost $14 million.

At the same time, according to its own statements, ICA ever since 1953 has continued to put half of its money for Afghanistan into the Helmand Valley Dam, which an American company started to build for the country and for which we've so far advanced an additional $39 million in loans through the Export-Import Bank. The ICA memorandum now says: "Unfortunately, the whole project was not adequately planned by the Afghan Government. However, so much had already been done that ICA has tried to help the Afghan Government realize as much as possible on its investment and has provided Afghanistan with technicians as advisers on the project."

What does this help consist of?

1. Here is what a House Foreign Affairs Committee study mission has to say after looking in on the Helmand Valley project in late 1955:

"In addition to the Export-Import Bank loans, the United States has given technical assistance to Afghanistan through fiscal year 1956 totaling $8,868,000. * * * Nearly half has been for the purpose of supporting the Helmand Valley project. * * * The emphasis of the work currently is to provide irrigated lands upon which to settle the nomads. Subsequently it is planned to generate hydroelectric power. * * * There is, however, a question whether this project is too ambitious for a country that is almost entirely frontier. The irrigation potential is limited by the Government's ability to induce the tribesmen, most of whom are in the north, to become a settled pastoral people in the south. Power demand is nonexistent in the area where it is to be generated. To transmit it to the scattered settlements and light industries over the country will require costly installations and highly trained personnel" (pp. 72–73), report of House Spe-

cial Study Mission to Middle East, South and Southeast Asia and Pacific, March 14, 1956).

2. A 203-page printed report on development of Helmand Valley, prepared by the Tudor Engineering Co. at ICA's request in November 1956—but never officially released to the press—declares:

"Its [ICA's] program has not been very effective in raising general agricultural production or improving the welfare of the people of the valley. Projects have tended frequently to stimulate unrealistic expectations among the Afghans or fall short of meeting primary needs. Technical assistance has in some cases been diverted into experimentation with crops and strains of livestock rather than toward direct help in the improvement of farm methods and in demonstrations and training to meet the basic problems. The program has been handicapped seriously by the lack of a sufficient number of Afghan counterparts (technically trained officials) to receive and profit by their advice (p. 4)."

The engineering company also reports—without saying who will supply the cash—that the project will cost more than $40 million to complete under a salvaging program that it recommends, with $24 million to be required over the next 3 or 4 years (pp. 5, 172–173).

INDIA

ICA's memorandum implies that the Reader's Digest article errs in stating that ICA spent little on community development last year—a genuine self-help project recognized by a House Foreign Affairs Investigating Subcommittee as just about the most valuable in the country—while vast sums have gone to buy machinery, autos, and the like.

The fact is that two ICA documents: (1) 1956 Projects by Country and Field of Activity, page 28, and (2) Operations Report Data Through June 30, 1956, page 61—show that last year less than $5 million (out of a total of $80 million) went for all Indian programs which even remotely bear on community development. Since the beginning of the Indian program 5 years ago, ICA has allocated $12,892,960 (of which $7,884,000 went for motor vehicles) in support of community development, out of a total $326,751,412 for all programs in India—or less than 4 percent (pp. 50 and 53, Indo-American Technical Cooperation, 1952–56, ICA pamphlet).

The Reader's Digest article continues: "In 1954, after telling Congress that it intended to spend but $639,000 on all transportation and communications in the country, the mission made India an outright gift of $20,500,000 worth of new railroad equipment alone. India didn't need this gift; it could have borrowed any cash it needed for its railroads because its system, the fourth largest in the world, is one of the nation's strongest assets."

ICA's reaction now is that it is unfair to question such a gift, because Congress had continuously recognized the authority of ICA and predecessor organizations to transfer funds and because more than 6 months after funds for programs were set up, unexpectedly large grain harvests and bumper crops made it necessary to transfer these funds into the more pressing railway program so that this food and other materials could be properly distributed through the nation.

The fact is that Congress itself—in a special investigation of the India program by the Senate Appropriations Committee in April 1954—criticized this transaction as an example of how the organization made firm requests for appropriations and strong representations to support the requests * * * to obtain the money and decide later to what specific uses it will be put. It presented documents to show that the agency had radically revised its India program without the knowledge of Congress less than 4 months—not more than 6 months—afterwards, as ICA now states.

The committee found that the agency had received Congressional approval for $85 million worth of projects in agriculture, education, and community development, all of which the agency said had been tailored so as to eliminate everything not absolutely essential and representing the absolutely lower limit below which it would be foolhardy to go. Yet 3 months later, $34 million of the funds approved by Congress for these supposedly urgent purposes had been transferred by our foreign aid planners to other uses—mostly railroads. (P. 6, Senate Appropriations Committee report on United States Aid to India, April 1954, Senate Committee Print, 83d Cong., 2d sess.)

Although ICA in its memorandum now says this transfer was essential for distribution of the 1953 harvest to the Indian people, the record shows that the freight cars and locomotives for which the $20 million was allocated were not even contracted for until late 1954 (see ICA Report to Congress on the mutual security program for the 6 months ending December 31, 1954), with no deliveries announced until 1956.

Furthermore, the handling of appropriations in this manner is not an isolated case. Official records show that after requesting $10 million for further railway rehabilitation in 1955, ICA proceeded to obligate $18.5 million in order to buy steam locomotives in the United States. Then in 1956, after telling Congress it needed only $6 million for Indian railways, it allocated $24 million.

Meantime, Representative MEADER's statement that the original cash need not have come through an outright gift, but through business-type loans, is supported by the fact that the International Bank lent India $32 million for its railways as far back as 1949 and is currently considering more loans on the basis of the sound financial condition of the railway system there.

The Reader's Digest article also says: "In June 1954, 2 weeks before their unexpended balances for the fiscal year would expire if not obligated, our foreign-aid officials in India decided to donate $1,539,000 worth of prefabricated steel for 52 easy-to-erect grain silos and warehouses to 'demonstrate' what United States storage techniques could accomplish. Last fall, ICA officials admitted that the bulk of the material was still sitting in Calcutta, untouched. Meanwhile, ICA approved a request from its office in India for an additional $4 million of United States taxpayers' money for 600 more warehouses—in spite of the fact that in 2 years the Indians hadn't got around to putting up the buildings we had already sent."

To this the ICA memorandum replies: "In March 1957, not having received the previously requested assurances with respect to the construction of the 52 buildings, the entire $4 million project was canceled by ICA."

The fact is that this cancellation came only after the General Accounting Office—in a report to the Director of ICA on January 9, 1957—questioned a new ICA request for grain storage funds in the face of its failure to utilize money, already programed for this purpose,[1] and after the Reader's Digest article appeared (April issue was on stands from March 24). On March 29, 1957—according to ICA's own records—ICA took its first step toward canceling the whole project. The $4 million was officially deobligated on April 24, 1957.

Such budgeting, spending, and administrative practices, as illustrated by these specific examples, are drawing increasing congressional ire—as witness recent reports of 3 different committees (2 of them issued since the ICA denials were circulated with the protest that many of them occurred several years ago):

1. The House Committee on Government Operations in its fifth report of May 15, 1957, says: "In submitting its budget, ICA seems less concerned with the presentation of a planned program than with securing a lump sum of money for expenditure as the agency sees fit (p. 14). * * * In January 1957, the General Accounting Office transmitted to ICA a memorandum report commenting critically on the budget presentation for fiscal 1957, which pointed out that the principal deficiencies noted 2½ years before were still uncorrected * * * ICA consistently asks for and receives more money that it has ever been able to use in the year for which requested. This practice has invited the hasty, last-minute obligation of unused funds, which precludes their return to the Treasury" (p. 18).

2. The House Appropriations Committee report on 1957 foreign-aid requests says: "It appears that frequently programs are formulated with little or no consideration of the needs of the country or countries concerned."

3. The Senate Special Committee To Study the Foreign Aid Program, in its report of May 13, 1957, while acknowledging that foreign-aid programs serve the interests of the United States, declares that: "These programs can be made to serve those interests at a lower cost, with a much higher degree of effectiveness than is now the case."

All statements in the Reader's Digest article have been verified in the same detail as the foregoing. However, to keep from drawing out this particular report, here are just essential sources for some of the statements questioned by ICA:

India: Every year all but a minor portion of our India aid funds are spent in ways having little to do with inspiring self-help. Last year alone at least $66,500,000 was allocated to buy items which included industrial steel and iron, machinery, machine tools, and raw materials for manufacture. Nearly $4 million worth of motor vehicles were given away. Most of these gifts are not connected with any project or program but are just handed over to the Indian Government, which merges them into the state-owned enterprises of its 5-year plan. Official proposals for the future merely look to enlarging such gifts by $20 million a year.

The figures used here are taken from ICA's official Operations Report Data as of June 30, 1956.

India: Complaints about ICA's Indian program, policies, etc., by G. Corson Ellis, vice president of the Association of Consulting Management Engineers, based on personal experience. See his testimony before House Committee on Foreign Affairs on Mutual Security Act of 1956 (pp. 967–977, May 9, 1956).

Greece and Laos: In Greece Marshall plan tractors rusted on the docks 2 years after arrival because the country couldn't absorb all the aid we insisted upon giving. Yet no lesson is learn from such waste. Recently, in Laos, a country of 1⅓ million inhabitants, Congressmen saw a depot crammed with enough expensive drugs, hypodermic needles, and other medical supplies to care for much of Southeast Asia.

These incidents are taken from interviews with members of the House Foreign Relations Affairs Committee's Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, relative to mission's reports of July 1954 and March 1956.

Philippines: Expensive pieces of electrical equipment, including electronic microscopes, were purchased for the Philippines when no power or personnel to operate them was available. Distilled water was ordered from the United States to be shipped to Manila, despite the fact that stills to produce such

[1] P. 138, House International Operations Subcommittee hearings of April 4–10, 1957.

water on the scene had already been supplied.

See Hoover Commission's Task Force Report on Overseas Economic Operations, June 1955, page 818.

Washington: Each year since 1948, the people who run foreign aid have come up with a conveniently timed emergency which has called for enlarging the scope of our operations. In the current fiscal year $1,749,000,000 was appropriated for nonmilitary assistance—an increase of $68 million over 1956, even though ICA ended the year with a backlog of nearly 2 billion it had been unable to spend.

The ICA memorandum, without denying these figures, explains that the huge balances represent a pipeline of unexpended obligations. However, this practice of obligating—the allocating of excess funds to various programs to keep them from reverting to the Treasury—has been increasingly criticized by Congressional and GAO investigators. For instance, the General Accounting Office in its report to the Director of ICA on January 9, 1957, said:

"We note that for certain projects in countries which we selected for examination, substantial amounts were programed for 1957, although large amounts were unexpended and unsubobligated. * * * This situation * * * raises doubt that the additional amounts programed for 1957 were needed in that year to insure continued activity on these projects or could be effectively used in 1957. * * * Programing beyond the proximate need for and capacity to effectively use further funds has been prevalent in the past as indicated in our reports on individual country programs. It does not seem to be consistent with the intent of Congress, nor with the concern of the agency for prudent management to stockpile obligations for indefinite future use" (p. 138, House Government Operations Committee hearings, April 4–10, 1957).

Washington: "By 1953 the foreign-aid bureaucracy had became so swollen and top-heavy that Congress ordered a 10-percent cut in its 7,000 personnel. Yet today it has more employees than ever—more than 8,000."

The ICA memorandum—despite its distinction between administrative versus program personnel—does not conceal that the total number of employees has steadily increased, not decreased.

A few items dealt with in the ICA memorandum toward the end merit special comment here.

JORDAN

The Reader's Digest article states: "Jordan, a poor, arid country with 1,500,000 population, has an overwhelming problem: A half million Arab refugees from Palestine. Our major cure has been to construct throughways for the country's fewer than 9,000 automobiles."

ICA says this is incorrect, asserting: "A total of 13 projects involving 72 miles of road were undertaken. The largest stretch is about 30 miles long. Most of these roads are only gravel."

According to ICA's own records this statement is simply misleading. These records show that road construction is by far the biggest ICA project in Jordan—with $7½ million spent for this to date. The House of Representatives Special Study Mission which visited the area, complained that these roads are of a type far too costly and elaborate for a country as undeveloped as Jordan. (P. 24, Report of House Foreign Affairs Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956.)

Another ICA document—the chapter on highway development in the June 1956 annual report of the technical service for economic development, USOM-Jordan, page 46, lists construction of 400 kilometers (248 miles) of primary roads, plus 18 smaller projects totaling 120 kilometers (74 miles) being carried forward with United States development-assistance funds. Here are some actual quotes from this official illustrated ICA report:

"American standards of sight distances, gradients and curvature which permit a safe driving speed of 80 kilometers per hour on any portion of the system have been adopted in the development of the primary highway system" (p. 47).

Two embankments of approximately 30 meter (98 feet) depth were necessary in the design of this (east-west) route and 20-meter (65 feet) cuts are not uncommon. A similar condition exists in the * * * north-south route. To perform this type of road construction, heavy-duty road-building machinery valued at $1.7 million has been ordered (p. 54).

Additional base course surfacing has been placed on the Amman-Na'ur section in readiness for an asphalt application surface treatment (p. 55).

That these are not to be the simple gravel roads that the ICA memorandum leads one to believe is given further confirmation in another official report released recently by the Senate:

"In a dispatch from Amman printed in the New York Times of August 26, 1956, Sam Pope Brewer quoted some adverse opinions of American assistance operations in Jordan made to him by Hamad Farhan, Under Secretary in the Ministry of Economy. Mr. Farhan complained that United States funds were not being spent in Jordan to the best effect, specifically that road costs were four times as much per mile as they normally were in Jordan. In reply to this criticism, the United States Information Service in Jordan issued a statement on September 8 referring to recent inaccurate and misleading statements. It pointed out that normal equivalent roads in Jordan are 7 meters wide, 5 meters asphalted, while major point four highways are 9 meters wide, 7 meters asphalt; further that the point four roads are being built to American standards, which require aerial surveying, engineering, and grading of a type not used in normal equivalent Jordan roads. Even so, said the statement, the cost is approximately only 9 percent higher per mile for the modern wide highway" (p. 20, Report on Lebanon, Jordan and Iraq, prepared at the request of the U. S. Senate's Special Committee to Study the Foreign Aid Program by Hamilton Fish Armstrong, editor, Foreign Affairs, February 1957).

This record is from official reports of the USIS, Congressional on-the-scene investigations, and, particularly, from the published reports of the ICA itself.

THAILAND

The Reader's Digest article states: "In Thailand a 200-mile asphalt road was undertaken as a one-year $6½ million 'dramatic demonstration of United States efficiency in peaceful pursuits,' but after 2½ years the estimated cost has skyrocketed to $18 million for just the first 100-mile stretch, with completion not due before 1958. Meantime, ICA has expanded this 'demonstration' into a series of Thai highway projects which by June will have cost us $45 million, and no end in sight."

ICA's memorandum says, "The purpose of this road was not basically to provide a 'dramatic demonstration.'" It says now that the $6½ million estimate was replaced by a $22 million figure as a result of a survey made prior to ICA's undertaking any contracts for the work—a survey which also led to a decision to build only the first half for $18 million—leaving the reader to surmise that the second half, which ICA describes as "only the rehabilitation of an existing highway" would cost no more than the difference between $18 million and $22 million—or $4 million at the most. Furthermore, the ICA memorandum says, there was no "mushrooming into a 'series' of other projects, 'with no end in sight,'" but a "comprehensive plan for highway improvement" costing approximately $45 million "over a 3-year period."

Records of the ICA (and FOA, its predecessor) reveal a somewhat different story:

Press Release No. 209, dated October 11, 1954, announced that a team of engineers had been sent to Thailand to make "an engineering reconnaissance which is expected to lead to the signing of a construction contract with another firm in about 2 months * * * (and) * * * another contract is being negotiated to provide consultative engineering services during the entire period of construction." The same release said: "The Northeast Highway will cost an estimated $7.5 million (including a Thai contribution of $1 million) and is scheduled for completion by the end of 1955." It continued: "The Northeast Highway project will serve as a dramatic demonstration to the people of that area of the interest held by the Thai Government and the United States in their welfare and an example of United States efficiency in peaceful pursuits."

Although the engineering team made its report in December 1954, press releases issued throughout the following year kept any higher estimates carefully concealed.

Press Release No. 394, dated June 28, 1955, said merely: "FOA today announced it will provide $6½ million to help Thailand start construction of its proposed Northeast Highway. The Sverdrug & Parcel Engineering Co. has contracted to perform the engineering for the project. The Raymond Construction Corp. has contracted to do the construction work. * * * The contracts state that it is the intent of the Thai Government to engage the services of these firms for additional sections of the proposed highway in the event additional funds become available."

Only on February 6, 1956, does an ICA release (No. 96) get around to stating that:

"Total cost of the 200-mile road is to be about $22 million * * *" but with no indication that a decision has been made to build only half of it for $18 million.

In September 1956—in connection with Representative MEADER's proposed article—the Reader's Digest in a formal letter to ICA asked a series of direct questions about the project. The result was a letter on December 20, 1956, from William J. Caldwell, ICA Director of Public Reports, to the Reader's Digest enclosing a 9-page report prepared by Walter Stoneman, ICA Deputy Chief, Thailand Division. It makes these interesting disclosures:

1. "The cost of the second half of the Northeast Highway will be about $11 million. The estimated completion date is September 1958." (NOTE.—This is in addition to the $18 million for the first half of the highway, making a total of $29 million for this highway alone—one originally justified as costing the American taxpayer only $6½ million to complete.)

2. An expanded highway-aid project was established in 1955 to extend United States aid beyond the Northeast Highway to 19 different stretches of road for spot improvements. As of this year, though, the expanded highway-aid program shifted from spot improvements to embrace 5 primary highways which constitutes the primary highway network of Thailand—including 378 bridges. The total estimated United States contribution to the expanded highway aid project through fiscal year 1957 is about $45 million (pp. 3–4). (NOTE.—This means $45 million through June 30 of this year alone—not the total cost, as the latest ICA memorandum implies.)

As for costs after June 30, 1957, the Stoneman report states:

3. "Budget estimates for future years cannot be disclosed under the normal rules governing all budgeting work of the executive

branch of the United States Government. * * * However, the following facts very likely will give rise to the expectation on the part of the Thai Government that United States aid will continue for the time being at about the same level: (a) We have undertaken to assist the Thai Government in certain projects which require additional funding for completion, (b) we continue to do joint planning with them regarding certain projects, and (c) the United States has undertaken certain general obligations under SEATO. This is a situation similar to those which are faced in virtually all countries in which we have aid programs and is a normal result of the annual appropriation system of the United States Government being used to fund what must by their very nature be multiyear activities" (pp. 4–5).

The ICA memorandum implies that the Reader's Digest article is unjust in stating: "This project was tackled without sufficient advance planning. The American contractors' 150 employees have to be paid during the 6-month rainy season, when they can only sit. Congressional investigators have found that the boss of one team collects $27,750 a year; that 14 other engineers get $17,400 each; that machine operators make $700 to $800 a month, plus 15 percent for being overseas, plus $300 a month living expenses, plus overtime. None pays an income tax. And now 75 additional high-priced men are being sent to Thailand to join those already there. Such 'aid' cannot be justified even as a means of insuring international cooperation."

Information on the number of contract employees on this one job and their salaries was collected by a Senate Foreign Relations subcommittee field trip in late 1955, and turned over to the Government Operations Committee for investigation.

ICA officials, questioned by the Reader's Digest in September 1956 as to why the road's completion was delayed from 1955 to 1958, cited unexpected difficulties encountered in construction through virgin jungle plus the halting of work during the rainy reason. (Interview with Ledford Day, ICA Regional Information Officer and Joseph Bonner, project manager.)

BURMA

Summing up, Mr. MEADER in the Reader's Digest article states: "Officials have admitted to our committee that some programs would well be taken over and paid for by the host countries—except that the latter don't think they're worth their own cash and would drop them. Meanwhile, Burma, 4 years ago, rejected further wholesale gifts from the United States. A Congressional investigator was told in Burma: 'By being so aggressively friendly and insistent that we accept your money and superior knowledge in working out our destinies, you Americans insult us without meaning to.' This reaction is spreading. Is it not time to call a halt to this senseless, arrogant spending? Let's stop measuring the success of our aid by the amount of cash we can give away. Let's concentrate instead on helping people to help themselves with fundamental programs, meanwhile encouraging them to accept development by private enterprise so that their economies may grow and they may eventually stand alone instead of as dependents on an annual handout from the United States taxpayers."

Challenging the statement that Burma 4 years ago rejected further wholesale gifts from the United States, ICA memorandum says: "In 1953 * * * Burma, for political reasons not related to the United States aid program, requested that the program be phased out. * * * However, we are again carrying on a program in Burma."

The reasons for Burma's canceling the United States aid program in 1953 were stated thus by Congressman WALTER H. JUDD, original sponsor of an Asiatic aid program, during House Foreign Affairs Committee hearings on the Mutual Security Act of 1956 (p. 457): "Burma interrupted the former aid program from us because she didn't like the way we were doing it." The report of the special study mission of which Representative JUDD was a member, put it this way: "The Burmese wish to stand on their own feet. * * * Many Burmese have opposed any American aid lest it turn out to be, as the Communists charge, the entering wedge by which the United States might attain for itself a position of dominance over Burma's economic life, and perhaps try to control Burma's international policies." (Pp. 95–96, Report of Special Study Mission to the Middle East, South and Southeast Asia, and Pacific, March 14, 1956.)

The United States-Burmese agreement of March 21, 1957, bears out that ICA is not again carrying on a program in Burma despite its statement to this effect. The Burmese Ambassador in Washington confirms that Burma does not want any United States Government gifts of so-called foreign aid. Under the agreement, Burma will receive dollars only in return for its own commodities and from business-type loans repayable in 73 installments at 3 to 4 percent interest. The Burmese Ambassador states that there is to be no ICA mission set up in Burma. Burma will hire its own technicians, American or any other nationality. These technicians will work directly for and be paid entirely by the Burmese Government. The Burmese Government will originate and carry out its own projects when, as and if it pleases. The United States role will be merely that of a banker—with representatives at our Embassy in Rangoon to see that the projects selected by the Burmese Government carry out the overall purpose of the loans.

What has actually happened in Burma bears out the points which the article has stressed.

On the basis of the record set forth here the people should be better able to judge the accuracy of Mr. MEADER's article. The purpose in printing the article was not to oppose bona fide program to help underdeveloped countries help themselves. It was to disclose to the American people what appeared by the record to be some of the evidences of waste and inefficiency which impede the effective use of their foreign-aid dollars.

I only want to comment on two of the examples of waste and extravagance in dispute. The first example I have selected because in news releases, comments of radio broadcasters and magazine articles based on the Hollister memorandum, was most frequently referred to the $128,000 cow barn in Lebanon. First, I will read what was said about that particular example of waste in the Reader's Digest article:

In the name of foreign aid our Government had built a $128,000 cow barn in Lebanon to demonstrate to average farmers living on $100 or less a year the equipment they should provide themselves with in order to get ahead.

Mr. Hollister's memorandum with respect to that example says:

ICA records show that the United States contributed $48,265 toward the construction of an experimental barn, sheds, yards, silo, et cetera. This is almost $80,000 less than the article states. The Lebanese Government itself spent 100,000 Lebanese pounds, about $30,000 in addition.

What was the source of the cost figure which I gave in the Reader's Digest article? The source is the printed testimony in the House mutual-security-appropriations hearings for 1955 on page 345. There was discussion by members of the Appropriations Committee and the staff, some of whom had visited this model farm at Terbol, Lebanon, October 5, 1953.

On that inspection there were four members of the House Committee on Appropriations; the Honorable H. Carl Andersen, of Minnesota; the Honorable Oakley Hunter, a member at that time; the gentleman from Iowa, Mr. Jensen; and the gentleman from Wisconsin, Mr. Laird.

There were two members of the House Foreign Affairs Committee who joined that Appropriations Committee group on this inspection, the Honorable LAWRENCE SMITH of Wisconsin, and the Honorable WINSTON PROUTY, of Vermont. Both groups were accompanied by staff members; Mr. Ross Pope of the Appropriations Committee and Mr. Bullock of the Committee on Foreign Affairs.

I made further inquiry concerning the cost of the cowbarn in Lebanon after the $128,000 figure was challenged by ICA. This is what the printed record of the hearings says, and I quote from the page previously referred to:

We noticed that particular building which was supposd to be a model—

Said Representative H. CARL ANDERSEN, of Minnesota.

Evidently the idea was to show the Lebanese farmers what could be done. It was all out of proportion to anything that the Lebanese farmers could do in the future. We thought it would have been much more practical to have had some down-to-earth experimental buildings that the Lebanese farmers could look over and get information on how to construct them. That particular building included a milking parlor. I might say that in my section of Minnesota—one of the greatest dairying States—we have not had an opportunity to have such an institution constructed. To me it is simply a waste of funds. There was over $100,000 thrown away on this particular extravagance.

Then Representative TABER, then the chairman of the committee, interjected:

The Clerk tells me that the actual cost of this thing is $128,000.

To all this, Norman S. Paul, the agency's regional director, simply replied:

We have not been happy with the progress of the program in Lebanon. I will have to check and find out why this particular project was ever permitted.

I may say, Mr. Speaker, that I went to the trouble of contacting Mr. Ross Pope, of the Committee on Appropriations, to ask him whether or not the International Cooperation Administration ever corrected the figure that was used by the Congressmen in the hearings of the Committee on Appropriations. I find there was no correction made, notwithstanding the statement by the witness, Norman Paul, that he would check it and find out about that project. So, in other words, the printed record of the 1955 hearings of the Mutual Security Appropriations Subcommittee contain this reference to the cost of a cow barn as $128,000. The International Cooperation Administration never undertook to

correct that figure until it was used in the Reader's Digest article.

Further, the difference between the $78,000, that is, the $48,000 they talked of as ICA funds and the $30,000 that was Lebanese funds, and the $128,000 may be accounted for by a difference in the items included in the total cost of the cow-barn project. Perhaps the ICA took only the shell of the building, whereas the figure used by the Appropriations Committee may have been the entire project, with equipment, supplies, and whatnot. I daresay the ICA, if they wanted to, could easily explain the details which obviously account for this discrepancy. Mr. Ross Pope kept a diary of his trip to Lebanon and the visit to the agricultural experimental station at Terbol, which is a part of the files of the House Appropriations Committee. His diary, recorded at the time, sets forth the figure of $128,000 as the cost of the cow barn. Obviously, this figure was received from International Cooperation Administration officials on the spot who ought to know, and the Appropriations Committee did not make that figure up out of the air.

I have also checked with other Members of the House of Representatives who were present and who had the recollection that the figure is approximately correct. I might say I even took the trouble to contact our former colleague, the Honorable Oakley Hunter, who wrote a letter to his constituents from most of the places the committee visited, but the one that he wrote from Lebanon for some reason never got back to the United States, and that letter constituted the only notes he had.

In any event, whether the figure is $128,000, whether it includes the same items on which the ICA got a figure of $48,000 and undertook to criticize my article, it seems to me the amount is not the significant thing.

The fact is that the barn was a very elaborate proposition, far out of keeping with the type of farming that could be done in Lebanon. As these colleagues of mine with whom I have spoken show, they were shocked at this monument that was built at Terbol out of United States taxpayers' funds.

I want to mention only one other example, and that is because it is most illuminating. I notice my colleague, the gentleman from Virginia [Mr. HARDY], the chairman of the International Operations Subcommittee, here on the floor. I call attention also to the fact that the hearings on the mutual security bill for 1957 contained a list of comments by the International Cooperation Administration on the conclusions of our committee's report on Iran. They are set forth at length in those hearings. But I do want to refer while the gentleman from Virginia is here to an example that came up in our committee's hearings, and that relates to the aid program in India.

The Reader's Digest article to which I have referred called attention to the fact that we had provided steel for some 52 prefabricated warehouses for India, and that notwithstanding the fact that the 52 silos and warehouses had not been erected ICA was asking for $4 million more.

The thing that I learned from this study of the ICA comments on my Reader's Digest article is that the work of the General Accounting Office and particularly its report to the Director of ICA on January 9, 1957—the comment in my Reader's Digest article which, as I say, was on the newsstands on March 24, and the hearings of the International Operations Subcommittee, seem to have resulted in a saving of $4 million for the Government of the United States.

What happened was this. On March 29, 1957, according to the ICA's own records, the ICA took its first step toward cancelling the $4 million for warehouses in India. The $4 million was officially deobligated on April 24, 1957. But, the hearings of the House International Operations subcommittee to which I referred occurred April 4–10, 1957. I may say that a good deal of the time of the committee in examining examples of overprograming was spent particularly on this item of $4 million for warehouses in India, to which I have referred.

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

Mr. MEADER. I yield.

Mr. HARDY. I am always glad whenever we can measure in actual dollars evidence of savings as a result of committee work. I am sure the work which the gentleman from Michigan has put into this subject has contributed a great deal to this particular $4 million that he is discussing. If the work of our committee had a part in bringing about that saving, I am grateful also. The gentleman has referred to some remarks which the ICA made in refutation of his article and also some remarks which the ICA made in reply to the work of our subcommittee. I certainly do not want to engage in any backing and filling on such a controversy as this. So far as I know there was nothing in the article, which the gentleman wrote, which was not factual. I am definitely sure that the report which we issued on Iran, and the other reports which we have issued involving the ICA are just as factual as we are able to make them. If there are any errors in them it is due to the uncooperativeness of the ICA, which agency gave us a lot of trouble so far as giving us accurate information is concerned as the gentleman very well knows. I commend the gentleman for calling attention to these savings and I commend him for the work he has done in bringing them about.

Mr. MEADER. I thank the gentleman.

Mr. Speaker, my purpose in these remarks is to set the record straight, because a great many of my colleagues have spoken to me concerning the correspondence they have received as a result of the April Reader's Digest article. Many Members of the Congress received the criticism of my article dated April 19, 1957, from the International Cooperation Administration. When we are considering this mutual-security legislation, not only my colleagues, but the public who have seen either the memorandum itself or a news release or have heard radio broadcasts or have read magazine articles based upon it want to know the truth. The analysis of the comments of the International Cooperation Administration I am inserting in the CONGRESSIONAL RECORD should set that question at rest.

I may say, in general, the comments and the criticisms of the ICA memo of April 19, 1957, did not meet the real sense and purpose of the points I made in the Reader's Digest article. They are rather petty and trifling comments and, in general, it seems to me they were an attempt to distort rather than to clarify.

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

Mr. MEADER. I yield.

Mr. HARDY. I certainly would not want to engage in any controversy regarding the ICA or for that matter any other agency. I think the factuality of the matters which our committee has presented are evident. The only observation I feel disposed to make is that the ICA always likes to deal in generalities. This subject is pretty hard to generalize, but I would like to make a general application of the finding we made with respect to Iran as they concern other countries. I would have to make this observation, though, that the pattern seems to be all too clear from the reports of the General Accounting Office which we have had an opportunity to review, and the mistakes we have made in Korea. It seems rather clear that the same mistakes, the same errors, the same glaring inefficiencies and deficiencies which were practiced in Iran have been multiplied in Korea. It is a most unfortunate situation and our committee will certainly try to bring to the attention of the Congress as soon as we can the full facts on these matters.

Mr. MEADER. Mr. Speaker, before the Reader's Digest article was published I had a documented, detailed, footnoted reference to the source material which was the foundation for every factual statement made in that article. By and large, those sources were the hearings and reports of Congressional committees or the reports of the International Cooperation Administration itself. I hope I have been able to set the record straight on this matter which has been of interest to my colleagues in the House as well as to the public at large.

And I should like to concur in the statement made by the gentleman from Virginia that the committee of which he is chairman will continue its efforts to scrutinize the manner in which foreign-aid funds are administered and whether or not there are deficiencies and extravagances in the use of public funds. Even though I am strong for the program of helping our allies abroad I cannot defend this waste and extravagance. I do not believe that sloppy administration and great latitude lead to economy in the administration and expenditures of public funds.

Mr. HARDY. Mr. Speaker, will the gentleman yield further?

Mr. MEADER. I yield.

Mr. HARDY. I do not want to indicate that I have not supported this mutual security program; I have, for I have felt

that it was only in our own interest to do it, but I do not know how long I will be able to continue if we do not clean up these deficiencies. I do not believe in spending $3 billion to accomplish a job we ought to do for half a billion.

Mr. MEADER. I thank the gentleman and yield back the balance of my time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CRAMER for Tuesday, July 16, 1957, on account of official business; that of addressing the National Association of County Officials in Atlanta, Ga.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. HILLINGS (at the request of Mr. ARENDS), for 20 minutes, on Thursday next.

Mrs. ST. GEORGE, for 45 minutes, on Friday.

Mr. STAGGERS, for 5 minutes, today.

Mr. MEADER, today, for 30 minutes.

Mr. MILLER of California, for 20 minutes, on July 18.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. LANE and include extraneous matter.

Mr. KILDAY and to include extraneous matter.

Mr. SAYLOR and include extraneous matter.

Mr. POFF.

Mr. THOMPSON of New Jersey.

Mr. ALGER.

Mr. O'HARA of Illinois (at the request of Mr. MCCORMACK) and to include extraneous matter.

Mr. ABBITT (at the request of Mr. MCCORMACK) and to include extraneous matter.

Mr. MULTER (at the request of Mr. MCCORMACK) and to include extraneous matter.

Mr. VORYS to revise and extend his remarks made in Committee and to include extraneous matter.

Mrs. BOLTON to revise and extend her remarks made in Committee and to include extraneous matter.

ADJOURNMENT

Mr. COFFIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to. Accordingly (at 5 o'clock and 54 minutes p. m.) the House adjourned until tomorrow, Tuesday, July 16, 1957, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1038. Under clause 2 of rule XXIV, a letter from the Secretary, Smithsonian Institution, transmitting a report on tort claims paid by the Smithsonian Institution during the fiscal year 1957, pursuant to section 404 of the Federal Tort Claims Act (28 U. S. C. 2673) was taken from the Speaker's table and referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ASPINALL: Committee on Interior and Insular Affairs. S. 1574. An act to provide for the disposal of certain Federal property in the Coulee Dam and Grand Coulee areas, to provide assistance in the establishment of a municipality incorporated under the laws of Washington, and for other purposes; with amendment (Rept. No. 809). Referred to the Committee of the Whole House on the State of the Union.

Mr. ASPINALL: Committee on Interior and Insular Affairs. S. 1482. An act to amend certain provisions of the Columbia Basin Project Act, and for other purposes; with amendment (Rept. No. 810). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of Missouri: Committee on House Administration. H. R. 7813. A bill to organize and microfilm the papers of Presidents of the United States in the collections of the Library of Congress; without amendment (Rept. No. 811). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of Missouri: Committee on House Administration. House Joint Resolution 345. Joint resolution authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to the dead of the Second Infantry Division, United States Forces, World War II and the Korean conflict; with amendment (Rept. No. 812). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 8456. A bill to amend the Agricultural Adjustment Act of 1938, as amended, to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed or food on the farm, and for other purposes; without amendment (Rept. No. 813). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AUGUST H. ANDRESEN:

H. R. 8696. A bill to amend the Internal Revenue Code of 1954 to allow a deduction from gross income for certain amounts paid by a teacher for his further education; to the Committee on Ways and Means.

By Mrs. BLITCH:

H. R. 8697. A bill to amend the Tariff Act of 1930 to reduce the rate of duty on jute yarn when used wholly in the manufacture of backing for tufted rugs and carpets; to the Committee on Ways and Means.

H. R. 8698. A bill to amend title II of the Social Security Act so as to permit the State of Georgia to provide for the extension of the insurance system established by such title to service performed by certain policemen and firemen in such State; to the Committee on Ways and Means.

By Mr. BOYKIN:

H. R. 8699. A bill to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, as amended; to the Committee on Merchant Marine and Fisheries.

By Mr. BUCKLEY:

H. R. 8700. A bill to amend the act entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved June 3, 1896; to the Committee on Public Works.

By Mr. CUNNINGHAM of Iowa:

H. R. 8701. A bill to amend the Internal Revenue Code of 1954 so as to continue for 2 years the provisions for rapid amortization of grain storage facilities; to the Committee on Ways and Means.

By Mr. CURTIS of Missouri:

H. R. 8702. A bill to amend the Internal Revenue Code of 1954 with respect to the income-tax treatment of dividends paid by certain corporations which hold the obligations of States and local governments; to the Committee on Ways and Means.

By Mr. HARRIS:

H. R. 8703. A bill to amend the Civil Aeronautics Act of 1938, as amended, so as to authorize the imposition of civil penalties in certain cases; and to increase the monetary amount of fines for violation of the criminal provisions; to the Committee on Interstate and Foreign Commerce.

By Mr. KILDAY:

H. R. 8704. A bill to prohibit the delivery of members of the armed services of the United States to the jurisdiction of any foreign nation; to the Committee on Armed Services.

By Mr. O'BRIEN of Illinois:

H. R. 8705. A bill to permit articles imported from foreign countries for the purpose of exhibition at the St. Lawrence seaway celebration, to be held at Chicago, Ill., to be admitted without payment of tariff, and for other purposes; to the Committee on Ways and Means.

By Mr. RHODES of Arizona:

H. R. 8706. A bill to designate the Glen Canyon Dam, to be constructed in connection with the Colorado River storage project, as the Eisenhower Dam; to the Committee on Interior and Insular Affairs.

By Mr. TEAGUE of Texas (by request):

H. R. 8707. A bill to provide waiver of premiums on national service life insurance policies for certain totally disabled veterans; to the Committee on Veterans' Affairs.

H. R. 8708. A bill to increase from $5,000 to $10,000 the amount of gratuitous insurance provided for certain World War II veterans; to the Committee on Veterans' Affairs.

H. R. 8709. A bill to extend the time within which certain insane veterans may apply for insurance within section 620 of the National Service Life Insurance Act of 1940, as amended; to the Committee on Veterans' Affairs.

H. R. 8710. A bill to authorize waiver of premiums on national service life insurance beginning with the first premium due date after total disability commenced regardless of the date of application for such waiver; to the Committee on Veterans' Affairs.

By Mr. VINSON:

H. R. 8711. A bill to amend title 10 of the United States Code, entitled "Armed Services Procurement Act of 1947"; to the Committee on Armed Services.

By Mr. WRIGHT:

H. R. 8712. A bill to amend Public Law 68, 84th Congress, in order more adequately to express the spirit of that law and to remove the inequities to which postal transportation substitutes are now being subjected under its provisions; to the Committee on Post Office and Civil Service.

By Mr. FULTON:

H. R. 8713. A bill to amend the Internal Revenue Code of 1954 with respect to bonds filed under the Internal Revenue Code of 1939 on installment obligations; to the Committee on Ways and Means.

By Mr. HIESTAND:

H. R. 8714. A bill to insure greater consistency among Federal loan programs, to

avoid hidden subsidies, and to achieve more effective coordination between Federal loan programs and the fiscal and credit policies of the Federal Government; to the Committee on Ways and Means.

By Mr. REED:

H. R. 8715. A bill to amend the definition of "head of household" for Federal income tax purposes; to the Committee on Ways and Means.

H. R. 8716. A bill to amend section 503 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. SIMPSON of Pennsylvania:

H. R. 8717. A bill to amend the Internal Revenue Code of 1954 to permit the deduction for income- and gift-tax purposes of certain gifts made to furnish living and eating accommodations for students at educational institutions; to the Committee on Ways and Means.

By Mr. CHUDOFF:

H. R. 8718. A bill to repeal the Sustained Yield Act of March 29, 1944 (58 Stat. 132), and for other purposes; to the Committee on Agriculture.

H. R. 8719. A bill to authorize the age requirements for admission to the Military, Naval, or Air Force Academy to be waived under certain conditions; to the Committee on Armed Services.

By Mr. ELLIOTT:

H. R. 8720. A bill to amend title II of the Social Security Act so as to provide that the exception from "wages" made by section 209 (i) of such act is not applicable to payments to employees of a State or a political subdivision thereof for employment covered under voluntary agreements pursuant to section 218 of such act; to the Committee on Ways and Means.

By Mr. HAGEN:

H. R. 8721. A bill to amend the Packers and Stockyards Act, 1921, to clarify the jurisdiction of the Secretary of Agriculture thereunder, and for other purposes; to the Committee on Agriculture.

By Mr. BURDICK:

H. J. Res. 406. Joint resolution requesting the American Bar Association to provide the President with a list of the names of 75 lawyers having certain qualifications to assist the President in making appointments to the Supreme Court of the United States; to the Committee on the Judiciary.

By Mr. WHITTEN:

H. J. Res. 407. Joint resolution proposing an amendment to the Constitution relating to the terms of office of judges of the Supreme Court of the United States and inferior courts; to the Committee on the Judiciary.

By Mr. GORDON:

H. J. Res. 408. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the St. Lawrence Seaway celebration to be held in Chicago, Ill., from January 1, 1959, to December 31, 1959; to the Committee on Foreign Affairs.

By Mr. DURHAM:

H. Con. Res. 215. Concurrent resolution authorizing the printing of additional copies of certain public hearings; to the Committee on House Administration.

By Mr. DORN of South Carolina:

H. Res. 317. Resolution to authorize the Committee on Education and Labor to conduct an investigation and study of the administration, operation, and enforcement of the act of June 30, 1936, relating to the making of contracts by the United States; to the Committee on Rules.

By Mr. PELLY:

H. Res. 318. Resolution to amend rule XI of the Rules of the House of Representatives to provide for a study by the Committee on Ways and Means of the House; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENNETT of Florida:

H. R. 8722. A bill for the relief of Susan Nakoma Bird and Thomas Ginoza Bird; to the Committee on the Judiciary.

By Mr. BROWNSON:

H. R. 8723. A bill for the relief of Janis Papulis; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H. R. 8724. A bill for the relief of Wong Gee Sing; to the Committee on the Judiciary.

By Mr. FOGARTY:

H. R. 8725. A bill for the relief of Irene Hryciew, Krystyna Hryciew, and Ewa Hryciew; to the Committee on the Judiciary.

By Mr. GUBSER:

H. R. 8726. A bill for the relief of Birgit Nielsen; to the Committee on the Judiciary.

By Mr. HESELTON:

H. R. 8727. A bill for the relief of Preciolita V. Corliss nee Preciolita Valera; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 8728. A bill for the relief of the Suffolk Farms Packing Co.; to the Committee on the Judiciary.

By Mr. MACHROWICZ:

H. R. 8729. A bill for the relief of Milorad Tasic; to the Committee on the Judiciary.

By Mr. NICHOLSON:

H. R. 8730. A bill for the relief of Marcella Ronetti; to the Committee on the Judiciary.

By Mr. SIEMINSKI:

H. R. 8731. A bill for the relief of Vincenza La Rocco; to the Committee on the Judiciary.

By Mr. STAUFFER:

H. R. 8732. A bill for the relief of Ella H. Natafalusy; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 8733. A bill for the relief of Hovhannes H. Haidostian; to the Committee on the Judiciary.

H. J. Res. 409. Joint resolution to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens; to the Committee on the Judiciary.

H. J. Res. 410. Joint resolution to facilitate the admission into the United States of certain aliens; to the Committee on the Judiciary.

H. J. Res. 411. Joint resolution for the relief of certain aliens; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

306. The SPEAKER presented a petition of the Chairman, Gallaudet College Alumni Association, Adelphi, Md., petitioning consideration of their resolution with reference to expressing gratitude to the Congress and the Department of Health, Education, and Welfare for their generosity and cooperation in making possible certain new buildings at Gallaudet College, which was referred to the Committee on Education and Labor.

EXTENSIONS OF REMARKS

Bastille Day

EXTENSION OF REMARKS

OF

HON. BARRATT O'HARA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. O'HARA of Illinois. Mr. Speaker, yesterday, July 14, was Bastille Day, a day on which we joined with our allies, the French, in celebration of an event weighted with significance for the people of France as well as our own citizens.

It is fitting and proper that we pause on this day to remind ourselves that Frenchmen fought, bled and died beside our own troops during our fight for independence. In reminiscing, we think lovingly and gratefully of the youthful Lafayette who, fired by the story of our gallant fight for freedom, eluded the vigilance of the French King and made his way to the side of George Washington. We still enjoy his military acumen as well as his humor in recalling his comment at Yorktown that he, George Washington, Generals Wayne and Green with the assistance of the French fleet under Rochambeau contrived to "trap Cornwallis in his own mousetrap."

Yes, Mr. Speaker, July 14 is a day on which we congratulate our allies the French and ourselves on the dawning of a new day for a well-nigh benighted world.

On this day commemorating the 168th anniversary of the storming of the Bastille, while we reflect, for a moment, on the inner significance of that past event, we must retrace some of the history of the Bastille itself in order to do so.

As we all know, the Bastille was a fortress which once flanked the city gates of St. Antoine in Paris. Its construction was begun in 1370, and it was completed in 1382. It became a State prison, finally holding many ill-starred but illustrious victims. But the infamy of its treatment of prisoners made it one of the most hated institutions in all Europe. Its name became synonomous with injustice and brutality, a symbol of the despotism of the old royal regime of France. The climax of the reign of terror came during the ministry of Cardinal Richelieu. However, it was not until the mass revolution in the late 18th century, that the Bastile was to play its most historic role, when the people of France rose, as one, and destroyed it.

On July 12, as we also remember, events in Paris began to move rapidly toward chaos and destruction. Angry mobs surged through its streets festering and restive under the harsh and unjust demands of the authorities. Finally, 2 days later, the mob stormed the Bastille, forced its surrender and murdered the commander and a few of the Swiss mercenaries hired to crush the popular uprising. This mob literally pulled down the Bastille's walls, leaving not one stone in place. It is, beyond question, one of the most dramatic events in all modern history.

For the French it has become their chief national holiday, a day when liberty for the people became a reality. In recognition, also, of the closeness of Revolutionary spirit and ideologies of the French and the Americans, Lafayette sent the Bastile's key to George Washington as a relic. It is still to be seen at Mount Vernon.

The ideals of the French Revolution are universal ideals, and Bastille Day today, as well as in 1789, still symbolizes the ideals of liberty, equality, and fraternity. Today, as well as in 1789, human beings still rise, as one person, against tyranny, oppression and injustice, determined man shall guide his own destiny, follow the dictates of his own conscience, be master of his own fate. As the Hungarians battled Communist tanks with stones and sticks in Budapest last October, so did the French strike at the once-believed impregnable Bastille. Then, as now, it was proved that only fear holds people captive, a fear which can be conquered when the soul of man asserts its inherent rights and demands justice and freedom be the only voices of authority. If the United States struck the first blow against absolutism in 1776, the storming of the Bastille marks its death knell. We do well to remind ourselves of our Revolutionary past, understanding what it means to oppressed, downtrodden peoples to taste the sweet draft of liberty for the first time.

The world's struggle for peace, justice, and liberty continues today. And we cannot remind ourselves too often it will be a continuing fight as long as there are power-seeking elites tyrannizing people, refusing them the rights and privileges basic to their welfare and happiness. For the entire world, therefore—not just for France—Bastille Day remains the symbol of man's refusal to submit indefinitely to despotic rule and dictatorial mandate.

H. R. 8681—A Bill Designed To Prevent Another Girard Case

EXTENSION OF REMARKS

OF

HON. PAUL J. KILDAY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. KILDAY. Mr. Speaker, on Friday, July 12, I offered H. R. 8681, a bill designed to prevent another Girard case. My bill was prepared after a careful study by me of the entire opinion of the Supreme Court and comes within the powers of Congress as expressly stated in the Girard opinion.

My bill consists of but one sentence, as follows:

Notwithstanding the provision of any treaty or agreement to the contrary, no officer of the armed services of the United States having under his command, in his custody or under his control, any member of such armed services shall deliver him, or her, to the jurisdiction or control of any foreign nation for trial or prosecution under the laws of any foreign nation.

There is great misunderstanding of the power of Congress to legislate within the area covered by a treaty. Actually there is no doubt whatever that Congress can, and many times has, legislated after the execution of a treaty to so control the officers of the Government as to prevent the accomplishment of something agreed to by treaty.

In the Girard case, the Court outlined the treaty and quoted the exact language of the protocol upon which it authorized the delivery of Girard to Japan. Then it used the following words:

The issue for our decision is therefore narrowed to the question whether, upon the record before us, the Constitution or legislation subsequent to the security treaty prohibited the carrying out of this provision authorized by the treaty for waiver of the qualified jurisdiction granted by Japan. We find no constitutional or statutory barrier to the provision as applied here.

The purpose of my bill is to provide the statutory prohibition which the Supreme Court has said would prevent the delivery of an American serviceman to a foreign country under a status-of-forces treaty.

Perhaps, my proposed language should be followed by additional language to provide for a proper review by the Secretary of the military department concerned and a limited power in him to waive jurisdiction in clear cases of the primary right of the foreign country. I am drafting such language.

The Westminster Choir of Princeton, N. J., Helps the Government of Japan Combat Communism, the New York Times Reports

EXTENSION OF REMARKS

OF

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. THOMPSON of New Jersey. Mr. Speaker, the New York Times of July 14, 1957, reported on the highly significant results of a recent world tour by the Westminster Choir of Princeton, N. J. This tour was under the authority of the Humphrey-Thompson Act, Public Law 860, 84th Congress, and was originally organized as part of a program to acquaint the peoples of other countries with the cultural activities of the United States.

The Westminster Choir opened a very important two-way interchange. Students are coming to the Westminster Choir College from a number of Asian countries, and members of the college are expected to go to India, Okinawa, Thailand, and Pakistan.

The president of the college, John Finley Williamson, and Mrs. Williamson, have been engaged by the Government of Japan to conduct summer schools in several cities. The Japanese Government is paying for these schools and I learn that it is doing so because there are 4,000 choirs directed by Communists who are working against the Government of Japan. The Government of Japan hopes to train choral directors who can displace the Communist leaders and the Williamsons have been asked to develop a songbook to replace the Communist songbook.

I include the article from the New York times together with some correspondence I have received on the tour of the Westminster Choir and the significant contribution that such nonprofessional groups are making in our developing relations with the people of other countries:

[From the New York Times of July 14, 1957]

THE WORLD OF MUSIC—ORIENT SEEKS TEACHERS FROM CHOIR COLLEGE

(By Ross Parmenter)

The full effects of the foreign tours being undertaken by American artists in the exchange program of the American National Theater and Academy will not be known for years. It is probably safe to say, though, that the 4-month tour of the world made by 50 singers from the Westminster Choir College is likely to have a more far-reaching influence than some of the tours of famous professional musicians. One says this on the basis of repercussions that have already begun.

There is a hunger in the Orient for trained choral leadership. The tour, by bringing the college to the attention of people in Japan, Okinawa, Thailand, Pakistan, and elsewhere, has opened a two-way interchange. Orientals are both coming to the college in Princeton, N. J., for training here and importing college people to the Orient to give training there.

Next year, for instance, there will be 10 or 12 oriental students at Princeton, including 3 from Hong Kong. And in May a wealthy Indian banker is coming to the college to see what can be done about taking a Westminster member back to India. Okinawa is engaging a choir member to set up choral units on the island. Thailand has asked for two individuals to set up training schools for choral directors. And Pakistan has asked for a Westminster faculty man for 3 months to help the Karāchi broadcasting station develop western choral music.

SCHOOLS IN JAPAN

Japan, however, is the country that has acted most decisively. It has engaged John Finley Williamson, the college president, and Mrs. Williamson to return there this summer to conduct summer schools in three cities. They will teach from August 19 to 23 in Sendai, from August 26 to 30 in Osaka, and from September 2 to 10 in Tokyo. The Japanese Government is paying for the schools and it is doing so because there are said to be 4,000 choirs directed by Communists, who are working against the government. The idea is to train choral directors who can displace the Communist leaders. The Williamsons, too, have been asked to develop a songbook to replace the Communist songbook.

INTERNATIONAL EXCHANGE PROGRAM
OF THE AMERICAN NATIONAL
THEATER AND ACADEMY,
New York, N. Y., July 12, 1957.

Congressman FRANK THOMPSON, Jr.,
Member of Congress, Congress of the United States, House of Representatives, Washington, D. C.

DEAR FRANK: Thanks for your letter of June 20, advising me that you have caused the Westminster Choir reports to be printed in the CONGRESSIONAL RECORD.

Like all of the attractions sent out on this program, they cheerfully made many personal sacrifices in order to carry our their mission on behalf of our country's cultural prestige abroad.

Sincerely,

ROBERT C. SCHNITZER,
General Manager.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., June 27, 1957.

Hon. CHRISTIAN A. HERTER,
Under Secretary, Department of State, Washington, D. C.

DEAR MR. SECRETARY: The Westminster College Choir of Princeton, N. J., on its recent tour abroad under the authority of the Humphrey-Thompson Act, Public Law 860, 84th Congress, made an impressive contribution to the fund of good will which other peoples have for the people of our country. It is clear that nonprofessional, as well as professional, cultural groups and organizations, have an important role to play in our relations with other people. I pointed all this out in a recent statement in the CONGRESSIONAL RECORD, a copy of which is attached.

In view of this, you will know I was surprised to receive a communication under date of June 21 from Dr. Joseph E. Maddy, president of the National Music Camp, saying "At a meeting of the National Music Council (representing 940,000 citizens) held in New York, May 23, 2 members of the music panel of ANTA (American National Theater and Academy) and 1 representative of the USIA stated that governmental support (President's fund) for musical exchange programs is now limited to professional musicians. Whereupon the council adopted the following resolution: 'The National Music Council strongly urges the USIA and State Department to include youth cultural activities, particularly symphony orchestras of outstanding attainment, in the cultural exchange program designed to promote world friendship and understanding'." Other statements in Dr. Maddy's communication seems to conflict with a letter I received from the Department of State (IES 032 National High School Band/5-2557) regarding its nonsupport of an overseas tour of the National High School Orchestra by funds under the Humphrey-Thompson Act. What is particularly disturbing is Dr. Maddy's appeal for "help to remove the subversive restrictions which now exist—barring music education from our cultural exchange programs financed from the President's fund."

I would appreciate having your views on this matter, and Dr. Maddy's letter which I am attaching. Please return it with your reply.

Cordially yours,

FRANK THOMPSON, Jr.,
Member of Congress.

DEPARTMENT OF STATE,
Washington, July, 12, 1957.

The Honorable FRANK THOMPSON, Jr.,
House of Representatives.

DEAR MR. THOMPSON: Reference is made to your letter of June 27, 1957, enclosing correspondence from Dr. Joseph E. Maddy concerning the National High School Orchestra.

There is no stipulation that participants in the President's special international program must be professional performers, nor is it the policy of the Department of State to demand professional status as a qualification for assistance under the program. The Department has made considerable use of amateur groups and will continue to do so as appropriate to foreign-service post needs. Practically all athletic groups assisted have been in the amateur class, several nonprofessional musical groups have been sponsored or approved, among them the Westminster Choir, and plans are now under consideration to send an amateur dramatic group to selected areas.

Neither are there restrictions barring music education from the program. The Westminster Choir, one of the country's notable institutions of musical education, admirably demonstrated American theories and practice in this field on its recent successful tour of the Far and Near East.

The Department does not believe it wise as a matter of policy to hamper the usefulness of the program by arbitrarily limiting participants to any particular category.

The correspondence from Dr. Maddy is returned herewith.

Sincerely yours,

JOHN S. HOGHLAND II,
Acting Assistant Secretary for Congressional Relations.

NATIONAL MUSIC CAMP,
June 21, 1957.

Representative FRANK THOMPSON, Jr.,
United States House of Representatives, Washington, D. C.

DEAR MR. THOMPSON: Thank you for your interest in the National High School Orchestra project. Are we allowing a union boss to subvert our foreign policy? Can it be that the USIA will not approve any musical exchange program which does not provide employment for members of Petrillo's Musicians' Union?

At a meeting of the National Music Council (representing 940,000 citizens) held in New York May 23, 2 members of the Music Panel of ANTA (American National Theater and Academy) and 1 representative of the USIA stated that governmental support (President's fund) for musical exchange programs is now limited to professional musicians. Whereupon the council adopted the following resolution:

"The National Music Council strongly urges the USIA and State Department to include youth cultural activities, particularly symphony orchestras of outstanding attainment, in the cultural exchange program designed to promote world friendship and understanding."

We have been forced to abandon for this year what we believe to be the most effective cultural exchange project ever planned—a mission to Poland by the National High School Orchestra (100 of America's finest young musicians and citizens aged 14–17) representing at least 40 States, presenting programs of American symphonic music, speaking the Polish language, briefed in Polish history—as guests of the Polish Government. Our request for the cost of air transportation or for two large Government planes to transport the group from this country to Poland and return was denied by the above-mentioned ANTA Music Panel. Why?

We would like to plan such a project for 1958, if you will help to remove the subversive restrictions which now exist—barring music education from our cultural exchange programs financed from the President's fund.

I am enclosing our 1957 concert calendar. May I invite you and your party to visit the camp as my guests any weekend this summer? We have excellent accommodations for visitors, but need to know of your visit in advance to assure our best. I want you to judge for yourself the quality of performance of the National Music Camp students, the efficiency of the organization, and the effectiveness of the training program provided for America's gifted youth by the National Music Camp. May I hear from you?

Sincerely,

JOSEPH E. MADDY,
President.

Washington Report by Congressman Bruce Alger

EXTENSION OF REMARKS
OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. ALGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my weekly newsletter of last week.

The July 4th return to Dallas, 1,200 miles crossed in 4 hours of flight, strengthened my feelings of grassroots kinship with my district (as do letters and questionnaires). It's good to return home even though briefly.

The crucial natural gas bill vote awaited our reassembling in the Interstate Commerce Committee Tuesday morning. It was not a happy experience. The present gas bill is a highly controversial subject with a bewildering history. The Supreme Court in 1954 flatly reversed the intent of Congress by placing gas production under Federal regulation. The subsequent Harris bill was vetoed by the President because of questionable lobbying activities during Senate consideration. The President approved the bill's basic provisions, although he muddied the situation when he suggested that additional consumer price safeguards were needed, thus creating a freedom plus control contradiction. This year's bill thus becomes a strange and questionable compromise. Arguments for: (1) It frees gas from present utility ratemaking status. (2) It is a compromise between those having varied gas interests (one or more), the producers, transmission (pipeline) companies, and distributors (selling to ultimate consumers). (3) Even a bad bill is better than no bill. Arguments against: (1) The bill puts into law the erroneous Supreme Court decision. (2) In the compromise, gas producing and transmission were confused, pipelines requiring regulation but quite distinct from production which is fiercely competitive, hence no Federal regulation needed. A substitute bill (offered by MACDONALD, of Massachusetts, a regulation proponent) to free small producers from regulation, clearly demonstrated to me the confusion in the minds of some Representatives. His arguments for this bill were applicable logically to all gas producers. Later, in the final vote on the Harris bill, the bill was approved out of committee 15–13. I voted "present" to express my disapproval of Federal regulations, though I would have voted "yes" (if the deciding vote) to bring the matter before the House and the Nation.

The Girard decision by the Supreme Court is reducible to two debatable basic propositions, it seems to me (after study of the Supreme Court decision and the district court case): (1) The Secretaries of Defense and State, together with the President, made the wrong choice in waiving jurisdiction over Girard, since under the agreement and treaty, soldiers on duty are under United States jurisdiction (regardless of Girard's conduct, he was on duty); and (2) the agreement and treaty abridges the Constitution by placing United States men under foreign jurisdiction (Bricker amendment would prevent such situations arising).

The civil-rights debate in the Senate shows no termination date yet. For my part, to leave no stone unturned, I wrote the President personally, enclosing my floor speeches analyzing some of the dangerous provisions, wherein more civil rights would be endangered than those the bill seeks to protect.

Politics may be clearly viewed by the present aid-to-education (classroom con-

struction) bill situation. Speaker RAYBURN is pressing the Rules Committee to report the bill out. It is not to him, apparently, the principle of whether it's the Federal Government's role. No, rather it's a matter of bringing the bill to a vote so a record of Republicans voting against the President can be secured, this then becoming more important than whether or not we put the Government into building schools. Shouldn't Congressmen act rather on the merits of the bill, senior Members all the more so? True, politics has its rightful place, but should not first consideration go to the legislative provisions themselves?

The military construction bill passed allocating $1,624,000,000 for military real estate all over the United States and the world. (Texas always gets its share, $50 million this time.) The big debate occurred over getting the Defense Department out of business operation, some 2,500 businesses of 47 kinds. Again, the House refused to permit this Hoover Commission recommendation to pass, the vote being almost a party line—Democrats against, Republicans for. Now again, isn't it in order to challenge those Members who fear the loss of a Government operation in their district by stating: (1) If you were really for Small Business you'd stop Government from being the prime competitor (Government using taxpayer's own money to compete with him while the small-business man petitions for Government loan of amount similar to his taxpayment). (2) If you really want to cut the budget and economize, here's the place to do it legitimately, without endangering the military preparedness. (3) If you want to raise Government income legitimately, sell these Government enterprises to the citizens and thus put them on the tax rolls. (4) There is no constitutional justification for Government owning and operating business enterprises.

Confessions Before Arraignment

EXTENSION OF REMARKS

OF

HON. RICHARD H. POFF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. POFF. Mr. Speaker, on June 24, 1957, the Supreme Court of the United States rendered its decision in the case of Mallory against United States. Mallory, who had been convicted of rape, was in jail awaiting execution. The decision reversed the conviction on the grounds that the defendant's confession was improperly admitted in evidence and remanded the case to the trial court for a new trial. The prosecution, which had based its case largely on the confession, decided that without its use as evidence it would be impossible to convict the defendant and accordingly set him at liberty.

The Court ruled that Mallory's confession was inadmissible as evidence because it was extracted from him by the police before he was arraigned. The Federal Rules of Criminal Procedure require that a person under arrest without a warrant be taken without unnecessary delay before the nearest available commissioner or other commitment officer who shall inform the defendant of his right to retain counsel, his right to have a preliminary examination and his right to refuse to make a statement. The Court held that a person could not be arrested upon suspicion alone but only on probable cause, that there was unnecessary delay in the arraignment, and that the extraction of the confession before arraignment was a violation of the defendant's rights and therefore inadmissible as evidence.

The reasoning of the Court is somewhat obscure. Unquestionably every person arrested as a criminal suspect is entitled to an arraignment without unnecessary delay. However, from that it does not necessarily follow that every voluntary statement made by the suspect before arraignment should be invalidated for evidenciary purposes. Mallory's arraignment was, in my opinion, unnecessarily delayed from 2:30 p. m. when he was arrested until the following morning. However, at no time did he or his counsel contend that any of his four separate confessions were made under mental or physical duress or coercion. On the contrary, less than 2 hours after his arrest, Mallory voluntarily agreed to take a lie detector test. While two other suspects were being examined, the test was delayed until approximately 8 p. m. During the course of this test he made his first voluntary confession. Soon after, he repeated his confession to other officers and at 10 p. m. the police made an effort to reach a commissioner for arraignment. Failing in this, the petitioner consented voluntarily to an examination by the deputy coroner who found no evidence of physical or psychological coercion. Mallory then repeated his voluntary confession for the third time and about 11:30 p. m. dictated the confession to a stenographer.

There is no law on the statute books which invalidates a voluntary confession by reason of delay in arraignment, but the Court's decision will in future cases have the same effect as a criminal statute. Federal police officers will have no power to interrogate a criminal suspect to determine whether or not there is probable cause of guilt before arraignment, and prosecuting attorneys will be afraid to use prearraignment confessions as evidence to establish their case before the jury. Neither can a Federal police officer safely arrest a criminal suspect until he knows that a commissioner is readily available and until he knows that he has sufficient direct or substantial evidence to establish probable cause before the commissioner even though the suspect may have voluntarily admitted his guilt.

I want to preserve the right of prompt arraignment, but I also want to preserve the right of police officers to interrogate the suspect and the right of the prosecuting attorney to use voluntary confessions as evidence against the suspect, both in proving probable cause before the commissioner and in establishing guilt before a jury. I have drafted and introduced a bill, H. R. 8624, which states simply that "statements or confessions or other evidence shall not be inadmissible solely because of delay in taking an arrested person before a commissioner or other judicial officer." Such a provision does not change the law which invalidates confessions extracted under duress by threat, promise of reward, or other improper inducement or coercion. Such a provision of law cannot possibly injure either a guilty person or an innocent person, and most certainly can and if enacted will protect society against confessed dope peddlers, thieves, rapists, murderers, and other crooks and criminals who prey upon their fellow citizens. It is time someone had a little regard for the rights of society in general as well as the civil rights of the individual citizen. Individual liberty is no license for the transgression of the rights and safety of others.

The "Hobgoblin" of Section III

EXTENSION OF REMARKS

OF

HON. WATKINS M. ABBITT

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. ABBITT. Mr. Speaker, we have seen demonstrated in the past week the truth of what I have said on the floor of this House a number of times in the past 2 months. I have said repeatedly that large segments of the press and radio and television commentators have failed or refused to give the public the true facts about the so-called civil-rights legislation. In spite of the fact that a number of Congressmen, most of whom, it is true, are from the South, have day after day pointed out on the floor of the House of Representatives and on numerous other occasions exactly what the civil-rights bill does and the grave implications contained therein, many people in the North and West, including outstanding editors, now admit they had no idea that the bill was as far-reaching or as dangerous as it is.

Apparently, and we have no reason to doubt what they say, they thought the legislation only dealt with voting rights of minority groups. Time after time, I noticed news items in the northern press and particularly in the Washington Post wherein this so-called civil right-legislation was referred to as the right to vote bill. On several occasions the Washington Post had an editorial referring to the bill as the right to vote legislation. Time after time on the floor of the House this fact was pointed out by myself and other Members. We charged the newspapers with an attempt to fool the American people as to what was in the bill. A prejudice and distortion on the part of the press is a dangerous thing. We all know the importance of freedom of the press. We know the necessity of having a free press. At one and the same time, however, all segments of the press have certain duties and obligations that they must render to our people. A grave injustice has been done. In my opinion, some of it has been willful and malicious. I do not know whether the reporters are to blame or whether the editors edited

the news articles after they were presented to the copy room. Whoever is responsible for this great injustice I trust will profit from this experience and hereafter present to the American people the news as it is in fairness to all of our people.

Even the editor of the New York Times admits that he thought the bill simply dealt with voting rights and only knew differently last week. I understand he blames this upon the failure of southern Congressmen to explain what is in the bill. The blame is not upon the Congressmen but upon that segment of the press, reporters, or news editors, I do not know which, who have failed to carry the statements, speeches, and releases of those Members of Congress who have opposed this legislation. I hope in the future that this same group will not be so prejudiced against a section of this great Nation as to refuse to give proper publicity to their grievances and opinions.

On Friday, July 12, there appeared in the Richmond News Leader an editorial entitled "The 'Hobgoblin' of Section III." This is a splendid editorial which explains one section of the so-called civil-rights bill. This same editor has on numerous occasions had outstanding editorials explaining the viciousness of the pending legislation as well as the evil it would foist upon the American people if enacted into law.

Mr. James J. Kilpatrick, editor of the News Leader, is one of the best informed editors in our country on States rights, individual liberties, and kindred principles of democracy. He has done much to preserve our way of life in the Commonwealth of Virginia. I hold him in high esteem.

In the hopes that at least some people in other sections of the Nation will have the opportunity of reading this fine editorial, I include it with my remarks. The editorial is as follows:

THE "HOBGOBLIN" OF SECTION III

Senator RICHARD RUSSELL'S brilliant attack last week on the civil-rights bill swept the South to an amazing and sudden victory in the struggle to get its message across to the people of the Nation. The Georgian made no new points. He emphasized arguments that had been made by other southerners in House debate. But perhaps because it was Senator RUSSELL speaking, or because interest in the bill has jumped with the beginning of Senate debate, his arguments received an audience among northerners.

For the first time, the bulk of the northern press last week found room to present southern arguments against the measure. From the integrationist New York Times, among others, came well-bred cries of "for heaven's sake." No one, it appears, had understood that the civil-rights bill was anything more than a right-to-vote bill. The Times was frankly amazed.

What the Georgian made clear is that section III is not wholly new legislation. Section III is an amendment to an existing law, adopted in reconstruction days, which now is embodied in 42 United States Code 1985. The language in the bill now pending before the Senate would add 2 paragraphs to the 3 paragraphs of the existing statute. To understand the plot fully, one should read these 2 proposed new paragraphs:

"Fourth. Whenever any persons have engaged, or are about to engage, in any facts or practices which would give rise to a cause of action pursuant to paragraphs first, second, or third, the Attorney General may institute for the United States, or in the name of the United States but for the benefit of the real party in interest, a civil action or other proper proceeding for redress, or preventive relief, including an application for a permanent or temporary injunction, restraining order, or other order.

"Fifth. The District Courts of the United States shall have jurisdiction of proceedings instituted pursuant to this section and shall exercise the same without regard to whether the party aggrieved shall have exhausted any administrative or other remedies that may be provided by law."

The true purpose of these paragraphs fourth and fifth cannot be comprehended until one studies the existing paragraphs first, second, and third. Here it is found that the old law authorizes the filing of civil suits against any persons who conspire together with intent to deny to any citizen the equal protection of the laws. The Supreme Court of the United States has ruled that for a Southern State to provide separate facilities for Negroes as to schools, golf courses, railway waiting rooms and other public places, is to deny Negroes equal protection of the laws.

Thus the innocuous "right to vote" bill that Mr. Eisenhower thought was so moderate and decent becomes on closer scrutiny something else entirely. But that is not all. What Senator RUSSELL went on to point out is that there is on the statute books still another old law—its existence had been carefully concealed—which states:

"It shall be lawful for the President * * * or such other person as he may empower * * * to employ such part of the land forces of the United States, or of the militia, as may be necessary to aid in the execution of judicial process issued under sections 1981, 1983, or 1985–1992 of this title."

Mr. RUSSELL said he wondered long ago why this particular section 1985 had been chosen for amendment by the drafters of the pending bill. Other existing statutes offered more logical and rational bases for extension of the moderate aims sought by the President. The answer is that Attorney General Brownell wanted to tie in the new civil rights bill with the old law authorizing the use of troops. The result, said Mr. RUSSELL, "is the most cunningly devised and contrived piece of legislation I have ever seen—the ultimate in the technique of legislative draftsmanship to obscure purpose while creating and conferring power."

Of course, some liberals in the Senate attempted to minimize Senator RUSSELL'S charge. Said Mr. DIRKSEN, of Illinois: "Seldom have I seen so many ghosts under a single bed." Mr. JAVITS, of New York added that the idea the authority in the bill will be misused "is only a hobgoblin in the closet."

Ghost? Hobgoblin? The South has learned through bitter experience to expect the worst from the Department of Justice and the Federal courts. Admittedly, it is an extreme case to suppose the proprietors of a southern hotel, operating under a routine charter issued by a State to a business corporation, would be found in violation of section 1985 if they restricted their operations to white guests only. Yet such a finding is quite conceivable under the present trend in judicial opinion. If residents of a community objected, they could be jailed without a jury trial, and troops could be brought in to aid in the execution of judicial process. That is what this law is all about.

The hobgoblin which the South can see haunting section III of the bill walks like a man. It has the face of a man. And that face is the face of Herbert Brownell.

Senior Citizens and Associates of America

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. LANE. Mr. Speaker, I wish to include herein my remarks before the Senior Citizens and Associates of America, of Lynn, Mass., during their annual outing at Salem Willows on July 14, 1957. Mr. Charles C. O'Donnell is president of the group.

HONOR THE AGED

It is good to see the number of older people in attendance at this outing of the Senior Citizens and Associates of America.

And it is always a pleasure for me to meet so many friends who, in their time, have worked hard to build the prosperity that our Nation enjoys. In the process, they have raised families that are a credit to the Nation.

Not too many years ago when a person retired he was supposed to take a back seat. Older people, either singly or in pairs, used to live alone.

All that has changed out of necessity.

Older people are being seen and heard.

More and more of them are joining groups such as yours, not only for social and recreational purposes, but for organized effort to wake up the States and the United States to their problems and their needs.

From the beginning of time the younger people have been brought up to honor and respect their elders.

This Golden Rule has been reinforced by human conscience and morality.

But during this century of upheaval vast social and economic changes have cast off the customs and the standards of the past.

We must find other means to take their place.

In the pursuit of material wealth some people quite thoughtlessly forget their obligations to others.

Sons and daughters become lost in their own problems and those of their children.

The days of the large families are gone. Homes are smaller, as each member strikes out on his own, and at an earlier age. The automobile and the television have brought greater mobility and diversified interests.

The family circle that once included under one roof, a dozen or more people from the baby in the crib to the grandmother, or the great uncle, is but a memory. Sometimes brothers and sisters come home to eat at different times, because they work on different shifts.

The net result of these, and other factors, is that the older people need and want, a security and independence of their own.

The United States was one of the last nations in the West to recognize this need.

Slowly but surely we are making provision for it.

As we had no precedents to guide us, we had to feel our way.

On a modest scale, both as to coverage and benefits, we set up a program of old-age and survivors insurance, and public assistance.

Experience has taught us that the State and National Governments have been too modest and too cautious in their approach to this problem.

As a consequence, our senior citizens have organized into groups that are working for legislation to provide national old-age pensions of $100 a month or more. Many people believe that this is the only solution, embracing as it does; complete coverage, ade-

quate benefits, and streamlined administration.

It is not enough for governments to speak of their good intentions toward the aged, or to offer them sample benefits. There is much work to be done to make that program complete and sufficient.

Until we accomplish that, we shall be faced with a social, and an economic problem, of growing proportions.

Due to the advances of medical science, the lessening of hard physical labor, and the improvement in health and nutritional standards, the lifespan of Americans is increasing.

More and more millions of our people are living to an advanced age.

This makes it a problem that concerns the Nation as a whole.

Only national legislation will solve it.

Under the Old-Age and Survivors Insurance Act, which is only 20 years old, the Government sought to protect the individual and his family based on his earnings in work covered by the Federal social security law.

I have just received a report from the Secretary of Health, Education, and Welfare, concerning the number of beneficiaries, and the amount of benefits, as of December 31, 1956.

For the country as a whole, more than 9 million persons were receiving old-age and survivors benefits at a monthly rate of $483 million. This was an increase of more than 1 million beneficiaries, and $71 million in monthy benefits over the previous year.

At the present time, 73 million persons are insured. If death should take the family breadwinner, the mothers and children in 9 out of 10 American families can receive survivors' benefits.

In Essex County, Mass., which includes people within the area from Lynn to Lawrence, and Methuen, and down the Merrimack Valley to the sea, there are over 47,000 beneficiaries, receiving monthly benefits of close to $3 million.

Slowly but surely, this program is being developed. The day is not far distant, when every American will be covered by this, and/or associated programs.

Technical coverage is one thing. Benefits are another.

Because our Nation was so late in tackling the general problem of social security a number of our people were beyond the age where they could hope to build up their social security accounts.

To help them, a fill-in program of public assistance, whose benefits are contingent upon the action of the State legislatures, was established.

The State of Massachusetts has a good record in this respect as compared with most of the other States. As Charlie O'Donnell, your president and legislative director has advised you, there is every expectation that there will be some increase in the travel allowance for old-age assistance recipients, plus a cost of living increase of 5 percent, before the present legislative session is over.

Public-assistance benefits have never been sufficient. They have always lagged behind the cost of living.

We hear every subject under the sun being debated in the legislative halls and in the public press except the one which is of the greatest concern to the American people; and that one overriding issue is, the steady and dangerous rise in the cost of living and how to control it.

The problem of trying to make both ends meet as income remains stationary while prices go up is one that affects most Americans, but bears most heavily upon those with small, fixed incomes, like the good people who are trying to get by on the thin benefits called public assistance.

The experts themselves can't agree on the causes of inflation.

The other day one professor of economics said it was due to the fact that the people are living up to and beyond their incomes. Buying so many things that they hope to pay for later.

This certainly does not apply to the older people, because they do not have enough income in the first place to establish credit.

It is not enough for the younger people who will be old themselves someday to be courteous to their elders.

Our senior citizens are entitled to security and independence.

And this, in turn, depends on adequate income.

The only solution is for a national pension, or the equivalent thereof, with an escalator clause tied to the cost of living, so that no retired person will ever have to worry that changes in the economic picture will deny to him the necessities and the modest comforts that a civilized nation owes to its senior citizens.

Through organizations such as yours, the public is constantly reminded that to honor the aged we must engineer a better program to meet their needs.

There are understanding men and women in the Massachusetts Legislature and in the Congress who are determined to make social security succeed.

I hope you have a very pleasant outing made more enjoyable by the realization that there is only one direction for the social welfare programs of our Nation, and that progress, no matter how slow or hesitant it may seem at times, will not be satisfied until it reaches its goal.

One of the major obligations of our people is to provide true freedom and happiness for the aged who have richly earned the right to peace and security in the golden years of their lives.

Correction of Military Discharges, H. R. 7530

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. MULTER. Mr. Speaker, on June 24, 1957, I had the privilege of appearing before the Special Subcommittee on Military Discharges of the House Committee on Armed Services. The following is my testimony before that committee in support of my bill, H. R. 7530:

STATEMENT OF HON. ABRAHAM J. MULTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. MULTER. Thank you, Mr. Chairman, and members of the committee, for the privilege of attending here so that I can be heard in support of my bill H. R. 7530 and similar bills dealing with the plight of individuals who have been or who are hereafter discharged from the armed services under conditions other than honorable.

May I say, Mr. Chairman, that I am sure that your record of the legislative situation shows that there is no way other than Presidential pardon that a former member of the armed service can get a pardon for the offense for which he received a discharge, other than honorable. I might say when we talk about discharges other than honorable, I at least include within the terms of my bill, and I trust that the chairman means to include within the terms of his bill, not only the discharge which is labeled "other than honorable," but also the dishonorable discharge.

I think the whole subject should be covered and every type of discharge other than an honorable discharge should be subjected to review in the plan of the proposed bills being considered by the committee.

The present law and regulations permit review of these discharges only for the purpose of correcting the discharge if there was something wrong in the first instance in the manner in which it was issued or because the trial was improperly conducted or on the basis of the law and the regulations applicable, the sentence and the punishment was too severe.

The only other remedy is a Presidential pardon, and if any of you gentlemen have had experience along that line, you know how long and arduous and almost impossible it is to get a Presidential pardon, and then after he has gotten it, his discharge still remains unchanged. Even though a Presidential pardon may be issued to the man, he still carries with him for the rest of his life imprinted "other than honorable" or "dishonorable," on his certificate of discharge.

By far, the greatest number of these men have committed no serious offenses. They are, in the main, minor offenders who because of some less serious infraction have been sentenced by a court-martial, not to the punishment of a dishonorable discharge, but to the lesser punishment of discharge under conditions other than honorable.

That is not to say, those who received dishonorable discharges will not be able to avail themselves of the benefits of this law, if enacted.

Many men, who were suffering from some mental defect or disease which prevented their meeting acceptable standards of social or military conduct, have received such discharges. These men are not real criminals; they are not murderers, traitors, or rapists; they are minor offenders. Even the Armed Forces distinguishes between them and real criminals by giving them discharges other than dishonorable.

When a man receives a dishonorable discharge from the Armed Forces, it is almost impossible for him to get a job. No one wants him. He goes from job to job. He never gets started. His family and friends drop away. Let's face the hard fact; he pays for his crime the rest of his life. He never gets an opportunity to be rehabilitated. He may be, and oftentimes is, forced into a life of crime as the only alternative to starvation.

If it was intended that these offenders also should pay for their offenses during the rest of their lives, then it would be more humane to incarcerate them in jails for their lifetime. No one dares suggest that. Then why inflict this blight upon their whole lives?

I say to you, however, that today the practical result is the same. This is particularly dreadful to contemplate as to the minor offender with a less than dishonorable discharge. The ordinary civilian employers have neither the time nor the patience to draw fine lines of distinction in this matter. They say, "If he doesn't have an honorable discharge, we don't want him." Under these circumstances there is no hope of expiation for that man, nor of rehabilitation for himself or his family.

No hope, gentlemen; no hope for either him or his family. Let them pay and pay for the rest of their lives. Is this the quality of justice and mercy of which we as a Nation can be proud? Shall we mete out to these offenders the cruelest punishment which one human being can mete out to another—hopelessness? Shall we be merciless?

Gentlemen, permit me to quote to you the great words of that teacher in Israel, the

Christ of the Christian world, when Peter came up to him and asked:

"Lord, how often shall my brother sin against me, and I forgive him? As many as seven times?" Jesus said to him, "I do not say to you seven times, but seventy times seven" (Matthew 18: 21).

Shall we not forgive these men once?

My bill, H. R. 7530, would give them hope. It sets up a board of pardons. It would permit them, under proper conditions, to rehabilitate themselves and their families, and, where eligible, to atone for their past offense by further service in the Armed Forces.

It proposes to establish, outside of the Department of Defense, a Board for the Correction of Discharges and Dismissals, composed of five civilian members appointed by the President with the advice and consent of the Senate.

Members of the Armed Forces who have been, or are in the future, discharged under conditions other than honorable would be entitled to file a petition, after 3 years from discharge, for a certificate which would entitle them to reenlist in the Armed Forces.

After 5 years from discharge, they would be entitled to petition for a discharge under honorable conditions.

In the case of certificates to reenlist, the Board would review the preceding 3-year period and grant the certificate if it finds that character and conduct during such period was good and that petitioner would be otherwise eligible for reenlistment.

An individual, his heirs at law, or legal representative, filing a petition after 5 years from discharge, could obtain a discharge under honorable conditions if the Board found his character and conduct during such period to be good.

Such discharge, however, would not entitle him to any monetary or other benefits under the laws of the United States to which he would not have been entitled if such discharge had not been issued.

The bill also contains the necessary operational provisions, such as authority for independent investigations, holding of hearings, appointment of a staff, and the like.

It is unjust that these individuals should be required to undergo lifelong suffering without an opportunity to prove that they have been and can be good citizens. Many of them are or were in their teens with their whole life still to be lived.

We cannot do anything about the reactions of the public because of the discharge. We can, however, do something about the duration of such reaction toward those young men who have attempted to reestablish their character by blameless conduct for a reasonable time.

One of our colleagues has pointed out that 69,323 boys received discharges under conditions other than honorable between July 1, 1950, and June 30, 1955; the present boards for the correction of military and naval records have, under the punitive rules under which they operate, changed or corrected only 561 military or naval records. This amounts to about eighty-one one-hundredths of 1 percent of the 69,323. Think of that, gentlemen, less than 1 percent of the 69,000 boys involved have had their records corrected.

That is not to imply that the board did the wrong thing in failing to make corrections, but they are limited. They must review the record as originally presented and ignore everything that has happened since.

The reasons for that, I believe, are that the review is in effect by the military, and the review looks not to whether the person has earned a pardon but whether the original punishment was proper.

This new board sought to be created will not review in the light of military law and regulations and not in the light of propriety of the original decision or the sentence. It will be concerned solely with whether the applicant is entitled to be pardoned in the light of his subsequent good conduct.

My bill, H. R. 7530, is not concerned with going back to correct the record because of some new factor which indicates that perhaps the sentence by a court-martial to such a discharge was unjust or too severe. This bill runs to the continuance of the punishment. It recognizes the fact that to continue to punish these boys beyond a reasonable length of times is both unjust and unmerciful. Once again, I would call to your mind the words of Jesus, that great teacher in Israel:

"Blessed are the merciful, for they shall obtain mercy" (Matthew 5: 7).

Gentlemen, I urge the adoption of H. R. 7530, or a bill such as the chairman and the other members have submitted urging that the principle be enacted. The details I am sure you gentlemen, in your wisdom, can take care of in a good piece of legislation.

Again I wish to express my appreciation for the privilege of appearing before you to present my views.

Mr. DOYLE. Thank you very much. We appreciate your doing so.

We have before us every bill along the lines of the subject which have been filed in the House, regardless of what variation there is in them from 1108. We have them all before us and are familiar with the texts of all of them, and we appreciate your diligent work in the field.

Mr. MULTER. I am sure we are all in agreement that it is hight time something was done about this. I believe it is the first time in 10 years such legislation has even gotten a hearing before the Congress, and I am sure this is going to bear fruit.

Mr. DOYLE. Thank you very much.

More Taxes for a Free Seaway?

EXTENSION OF REMARKS

OF

HON. JOHN P. SAYLOR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 15, 1957

Mr. SAYLOR. Mr. Speaker, when Ferdinand de Lesseps undertook to build a canal in Panama, disease among the workers was one of the principal reasons for the project's failure. From this experience, the Commission appointed by the United States to dig a ditch across the isthmus some time later spent the first 3 years in disease control, surveys, and development of construction facilities. The eradication of malaria and yellow fever was a notable achievement, for without it that link between the Atlantic and the Pacific Oceans could not possibly have become a reality so soon.

Like de Lesseps, the supporters of the St. Lawrence Seaway were permitted to undertake construction without first resolving the practical problems submerged under reams of theories. There were obvious signs of economic reefs in the St. Lawrence project, yet the myopia which has become so common on Capitol Hill, as well as in the downtown region of Washington, resulted in almost complete disregard of these warnings. More than anything else, however, spending fever was the factor eventually responsible for equipping the St. Lawrence expedition with the necessary funds to set out on its fogbound mission.

When I hear the latest stories of the fiscal difficulties of the St. Lawrence Seaway Development Corporation, I cannot help but think of a little pamphlet that was distributed to Members of Congress shortly before the seaway bill was passed in 1954. In listing reasons why there could be no justification for spending tax money to build the seaway, the pamphlet presented a series of questions and answers, two of which went something like this:

Question: What is the estimated original cost of the seaway?

Answer: One hundred and five million dollars.

Question: How much more would subsequent harbor improvements and channeling cost?

Answer: Hundreds of millions of dollars more of Americans tax money would have to be appropriated in an attempt to justify the initial expenditure.

It was slightly more than 2 years after the $105 million was made available that the misgivings of us who opposed the project began to be echoed by the enthusiasts—except that by this time so much money had already been invested that it appeared safe to begin the cry for additional funds. Now the latest intelligence from the vicinity of the dredging operations is that costs are going to run some 30 percent higher than originally estimated. The seaway people are again looking to Washington for financial assistance.

I have looked into the St. Lawrence file, and I have come up with testimony before the Senate Committee on Foreign Relations by Mr. F. F. Estes, who identified himself as traffic manager of the National Coal Association, when he testified in February 1952. Here is an excerpt from that statement:

There are those who will say, "But this will not cost us anything; it will pay for itself through the collection of tolls." That is a very pretty statement but certainly no one is so naive as to believe it. Government projects just don't turn out that way.

What Mr. Estes said 5 years ago will soon be confirmed if those he was criticizing at the time have anything to say about it now. As explained by the Philadelphia Inquirer editorial of Sunday, August 11, which I wish to insert in the RECORD, there is a move afoot to dispense with tolls althogether and turn over to Uncle Sam all the bills, notes, and expenses that we were told would be liquidated by the Seaway Corp.

The Inquirer points out that Delaware Valley would, under this move, be required to pay taxes for a project to deprive that area of Pennsylvania of trade and business that it should logically have. I remind the Congress that railroads leading from Delaware Valley will also suffer serious business losses if and when the St. Lawrence project is completed. Another victim of this tax-supported venture will be the coal industry, not only through loss of utility markets that will come with the power generating phases of the St. Lawrence project, but also from an influx of foreign residual oil that tankers will move down the St. Lawrence and into Great Lakes ports.

Mr. Speaker, although I vigorously opposed the St. Lawrence project on the ground that the United States Government could not afford to underwrite it, and for assorted other reasons which seemed to make the proposed seaway impractical, I no longer resisted it once authorization became law.

If there's another world, he lives in bliss;
If there is none, he made the best of this.

Following this suggestion of Robert Burns, I strongly favor making the best of the St. Lawrence facilities when they are completed. Western Pennsylvania should utilize to the fullest whatever advantage the seaway may offer. Railroads will carry vast tonnages of freight to and from the docks along Lake Erie. Meanwhile highways need to be constructed from Erie south into industrial and marketing centers of western Pennsylvania, as well as eastward across the mountains. There will unquestionably be great volumes of new business generated through the opening of the seaway.

Nevertheless, the Government's investment of $105 million in the seaway is not an incontrovertible reason for us to go ahead with the project at any cost. I do not contend that further appropriations would necessarily mean sending good money after bad, but I do believe that Congress is going to have to give a long look at this matter before another dollar is made available. If, as the New Jersey Taxpayers Association and the Philadelphia Inquirer fear, revenue for the seaway is expected to come from Washington instead of from shippers, then we should begin asking questions.

Before investing any more of the taxpayers' hard-earned dollars into this venture, Congress must reappraise the whole project. We need to find out why sponsors said that it could be done with the money appropriated in 1954. Despite our admonition against undertaking a job that seems certain to be more expensive than advertised, supporters of the St. Lawrence insisted that the $105 million which Congress appropriated would be sufficient to launch it onto a self-sustaining and prosperous career. We need to know how those people could be so wrong. If the St. Lawrence Development Corporation is dependent upon this type of advice for its future programing, this information must be available. Congress, by authorizing construction, opened another socialistic business. The architect and builder have already admitted their miscalculations. Now the operator, even before the store is finished, has decided that it can never be a paying proposition. Perhaps a new proprietor would help matters. In any case, the people who are putting up the wherewithal for the building should at least find out how much further into their pockets they will be expected to go in the years ahead.

The Philadelphia Inquirer editorial follows:

MORE TAXES—FOR A FREE SEAWAY?

It looks as if one more chunk out of the wage earner's pay envelope is to be taken—this time to foot the bill for running the St. Lawrence Seaway.

The New Jersey Taxpayers Association sounds a strong warning that a movement is under way to shift the cost of building and maintaining the seaway from the shippers who will use it, to the Nation's taxpayers generally.

This issue will come to the fore on September 9, in Washington, when a hearing will be held on fixing seaway tolls. When the seaway was first authorized its backers were eager for a bill which stipulated that tolls should be levied high enough to make the seaway pay for itself. Now they have changed their mind.

As the Inquirer predicted from the start, the cost of building the seaway has turned out to be much higher than originally expected (not including the extra costs of deepening shipping channels in the Great Lakes). Seaway backers now fear that the higher costs will necessitate higher tolls, and that some shippers may balk at paying them.

So, says the Detroit News, "the best case is for toll-free operation." The Cleveland Plain Dealer says "if this means a partial Government subsidy, what of it? There might also be a moratorium on tolls for the first few years." It brushes aside any so-called moral obligation to make the seaway self-liquidating. Dr. N. R. Danellian, president of the Great Lakes-St. Lawrence Association, which promoted the seaway, admits it will not pay for itself, and will have to be operated with a deficit. And Representative JOHN A. BLATNIK, of Minnesota, says he has been against charging tolls from the very beginning.

So it goes. Any promise was good enough to get Uncle Sam so deep in the seaway he couldn't pull out. But now one forecast after another collapses in the face of reality. The original cost was a mythical figure. The original promise that the seaway would pay its way is now just something to be scrapped.

All this is of direct interest to citizens of Delaware Valley, United States of America. For they now stand not only to see their river traffic diverted to a socialistic enterprise, the seaway; they also stand to be taxed to keep that enterprise going.

In other words, it is proposed to tax Delaware Valley for a project which is aimed to take away its trade. That's pretty hard to beat.

Address Delivered by Hon. Edward Martin of Pennsylvania, Before Veterans of Foreign Wars

EXTENSION OF REMARKS

OF

HON. EDWARD MARTIN

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Monday, July 15, 1957

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address delivered by me at the 38th annual encampment of the department of Pennsylvania, Veterans of Foreign Wars, at Harrisburg, Pa., on July 12, 1957.

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

ADDRESS OF UNITED STATES SENATOR EDWARD MARTIN, OF PENNSYLVANIA, AT THE 38TH ANNUAL ENCAMPMENT OF THE DEPARTMENT OF PENNSYLVANIA, VETERANS OF FOREIGN WARS, AT HARRISBURG, PA., JULY 12, 1957

It is a great honor for an old soldier to be invited to address this outstanding organization of real Americans.

Your patriotism has been tested on foreign battlefields. You know what it means to face the enemies of our Nation in the hellfire of war. Sustained by loyalty and devotion to American ideals you have been willing to sacrifice everything that this Nation, under God, may live in honor, peace, and freedom.

The welfare of our country is always uppermost in the hearts and minds of the veteran. For that reason I want to discuss frankly with you some of the dangers confronting our Nation.

But first, let us look back with pride at the background of the United States. Let us review the magnificent achievements which in less than 200 years have converted a savage wilderness into the world's greatest stronghold of industrial and agricultural production. Let us be thankful that we have advanced to the highest cultural and spiritual levels ever attained by any similar area in the whole world.

The history of America is a glorious story. It tells of toil, sacrifice and heroism. It tells of victory produced by a people whose hearts and minds were aflame with the spirit of liberty and independence.

It tells of those courageous patriots who met in Philadelphia more than 180 years ago, and pledged their lives, their fortunes and their sacred honor to establish a new Nation. For the first time in all the world, government recognized the divine origin of man's inalienable right to life, liberty, and the pursuit of happiness.

For the first time a government was based upon the sound principal that governments derive their just powers from the consent of the governed.

The story of America is the story of George Washington, Benjamin Franklin, Thomas Jefferson, Abraham Lincoln, and all the dedicated statesmen of each generation.

It is the story of the heroes who offered their lives for independence at Lexington, Bunker Hill, Valley Forge, and Yorktown. It is the story of Gettysburg, New Orleans, the fields of Mexico, and Admiral Dewey at Manila. It is the story of Chateau Thierry, the Argonne, the Normandy beaches, Iwo Jima, and the frozen hills of Korea.

There is no story so glorious in all world history. It should be told and retold over and over again, in our schools and colleges, from the pulpits and lecture platforms, in meetings of fraternal and patriotic organizations, in labor meetings, political rallies and every other place where Americans assemble.

Therefore, it is most appropriate, in a meeting such as this, to consider the situation confronting the United States.

The course of history has placed upon the American people the responsibility for peace and progress in the world. The United States stands as the one strong barrier against the Communist conspiracy to dominate and enslave the entire world.

We must not allow ourselves to be lulled into a false sense of security by the mask of friendliness now worn by the masters of the Kremlin.

Recently there was broadcast into millions of American homes an example of Communist propaganda more flagrant than anything ever before attempted.

It was a brazen attempt to convince American listeners that Soviet Russia has no evil designs against the free nations of the world. We were told that the Russian dictators seek only friendship and peaceful coexistence.

Yes, my fellow Americans, the Communist boss talked of peace but real Americans were not fooled. The record denies their words.

The civilized world will long remember the ruthless slaughter of men, women, and children by Communist tanks and machine guns in crushing the Hungarian revolt of 1956.

Yet those guilty of this monstrous crime—those responsible for the wholesale execution of Hungarian freedom fighters—ask us to believe that this time they are sincere when they talk of peace. The record shows that

the Communists have sabotaged every effort for peace and will continue to do so.

Their fundamental objectives have not changed. They have not abandoned their unholy ambition to destroy all human freedom.

Those of you who heard that broadcast will recall the prediction that the grandchildren of Americans living today will live under a socialistic system.

That was a grim warning that must not be ignored. It calls upon us to be constantly alert to the dangers of Communist influence here at home. We must fight disloyalty with every legal weapon at our command, and if our laws are not strong enough they should be made stronger.

You are all familiar with the decision of the United States Supreme Court made about a year ago, which held that the Federal Government has exclusive jurisdiction in the field of sedition and subversion.

This decision struck down laws enacted in 42 States and Territories under which those guilty of subversion could be prosecuted and punished by the State.

I believe that each State should have the right to combat sedition within its borders. I believe each should have the right to punish not only those who seek forcible overthrow of the State but also those who would overthrow the Nation by force.

More recently several other decisions of the Supreme Court have greatly weakened the Federal Government's legal drive against Communists and subversives.

I have no criticism of the Court. We are a Nation of law and under our system no individual is denied equal justice. But, I repeat, if existing law is not adequate to deal effectively with disloyalty, it is the duty and responsibility of Congress to enact legislation strong enough to do the job. I can assure you that Congress is taking steps in that direction.

Now I would like to direct your attention to some other dangers that threaten America.

First. Inflation. Since 1939, the purchasing power of the dollar has dropped to less than 50 cents.

One of the most difficult functions of a free government is to maintain a stable currency. At the same time it is one of the most important objectives of government. Inflation has the power to crush any economy upon which it fastens its grip and thus it can destroy a nation. In fact, more great nations have been destroyed by inflation than by invading armies or destructive bombs. A nation destroyed by a military force can rebuild itself, if the people have the spirit and the will to work, but a nation where incentive of the individual is destroyed has very little chance of recovery.

Inflation damages all with fixed incomes and inflicts severe hardship on millions of our people. The person who lives on a pension, social security, or interest on savings cannot escape the evils of inflation. There are now in the United States more than 16½ million on social security, corporation and government retirement, veterans' pensions, veterans' survivors benefits, and military retirement pay. Many are widows and orphans. Continued inflation is a threat to the many millions of savers in the United States, the owners of bonds, owners of life insurance policies, and savings accounts.

Second. Big Government and Government doing things that we should do for ourselves. More than 7 million now work the 3 levels of Government, at an annual payroll of $40 billion.

The vast expansion in the size and cost of Government at all levels is leading us away from the ideals of the Founding Fathers. The people are constantly demanding more and more services and many believe that projects paid for with Federal funds do not cost them anything.

The cost of State and local government has been increasing more rapidly than the Federal Government. The tendency toward more and more expensive Government by taxes and borrowing must be stopped or we will drift into creeping socialism.

It has been proposed that consideration be given to a new division of the functions of Government and a new allocation of taxes to perform those functions. President Eisenhower in a speech delivered to the governors' conference at Williamsburg, Va., on June 24, called upon the governors to join in an effort to return certain responsibilities to the States.

Several years ago I suggested that national defense, foreign affairs, rivers and harbors and banking and currency be Federal functions with income taxes, import duties and liquor and tobacco taxes to furnish the Federal revenues. The States would build the roads, provide higher education, administer penal and correctional institutions and conservation with estate taxes, sales taxes and the gasoline tax to furnish them the money. Local government would provide police power, sanitation, courts and public schools and have as its tax source real estate, admissions, mercantile and wage taxes. This is just a brief outline but I am sure that such a plan would mean a big saving for the taxpayers.

Third. Too much private and public debt. Never before in the history of the world have any people owed so much as we owe today. It should be a matter of deep concern to every one of us that the American people now owe a total of more than $800 billion in gross private and public debt. This is an average of about $4,700 for every man, woman, and child in the Nation, or about $18,800 for the average American family of four persons.

Net corporate debt went up from $93½ billion in 1946 to $208 billion at the end of 1956.

People have been buying out of tomorrow's paycheck. At the end of 1945 individuals owed less than $6 billion which in 1956 had increased to $42 billion.

Net State and local government debt has increased from $13½ billion in 1945 to $42.7 billion at the end of 1956 and has greatly increased since that time.

Fourth. Moral decay among the people. Great armies and great navies will not maintain a nation's strength where the morale, courage, and patriotic fervor of its people are permitted to decay. Every student of history knows that great nations of the past have gone down to destruction when the moral fiber of the people was undermined by greed and corruption.

Fifth. Too little interest in Government. Unfortunately, there are too many misguided Americans who do not understand and do not appreciate the real meaning of America.

They do not seem to realize that our system of free Government places upon each citizen an equal share of responsibility for our security and our progress.

Good citizenship is the basis of patriotism. That is why I am constantly urging every individual to take more active, intelligent, and patriotic part in government.

I bring these dangers to the attention of this great organization of veterans because your patriotic service entitles you to leadership in civic responsibility.

We pray that America may never turn away from its historic mission—to defend liberty, to oppose oppression, to stand against injustice and to support the aspiration of all men of good will for a world of peace and freedom.

We hope and pray for the day when all nations will lay down their arms and live in brotherhood under God.

But until that happy day dawns we must be prepared to defend the God-given freedom that we hold sacred.

Eternal vigilance is still the price of liberty.

SENATE

TUESDAY, JULY 16, 1957

(Legislative day of Monday, July 8, 1957)

The Senate met at 11:30 o'clock a. m., on the expiration of the recess.

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

Eternal God, whose ways are mercy and truth, in the morning our prayers rise to Thee. Cleanse us, we beseech Thee, from secret faults which may mar our public service. Give us to see that we cannot consistently call mankind to put aside the weapons of carnage and destruction if our own lives are arsenals of suspicion, hatred, prejudice, and a selfish disregard for the feelings of others.

Set our feet on lofty places;
Gird our lives that they may be
Armored with all Christ-like graces,
In the fight to make men free.

By Thine enabling grace may the ruling passions and the deepest desires of those who here are called to serve the entire Nation be worthy for the facing of this hour. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Journal of the proceedings of Monday, July 15, 1957, was approved, and its reading was dispensed with.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

LEGISLATION BY REFERENCE

Mr. JOHNSON of Texas. Mr. President, the distinguished journalist and commentator, Arthur Krock, outlines today some of the perils of "legislation by reference."

As Mr. Krock points out, the procedures of the Senate, which insure a careful and thorough scrutiny of legislation, is the only way in which such legislation can adequately be analyzed.

I ask unanimous consent that Mr. Krock's article be printed at this point in the RECORD.