we may receive the greater benefit from such a project? I quote a little poem, one of the most powerful in the English language; it is called the Pilgrim:

"Old man, said a fellow pilgrim near,
You are wasting strength with building here:
Your journey will end with the ending day;
You never again must pass this way;
You have crossed the chasm, deep and wide;
Why build you the bridge at eventide?

"The builder lifted his old gray head.
Good friend, in the past I have come, he said.
There followeth after me today
A youth whose feet must pass this way;
This chasm, that has been naught for me,
To that fair-haired youth may a pitfall be.
He, too, must cross in the twilight dim;
Good friend, I am building the bridge for him."

We who are engaged in this broad program of developing internal America may not live to see the day when our works are completed and all our dreams come true. In my judgment, it may require a thousand years to complete all water-development programs needed for our country—reclamation, navigation, flood control, and hydroelectric—all needed, all permitted by the possibilities of our land. We know, however, we are making progress, and in this vein we move ahead, firmly confident of the future.

SENATE

FRIDAY, MARCH 14, 1958

The Senate met at 10 o'clock a. m.

Msgr. Bela Varga, of Hungary, offered the following prayer:

O Lord, Eternal Father, 110 years ago Thou inspired my little nation to light the torch of freedom which shone forth with great brilliance. But this light was rudely extinguished when the czar of Russia sent his mighty legions to trample down the Hungarian tricolor.

What happened 109 years ago has repeated itself, when recently the Hungarian people rose again to shake off the fetters of Communist thralldom. Their heroic deeds have aroused the admiration of all those who cherish self-sacrificing devotion to Thy ways of life. To Thy ways of life my people wished to conform when they defied tyranny. But tyranny has triumphed again. In Thy unfathomable wisdom, Thou hast permitted brutal force to subdue my nation; but Thou hast given them the fortitude of martyrs to proclaim from the silence of their prison that their spirit is stronger than ever, and that, abiding by Thy will, they are awaiting the light of the West to proclaim freedom's resurrection.

One hundred and nine years ago, when the Hungarian tricolor lay broken under the feet of the Muscovite despot, Louis Kossuth came to this country and pleaded the same cause which Thou, my Lord, the Ruler of all Destinies, hast commanded me, Thy humble servant, to plead amid these walls, which so often have echoed and reechoed the immortal words of freedom's great prophets.

Standing on this rostrum, I pray to Thee, Father, that Thou wilt grant these servants of the Republic, who hold the weal and woe of so many in their keeping, all the insight and courage of the wise lawgiver. Enlighten them, O Lord, that they keep the course of their endeavors on the path of Thy justice. Grant them strength, that they may remain the mighty defenders of all the ideals for which my nation has poured out sacrifices in vain. Grant us, Eternal Father, that our roots strike deeper in this free soil when such ill winds are blowing from the east. Grant us that by waiting upon Thee, we may increase our strength, for the legions of tyranny are multiplying. They have turned a garden on the banks of the Danube into a desert of freedom—into a graveyard of hope. My people are in the agonies of despair. Give them a ray of hope, O merciful Father.

I bow before Thy justice, O Lord, and before Thy love of mercy. These days are heavy with crisis. I plead humbly that the crimson sacrifices poured out so freely by the youth of Hungary will serve in this crisis as the force which will unite all those who are righteous in Thy name and strong in Thy will. O Lord, permit me in this Chamber, where words to proclaim the union of the free have so often been uttered, to utter the word of Thy Son "that all may be one, even as Thou, Father, in me and I in Thee." Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 13, 1958, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 376. An act to amend the Commodity Exhange Act to prohibit trading on onion futures in commodity exchanges;

H. R. 7870. An act to amend the act of July 1, 1955, to authorize an additional $10 million for the completion of the Inter-American Highway;

H. R. 9821. An act to amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; and

H. R. 11086. An act to amend the Agricultural Adjustment Act of 1938, as amended, with respect to wheat acreage history.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 226) designating the 7-day period beginning March 16, 1958, as "National Library Week."

HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were severally read twice by their titles and referred, or placed on the calendar, as indicated:

H. R. 376. An act to amend the Commodity Exchange Act to prohibit trading in onion futures in commodity exchanges; to the Committee on Agriculture and Forestry.

H. R. 7870. An act to amend the act of July 1, 1955, to authorize an additional $10 million for the completion of the Inter-American Highway; and

H. R. 9821. An act to amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; to the Committee on Public Works.

H. R. 11086. An act to amend the Agricultural Adjustment Act of 1938, as amended with respect to wheat acreage history; placed on the calendar.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. KEFAUVER was excused from attendance on the sessions of the Senate until Thursday of next week.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Under the rule, there will be the usual morning hour, for the introduction of bills and the transaction of other routine business. In that connection, I ask unanimous consent that statements be limited to 3 minutes.

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

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

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

The VICE PRESIDENT. If there be no reports of committees, the nominations on the calendar will be stated.

UNITED STATES ARMY

The Chief Clerk read the nomination of Maj. Gen. James Francis Collins, O16819, United States Army, to have the rank of lieutenant general, while serving in a position of importance and responsibility to be designated by the President under subsection (a) of section 3066.

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

The Chief Clerk read the nomination of Maj. Gen. Oliver S. Picher, 540A, Regular Air Force, to be assigned to positions of importance and responsibility designated by the President, in the rank of

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lieutenant general, under the provisions of section 8066, title 10, of the United States Code.

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

THE REGULAR AIR FORCE

The Chief Clerk proceeded to read sundry nominations for appointment in the Regular Air Force, which had been received by the Senate on March 6, 1958, and had been placed on the Vice President's desk.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

LEGISLATIVE SESSION

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

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

The VICE PRESIDENT. Morning 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 NEED FOR CURRENT COST DATA IN NEGOTIATIONS OF DEFENSE CONTRACTS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the need for current cost data in negotiations of defense contracts, dated March 1958 (with an accompanying report); to the Committee on Government Operations.

REPORT ON EXAMINATION OF LOAN TO EUROPEAN COAL AND STEEL COMMUNITY, INTERNATIONAL COOPERATION ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on examination of a $100 million loan to European Coal and Steel Community, International Cooperation Administration, Department of State, dated June 30, 1957 (with an accompanying report); to the Committee on Government Operations.

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

A joint resolution of the Legislature of the Commonwealth of Virginia; to the Committee on Finance:

"House Joint Resolution 53

"Joint resolution requesting the Congress of the United States to repeal the Federal excise tax on the transportation of persons and property

"Whereas the Federal excise tax on the transportation of persons and property was adopted in 1942 for the purpose of discouraging nonessential use of common carrier transportation facilities during emergency wartime conditions; and

"Whereas such excise tax is no longer necessary or desirable for this purpose and its continued imposition is detrimental to the welfare of all common carriers of persons and property; and

"Whereas there is now pending before the Congress of the United States proposed legislation providing for the repeal of such excise tax: Now, therefore, be it

"*Resolved by the House of Delegates (the Senate concurring)*, That the General Assembly of Virginia favors the repeal of the Federal excise tax on the transportation of persons and property,

"That the Congress of the United States is requested to enact legislation to repeal such tax,

"That the Senators and Representatives of the Commonwealth of Virginia in the Congress of the United States are urged to support legislation providing for the repeal of such tax, and

"That suitable copies of this resolution be sent to the President of the Senate and the Speaker of the House of Representatives of the United States and to each of the Senators and Representatives of the Commonwealth of Virginia in the Congress of the United States."

A resolution adopted by the Hanapepe (T. H.) Businessmen's Association, favoring the enactment of legislation to authorize the introduction of a bauxite-mining industry in the county of Kauai, T. H.; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Kauai (T. H.) Retail Board, favoring the enactment of legislation to provide for the introduction of a bauxite-mining industry in the county of Kauai, T. H.; to the Committee on Interior and Insular Affairs.

The petition of Laura E. Short, of Brooklyn, N. Y., praying for the enactment of legislation to establish welfare centers in each large city to do social contact work among colored people; to the Committee on the Judiciary.

ADDITIONAL EXPENDITURES BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS—REPORT OF A COMMITTEE

Mr. MURRAY, from the Committee on Interior and Insular Affairs, reported an original resolution (S. Res. 277) authorizing additional expenditures by the Committee on Interior and Insular Affairs, which was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on Interior and Insular Affairs is hereby authorized to expend from the contingent fund of the Senate, during the 85th Congress, $10,000, in addition to the amount, and for the same purposes specified in section 134 (a) of the Legislative Reorganization Act, approved August 2, 1946.

REPORT ENTITLED "IMMIGRATION AND NATURALIZATION" (S. REPT. NO. 1391)

Mr. EASTLAND. Mr. President, from the Committee on the Judiciary, pursuant to Senate Resolution 51, 85th Congress, 1st session, as extended, I submit a report entitled "Immigration and Naturalization," and ask that it be printed.

The VICE PRESIDENT. The report will be received and printed, as requested by the Senator from Mississippi.

BILLS INTRODUCED

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

By Mr. CARLSON:

S. 3476. A bill for the relief of Mercedes Garcia; and

S. 3477. A bill for the relief of Byron C. Boone and Eva B. Boone; to the Committee on the Judiciary.

By Mr. SYMINGTON:

S. 3478. A bill to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus; to the Committee on Agriculture and Forestry.

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

By Mr. KEFAUVER:

S. 3479. A bill to amend section 11 of the Clayton Act to invest the Federal Trade Commission with jurisdiction to issue preliminary injunctions in the enforcement of section 7 of the Clayton Act under certain circumstances, and for other purposes; to the Committee on the Judiciary.

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

By Mr. CAPEHART:

S. 3480. A bill for the relief of Su-Ming Tseng and her daughter, Wu-Mo Tseng; to the Committee on the Judiciary.

By Mr. PURTELL:

S. 3481. A bill to amend the Water Pollution Control Act with respect to the limitations on grants for construction under such act; to the Committee on Public Works.

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

By Mr. GREEN (by request):

S. 3482. A bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties; to the Committee on Foreign Relations.

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

By Mr. THURMOND:

S. 3483. A bill to allow a credit of $100 against the individual income tax for a taxpayer who is a student at an educational institution above high school and for each dependent who is such a student; to the Committee on Finance.

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

By Mr. RUSSELL:

S. 3484. A bill to amend section 404 of the Housing Amendments of 1955; to the Committee on Banking and Currency.

By Mr. LANGER:

S. 3485. A bill for the relief of Lee Mao Ning; to the Committee on the Judiciary.

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

S. 3486. A bill to amend section 41 of the Longshoremen's and Harbor Workers' Compensation Act so as to provide a system of safety rules, regulations, and safety inspection and training, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. O'MAHONEY (for himself and Mr. MONRONEY):

S. 3487. A bill to prohibit the granting of a television-station license to any common carrier by air, and for other purposes; to the Committee on Interstate and Foreign Commerce.

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

By Mr. LONG (for himself, Mr. CLARK, Mr. KEFAUVER, and Mr. YARBOROUGH):

S. 3488. A bill to amend the Natural Gas Act with respect to jurisdiction over sales

of natural gas by independent producers; to the Committee on Interstate and Foreign Commerce.

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

By Mr. CAPEHART (for himself, Mr. ALLOTT, Mr. BARRETT, Mr. BRICKER, Mr. CARLSON, Mr. CASE of South Dakota, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DWORSHAK, Mr. HICKENLOOPER, Mr. HOBLITZELL, Mr. HRUSKA, Mr. JENNER, Mr. KNOWLAND, Mr. LANGER, Mr. MALONE, Mr. MARTIN of Pennsylvania, Mr. MARTIN of Iowa, Mr. MORTON, Mr. MUNDT, Mr. POTTER, Mr. REVERCOMB, Mr. SCHOEPPEL, Mr. THYE, Mr. WILEY, and Mr. YOUNG):

S. 3489. A bill to provide for the conversion of surplus grain owned by the Commodity Credit Corporation into industrial alcohol for stockpiling purposes; to the Committee on Agriculture and Forestry.

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

By Mr. CASE of South Dakota:

S. 3490. A bill to enable persons in rural areas adversely affected by the proposed location of a highway on the National System of Interstate and Defense Highways to register their protests over the proposed location; to the Committee on Public Works.

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

By Mr. BARRETT:

S. 3491. A bill for the relief of Anthony G. Troulinos; to the Committee on the Judiciary.

By Mr. McCLELLAN (by request):

S. 3492. A bill to amend title I of the United States Code to eliminate the requirement that proclamations by the President be contained in the United States Statutes at Large; to the Committee on Government Operations.

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

RESOLUTION

Mr. MURRAY, from the Committee on Interior and Insular Affairs, reported an original resolution (S. Res. 277), which was referred to the Committee on Rules and Administration.

(See resolution printed in full where it appears under the heading "Report of a Committee.")

MAINTENANCE OF SUPPLY OF ANTI-HOG-CHOLERA SERUM AND HOG-CHOLERA VIRUS

Mr. SYMINGTON. Mr. President, I introduce for appropriate reference a bill to amend the act of August 24, 1935, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus.

Mr. President, hog cholera is the No. 1 killer of swine in the United States. The Department of Agriculture has estimated that losses from this disease amount to some $60 million annually.

Hog cholera is highly contagious, and outbreaks rapidly reach epidemic proportions.

Recognizing this fact, Congress in 1935 directed the Secretary of Agriculture to enter into marketing agreements to insure that an adequate supply of serum would be available to cope with outbreaks of this disease. The law required serum producers to have on hand as of May 1 of each year an inventory of completed serum equal to 40 percent of their previous year's sales.

Mr. President, since 1935 the production patterns of swine in the United States have changed. Production is no longer concentrated within a few months, but is more constant throughout the year. In addition, swine production has become increasingly important in the Southern States.

These changing production patterns have brought on a change in the demand for hog-cholera serum. According to industry sales data, heavy requirements begin during the month of March and extend through June. Serum producers, therefore, must produce excess serum in order to maintain their inventory on May 1.

The industry, after consultation with the Department of Agriculture, has asked that this existing law be amended so as to require the 40-percent inventory as of April 1 of each year.

In addition, the bill I have introduced would authorize the Secretary of Agriculture, upon written application by a manufacturer, to establish the date between January 1 and May 1, if the Secretary finds this action will tend to effectuate the purposes of the law.

Mr. President, this bill would amend existing law so as to make the requirements more realistic in light of present-day conditions, and to prevent undue hardship upon individual manufacturers. It would in no way change the Congressional intent to have adequate supplies of serum on hand at all times to cope with serious outbreaks of hog cholera.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3478) to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus, introduced by Mr. SYMINGTON, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF CLAYTON ACT, RELATING TO ISSUANCE OF CERTAIN PRELIMINARY INJUNCTIONS

Mr. KEFAUVER. Mr. President, I introduce, for appropriate reference, a bill amending section 11 of the Clayton Act authorizing the Federal Trade Commission to issue preliminary injunctive orders, under certain circumstances, in its enforcement of section 7 of the Clayton Act. The bill provides that the Federal Trade Commission in any proceeding in which its complaint charges a violation of section 7 of the Clayton Act, which is the antimerger section of the Clayton Act, may at any time prior to the entry of its order to cease and desist and divest, issue a preliminary order requiring any respondent charged with such violation to operate the acquired corporation or property as a separate business entity, when the Commission finds that any part of an order to cease and desist and divest, which it may issue, might be impaired or rendered ineffectual unless the corporations were maintained separately. To carry out this purpose, the preliminary order which the Commission might issue may direct the acquiring corporation to take, refrain from taking or reverse any action which might impair or render ineffectual the Commission's order under section 7.

The bill further provides that such order shall be issued on a finding by the Commission itself, and only on the record of any hearing when the respondent charged with such violation has notice of the purpose of the hearing. It further provides that such preliminary order shall be reviewable and enforcible in the same manner as is provided in the Clayton Act for the review and enforcement of the Commission's orders to cease and desist and divest.

In very simple language, the purpose of this bill is to prevent the scrambling of the merged assets in such a manner as to render ineffectual any final order by the Federal Trade Commission. It has been truly said that after assets have been scrambled, it is impossible to unscramble them in such a way as to effectively restore the previously competitive situation.

It is more than 7 years since the Celler-Kefauver amendment to section 7 of the Clayton Act was enacted. Not one case has yet been finally adjudicated. In the interim there have been a number of instances in which complaints have issued but where the assets have been so scrambled and intermingled that even if it is finally found to have been illegal an effective order of divestiture cannot possibly be issued. In this way the intent and purpose of Congress has been frustrated. The purpose of this bill is to make meaningful and effective what Congress passed in 1950.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3479) to amend section 11 of the Clayton Act to invest the Federal Trade Commission with jurisdiction to issue preliminary injunctions in the enforcement of section 7 of the Clayton Act under certain circumstances, and for other purposes, introduced by Mr. KEFAUVER, was received, read twice by its title, and referred to the Committee on the Judiciary.

AMENDMENT OF WATER POLLUTION CONTROL ACT, RELATING TO LIMITATIONS ON GRANTS FOR CONSTRUCTION

Mr. PURTELL. Mr. President, I introduce, for appropriate reference, a bill to amend the Water Pollution Control Act with respect to the limitations on grants for construction under that act.

This proposal would change the restrictive limitations on grants for construction work under the act—an amendment whereby a properly organized sewer authority or sewer district containing 2 or more towns would be eligible for more aid than $250,000 for the single project.

In other words, section 6 (a) of Public Law 660, 84th Congress, authorizes the Surgeon General to make grants to any State, municipality, or intermunicipal or interstate agency for the construction of necessary treatment works to prevent

the discharge of untreated or inadequately treated sewage or other waste into any waters, and for the purpose of reports, plans, and specifications in connection therewith.

Section 6 (b) (2) of the same act further states:

No grant shall be made for any project in an amount exceeding 30 percent of the estimated reasonable cost thereof as determined by the Surgeon General or in an amount exceeding $250,000, whichever is the smaller.

Therefore, under the act, any single project, whether it be sponsored by 1 municipality or an intermunicipal agency formed by several municipalities, is subject to the limitation in the grant of 30 percent of the cost of the project, or $250,000, whichever is less. It must be noted, however, that there is no provision in the act, or the regulations that have been issued thereunder, that limits the number of construction projects for which any one city, municipality, sanitary district, or other governmental unit may receive Federal financial assistance.

It is to be noted that while there is no limitation upon the number of individual projects which may be authorized and for which Federal financial aid may be given in any one city, municipality, sanitary district, or other governmental unit, if such city, municipality, sanitary district, or other governmental unit were to join in a combined project, under the existing law, the maximum Federal financial aid which could be given would be only 30 percent of the cost of such combined project, or $250,000, whichever is less. Under the terms of my bill each participating group would be eligible for the same Federal financial assistance it would receive were it undertaking and completing a given project within the confines of its local boundaries.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3481) to amend the Water Pollution Control Act with respect to the limitations on grants for construction under such act, introduced by Mr. PURTELL, was received, read twice by its title, and referred to the Committee on Public Works.

ADMINISTRATION OF OATHS BY CERTAIN OFFICERS OF THE DEPARTMENT OF STATE

Mr. GREEN. Mr. President, on March 11, 1958, the Acting Secretary of State addressed to the Vice President a letter transmitting a bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties.

I introduce, by request, the bill transmitted to the Senate, so that it may be appropriately referred.

I ask unanimous consent that the letter from the Acting Secretary of State to the Vice President be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3482) to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties, introduced by Mr. GREEN, by request, was received, read twice by its title, and referred to the Committee on Foreign Relations.

The letter presented by Mr. GREEN is as follows:

MARCH 11, 1958.

Hon. RICHARD M. NIXON,
President of the Senate.

DEAR MR. VICE PRESIDENT: Enclosed is the draft of a proposed bill to authorize certain officers of the Department of State and the Foreign Service to administer oaths in the performance of their official duties.

This authority is requested in order that persons submitting false affidavits to the Department in connection with certain investigations and special inquiries will be clearly liable to prosecution for perjury. The statute (5 U. S. C. 93) under which affidavits are presently being taken has been examined by the Department. There appears to be some doubt whether or not that statute does, in fact, specifically authorize officers and employees of the Department and Foreign Service to administer oaths in certain instances. The Department, therefore, recommends that such doubt be eliminated by additional legislation.

There are basically two types of investigations in which the requested authority would be most frequently exercised: (1) Cases involving possible violations of passport, visa, and munitions laws or regulations, and (2) cases under investigation where derogatory allegations of a security nature have been made or reported concerning employees of or applicants for employment by the Department or the Foreign Service.

I am sure you will understand that all persons contacted in the course of investigating cases of the type referred to above will not be questioned under oath. It is believed, however, that if the special agent or security officer in charge of an investigation in these two general fields were in a position to request certain key witnesses to make their statements under oath in the form of an affidavit, fictitious claims, and irresponsible allegations would be effectively discouraged as the consequence of perjury becomes apparent. Moreover, information submitted in the form of an affidavit would supply a more effective basis upon which to take any required action.

It is not intended that personnel who are the subjects of routine applicant or incumbent investigation will normally be required to make statements under oath concerning their cases. As I am sure you know, the Government is now protected against false statements of this kind by existing statutes which specifically prescribe disqualification from employment and possible prosecution for such offenses. There is also no intention to require affidavits from those persons interviewed in the course of such routine investigation. It is our feeling that any such requirement or use would destroy the informality which is essential to these interviews if the interviewee were given the impression that he must be willing to swear to everything he said.

It is necessary for the proposed bill to include officers of the Foreign Service as well as those of the Department of State since a growing number of domestic positions, including investigative positions (special agents, security officers), are now being filled by Foreign Service personnel. The proposed legislation would have little or no effect on our investigative personnel assigned abroad since most of these individuals hold commissions as consular officer and are thus empowered to administer oaths under existing legislation. However, in the rare instance when an individual is serving abroad in an investigative capacity (security officer, special agent) and is not commissioned as a consular officer, he would be covered by the proposed legislation.

The proposed bill provides for specific designation of those who are to have the authority to administer oaths. This has been specified in order to restrict the authority to persons performing functions in which the taking of oaths has been found necessary in the past. At the present, all of these positions are under the functional jurisdiction of the Office of Security, Department of State.

There are many precedents for the proposed legislation granting authority to special agents and similar officers of other departments and agencies of the Government, and it is requested that the proposed bill be placed before the Senate for appropriate action.

I have been advised by the Bureau of the Budget that there is no objection to the presentation of the proposed legislation to the Congress.

Sincerely yours,

CHRISTIAN A. HERTER,
Acting Secretary.

EDUCATIONAL INCOME-TAX CREDIT

Mr. THURMOND. Mr. President, I introduce for appropriate reference, a bill to allow a credit of $100 against the individual income tax for a taxpayer who is a student at an educational institution above high-school level, and for each dependent who is such a student.

The operation of this bill is quite simple. It provides for a tax credit of $100 to a taxpayer for himself, his spouse, or any dependent to whom the taxpayer stands in relation of loco parentis, when the taxpayer, his spouse, or such dependent incurred expenses as a student at an educational institution above the secondary level for at least 4 months during the taxable year. This bill also extends the benefit of the tax credit to teachers who attend advanced courses for as much as 6 weeks during the taxable year in pursuance of their careers in the teaching profession.

The purpose of the bill is threefold. First, it is designed to give tax relief to the parents of students at colleges and other educational institutions above the secondary level. The cost of an advanced education has increased tremendously over the past few years. Parents who began saving years ago toward the education of their children now find that their savings are insufficient and their children's education must be paid for from regular income.

The second purpose of the bill is to provide an additional incentive for parents with limited financial means to make a greater effort to provide themselves and their children with a higher education. To my thinking, this would be a more direct approach to the education problem we now face than the currently popular scholarship proposals. The educational tax credit has the additional advantage over the scholarship proposals of involving much less in the way of administrative costs and burdens.

Third, this tax credit would act as a stimulant badly needed for our economy. The estimated annual loss in revenue from this tax credit is $190 million, which amount would be spread among consumers throughout the country.

Mr. President, I sincerely hope that the Committee on Finance and the Senate will take early favorable action on the bill.

I had thought of introducing the bill in the form of an amendment to the bill under consideration, pertaining to insurance, but have decided to introduce it separately as a bill. However, I reserve the right to offer it later as an amendment to another tax bill if the occasion is appropriate and deemed advisable.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3483) to allow a credit of $100 against the individual income tax for a taxpayer who is a student at an educational institution above high school and for each dependent who is such a student, introduced by Mr. THURMOND, was received, read twice by its title, and referred to the Committee on Finance.

PROHIBITION OF TELEVISION STATION LICENSES TO COMMON CARRIERS BY AIR

Mr. O'MAHONEY. Mr. President, on behalf of myself and the Senator from Oklahoma [Mr. MONRONEY], I introduce, for appropriate reference, a bill to prohibit the granting of a television station license to any common carrier by air, and for other purposes. I ask unanimous consent that a news release, prepared by us, may be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the news release will be printed in the RECORD.

The bill (S. 3487) to prohibit the granting of a television station license to any common carrier by air, and for other purposes, introduced by Mr. O'MAHONEY (for himself and Mr. MONRONEY), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The news release presented by Mr. O'MAHONEY is as follows:

NEWS RELEASE BY SENATORS O'MAHONEY AND MONRONEY

Senator JOSEPH C. O'MAHONEY, Democrat, of Wyoming, and Senator MIKE MONRONEY, Democrat, of Oklahoma, today introduced a bill to prohibit airlines from being granted television broadcasting licenses.

The two Senators issued the following joint statement on the measure:

"Now that the Federal Communications Commission is about to reexamine the validity of its action by which National Airlines was granted a television broadcasting license on channel 10 out of Miami, Fla., it is apparent that Congress also ought to reconsider the matter from the legislative point of view.

"We think it is obviously absurd for Congress to permit a law to stand under which an airline is eligible to receive a television license. Certificated airlines operate under the Civil Aeronautics Act and draw compensation which may include a subsidy from the Government. Television companies, however, operate under the Federal Communications Act, an altogether different law.

"Operation of a television station is utterly different from operation of an airline. The Civil Aeronautics Board would probably encounter some difficulties in running down all the intricate accounting by which a television corporation keeps its books on its receipts. It could easily be that an airline with a television station as its subsidiary could obtain, for example, free advertising for itself which would be altogether unavailable to a competing airline. In any event, one operation is under the Civil Aeronautics Board, the other under the Federal Communications Commission, and each has separate duties and responsibilities. More important, one of the principal causes of the concentration of economic power, of the increase of monopolistic practices, and of the rising unemployment problem is the fact that the corporate device is being used in ever-increasing degree to fence out competition.

"Now that we are confronted with a constantly deepening recession, it seems essential that Congress should examine the matter from the point of view of the lawmaking power of Congress. We created both the Civil Aeronautics Board and the Federal Communications Commission and we should be able by law to eliminate the complexities that have brought about the present absurdity in the National Airlines case."

The O'Mahoney-Monroney bill reads as follows:

"Be it enacted, etc., That section 310 of the Communications Act of 1934, as amended (47 U. S. C. 310), is amended by adding at the end thereof the following new subsection:

"'(c) (1) No license for a television broadcasting station shall be granted to or held by—

"'(A) any air carrier;

"'(B) any person who directly or indirectly owns or controls any air carrier; or

"'(C) any corporation which is owned or controlled, directly or indirectly, by one or more air carriers, or is owned or controlled by one or more persons who directly or indirectly own or control any air carrier.

"'(2) For purposes of this subsection—

"'(A) The term "air carrier" means any corporation engaged as a common carrier in the transportation of persons or property by air.

"'(B) The term "control" means, with respect to any corporation, the ownership of more than 30 percent of the voting stock of such corporation.'"

AMENDMENT OF NATURAL GAS ACT

Mr. LONG. Mr. President, on behalf of myself and Senators CLARK, KEFAUVER, and YARBOROUGH, I introduce, for appropriate reference, a bill to amend the Natural Gas Act. This measure would eliminate from regulation by the Federal Power Commission all of these small independent producers of natural gas who are selling in interstate commerce less than 2 billion cubic feet of gas annually.

Senators will note that this measure is identical with the so-called Douglas substitute for the Harris-Fulbright bill which was offered 2 years ago when that measure was before the Senate.

I wish to make it clear that I would personally have preferred to see the Harris-O'Hara bill passed, inasmuch as this measure would have given that which I believe to be proper relief to all producers of natural gas which is sold in interstate commerce. Nevertheless, I am a realist.

Since the day when the Republican National Committeeman from Texas, Mr. Jack Porter, sent out requests for contributions to a fund-raising dinner in Houston for the Republican Party, the Harris-O'Hara bill has been as dead as a door nail, insofar as this Congress is concerned.

On December 31, 1957, there were 409 rate cases involving independent producers pending before the Federal Power Commission. This compares with 207 pending cases on December 31, 1956, representing a 100-percent increase in the backlog of cases in 1 year's time. The delay in action on these applications is averaging 24 months. Where producers do not agree with the decision of the Federal Power Commission, they have a right to go to court. In such cases, more than 37 months have passed without a decision from the courts.

This situation is particularly distressing insofar as the small producer of oil and gas is concerned. A small producer who invests most of his savings in a successful gas well cannot wait 2 years before he receives his first check for the sale of gas. He needs to receive payment immediately. Otherwise he is forced to sell out or merge with some larger concern.

It is likewise true that there is no logic whatever in regulating the price that a small independent producer of gas receives for his product on a cost-plus-fixed-percentage basis. If a small independent undertakes to drill a deep well unsuccessfully, he has nothing to sell and he is out of business for a long time to come, if not forever. Furthermore, the small independent has little effect upon the price at which gas is sold. Such producers are too numerous to engage successfully in efforts to fix prices. They are too weak financially to hold their gas off the market for long periods of time waiting for the market to improve. Although such producers number more than 90 percent numerically, they produce less than 10 percent of the gas.

For these reasons, it is desirable that more than 5,000 small independent producers of natural gas should be exempt from price regulation by the Federal Power Commission. It will achieve little indeed to attempt to regulate these small producers. It only makes an administrative monstrosity out of the task assigned to the Federal Power Commission, tending to make the Natural Gas Act unworkable.

One of my colleagues from a gas-producing State and two of my colleagues from consuming States have joined me in this effort to bring relief to the small gas producers. So far as I know, there is no opposition to this measure from those who represent gas-consuming areas. Neither do those from gas-producing States have any wish to regulate the small gas producer.

I am satisfied this measure will pass the Congress and become law unless the giant corporations of the oil and gas business see fit to vigorously oppose it. It is extremely inappropriate that they should do so.

I know some of the people with the major oil and gas companies do not feel that relief should be given to the small independent producers unless similar relief is given to the big concerns. It is my hope, upon reconsideration of the matter, they will recognize it is in their own long-range interest to have this proposed legislation enacted.

I believe they would gain tremendously in good will if they would take a magnanimous attitude and join in urging that the hardships be removed from the great majority of natural gas producers. Certainly they would be acting to benefit directly a very great number of their friends and acquaintances in the gas-producing industry. I urge them not to put themselves in the position of being a dog in the manger and thereby preventing the relief to which the small producers are unquestionably entitled.

Regardless of the outcome of this effort, I expect to support legislation similar to the Harris-O'Hara bill during the next Congress and during future Congresses until this legislation, or something similar, is eventually passed. Nevertheless, the relief which is so sorely needed by the small independents should be made available now.

The smaller independents cannot afford the Washington attorneys and accountants that are available to larger concerns. Even less can they afford the years of delay in seeking a sale of their product while the landowners demand royalty payments and offset wells.

I wish to express appreciation especially to the Senator from Pennsylvania [Mr. CLARK] and the Senator from Tennessee [Mr. KEFAUVER] for joining with the Senator from Texas and me in introducing this proposed legislation. In doing so, they have demonstrated sincerity in their repeated statements that they were willing to exempt the small independent producers of gas from utility-like price regulation on the part of the Federal Power Commission.

In connection with this measure, I ask unanimous consent to have printed in the RECORD an article which appeared in the Washington Post and Times Herald on Tuesday, March 11, entitled "O'Hara Sees Gas Bill Dead for This Year."

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

O'HARA SEES GAS BILL DEAD FOR THIS YEAR

Representative JOSEPH P. O'HARA, Republican, of Minnesota, cosponsor of legislation to ease Federal controls over natural-gas producers, said yesterday the gas bill is dead for this year.

It is almost certain, O'HARA said, that Speaker SAM RAYBURN, Democrat, of Texas, will not even call it up for a House vote.

Proponents of the legislation were confident earlier this year they had the votes to assure passage by a narrow margin in the House and by a more comfortable spread in the Senate.

But, O'HARA said, a letter sent out in January by Jack Porter, Republican national committeeman for Texas, ended any chance of Congressional action on the bill this year.

Porter, in soliciting guests contributions to a Houston fund-raising dinner, at which Republican House Leader JOSEPH W. MARTIN, JR., of Massachusetts, was chief speaker, said the gas bill needed strong Republican support. A wave of protest arose after the letter was published, and the Republican National Committee, with White House support, said it would not accept any funds raised by the dinner.

O'HARA sponsored the gas bill along with Representative OREN HARRIS, Democrat, of Arkansas. Opponents of the bill contend that its passage would result in increased costs to the consumer.

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the views of the Senator from Tennessee [Mr. KEFAUVER] on the bill.

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

VIEWS OF SENATOR ESTES KEFAUVER ON AMENDMENT TO NATURAL GAS BILL

I want to make it clear that I am joining with the Senator from Louisiana [Mr. LONG], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Pennsylvania [Mr. CLARK] in the introduction of this bill to exempt the independent producers of natural gas from the Natural Gas Act because I think this is the right way to regulate this industry.

Under this bill, which is similar to an amendment that I filed to the Harris-Fulbright bill 2 years ago, those selling less than 2 billion cubic feet of gas annually would be exempt.

The regulation of these small independents, who contribute so little to the total natural gas used that they are almost negligible, has served to bog down the FPC to an extent that the larger producers go unregulated many times for practical purposes.

I recall, in this connection, the famous Memphis case of 2 years ago, when, despite a contract held by the city, the FPC granted an increase of around 100 percent without even holding a hearing. Their excuse was that it would be too long before they could get around to the hearing, because their calendar was so bogged down. The city went to court and the FPC was reversed in a case now pending on appeal.

Unlike the Senator from Louisiana, who says in his statement that he will support the Harris-O'Hara bill in future years, I will not. That bill would make regulation a farce in my opinion. This one would make it effective.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. Mr. President, some persons may wonder why one who so strongly opposed the Harris-O'Hara bill as I have opposed it, even during the days when I was mayor of Philadelphia, before I came to the Senate, should cosponsor the bill which the distinguished junior Senator from Louisiana [Mr. LONG] has introduced.

I am doing it because in my opinion the bill, if passed, will kill the Harris-O'Hara bill as dead as a doornail. It is only for that one reason that I am cosponsoring the bill. I feel that the small producers of gas are now being unduly discriminated against because of the great burden of administrative detail which is forced on the Commission in connection with the many applications for certificates of convenience and necessity, which makes it impossible for the Commission to do an adequate regulatory job on the larger producers. In my judgment, the bill is sound, and I am glad to cosponsor it with the Senator from Louisiana.

I may say that I hope none of our colleagues will take an opportunity, which may come to them, to attach the Harris-O'Hara bill onto the bill offered by the Senator from Louisiana. I ask him if he has not agreed with me that he will not be a party to any such action.

Mr. LONG. Yes; as the Senator knows, I told him—and I am perfectly willing to state it on the floor of the Senate—that in my judgment there will be no Harris-O'Hara bill in this session of Congress. It is dead. Perhaps it may be considered by a subsequent Congress, but not by this one. However, there is no doubt in the mind of anyone who has studied the subject that the small independent producers of gas should be permitted to sell their gas at the going market price. They have practically no effect whatever upon the overall price of gas. Even those who are opposed to the Harris-O'Hara bill are willing to concede that the bill I have introduced is fair.

I may also say that my sponsorship of the bill began when I had a debate with the distinguished junior Senator from Pennsylvania on a television network program. In the course of it he made the statement that he was in favor of exempting the small independent producers. I called him the next morning and said to him, "If you really feel that way about it, I suggest that you join me in the sponsorship of the Douglas substitute that was offered in the previous Congress." That is the bill we are discussing now.

Mr. CLARK. I thank my good friend from Louisiana. He has very clearly outlined the understanding between us and the reasons for my cosponsorship of a bill that seems to be in the best interest of small business.

In conclusion, Mr. President, rule XXII of the Senate has not been changed, and I am sure that the Senator from Louisiana and I can take adequate advantage of it to protect ourselves in the unlikely event that an attempt should be made to extend the bill beyond the intention of my friend and me.

Mr. LONG. I would vigorously oppose any effort to substitute the Harris-O'Hara bill for our bill.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3488) to amend the Natural Gas Act, with respect to jurisdiction over sales of natural gas by independent producers, introduced by Mr. LONG (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

CONVERSION OF CERTAIN SURPLUS GRAIN INTO INDUSTRIAL ALCOHOL

Mr. CAPEHART. Mr. President, on behalf of myself and Senators ALLOTT, BARRETT, BRICKER, CARLSON, CASE of South Dakota, COOPER, COTTON, CURTIS, DIRKSEN, DWORSHAK, HICKENLOOPER, HOBLITZELL, HRUSKA, JENNER, KNOWLAND LANGER, MALONE, MARTIN of Pennsylvania, MARTIN of Iowa, MORTON, MUNDT, POTTER, REVERCOMB, SCHOEPPEL, THYE, WILEY, and YOUNG, I introduce for appropriate reference, a bill authorizing and directing the Secretary of Agriculture to convert to industrial alcohol as much of the surplus grain owned by the Commodity Credit Corporation as may be found to be practical.

Mr. President, I ask that the bill remain on the table for 24 hours so that

other Senators may have time to study it and join as coauthors if they so desire.

Mr. President, there are many, many worthy purposes to be served by such a program. Permit me to enumerate briefly the most obvious of those purposes:

First. To utilize substantial amounts of surplus grain now held in bins and other storage facilities throughout the country.

Second. To remove the price depressing effects of such surplus storage, thus tending to increase farm prices which we all agree are presently too low.

Third. To utilize in the national interest any of the surplus grain which already may be on the verge of spoilage and assist in preventing such spoilage in the future.

Fourth. To add to our much needed stockpiling of industrial alcohol for national defense and other purposes.

Fifth. To create a great many new jobs at a time when we need to bolster employment.

Mr. President, there is general agreement that the reduction of surpluses now held by the Commodity Credit Corporation and thus already owned by the United States is one of the things we must accomplish before we reach the ultimate solution of our farm problem.

Frankly, we do not know how much surplus grain the Secretary of Agriculture will find to be practical for utilization in this program.

This bill not only would authorize the Secretary to utilize Government-owned facilities in such a program but gives to the Secretary the authority to enter into contracts with private enterprise both for the conversion process and for storage of the resultant alcohol supply.

It is our best judgment, based on all of the facts we have been able to get, that the program would be found to be practicable to an extent that would reduce greatly our grain surpluses and would become a real factor in reducing storage costs, increasing farm prices, and converting to a wholly worthwhile use the grain that otherwise would become waste from spoilage.

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

The bill (S. 3489) to provide for the conversion of surplus grain owned by the Commodity Credit Corporation into industrial alcohol for stockpiling purposes, introduced by Mr. CAPEHART (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

AMENDMENT OF FEDERAL-AID HIGHWAY ACT OF 1956, RELATING TO PROTESTS OVER LOCATION OF ROADS

Mr. CASE of South Dakota. Mr. President, I introduce a bill to enable persons in rural areas adversely affected by the proposed location of a highway on the National System of Interstate and Defense Highways to register their protests over the proposed location.

This is in response to suggestions made to me by the National Stockgrowers Association. The association advised me that the present law seemingly excludes them since it refers only to towns and villages which will be bypassed by the Interstate Highway System or will be bisected by it.

I believe this bill will insure any livestock growers or farmers will have ample opportunity to testify as to roads which are planned to go by or through their property. I believe there will be little, if any, additional cost for holding hearings inasmuch as persons living in rural areas can be invited to appear before meetings held in adjacent villages or towns.

It is my intention to ask that the bill be considered as a possible amendment when the Senate takes up S. 3414, the highway bill, but I offer it at this time as a bill for reference and committee consideration.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3490) to enable persons in rural areas adversely affected by the proposed location of a highway on the National System of Interstate and Defense Highways to register their protests over the proposed location, introduced by Mr. CASE of South Dakota, was received, read twice by its title, and referred to the Committee on Public Works.

ELIMINATION OF REQUIREMENT THAT PROCLAMATIONS BY THE PRESIDENT BE CONTAINED IN STATUTES AT LARGE

Mr. McCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill to amend title I of the United States Code to eliminate the requirement that proclamations by the President be contained in the United States Statutes at Large.

This bill is introduced at the request of the Administrator of General Services as a part of the GSA's legislative program for 1958.

I ask that a letter addressed to the President of the Senate, dated March 5, 1958, by the Administrator of General Services, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3492) to amend title I of the United States Code to eliminate the requirement that proclamations by the President be contained in the United States Statutes at Large, introduced by Mr. McCLELLAN, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. McCLELLAN is as follows:

GENERAL SERVICES ADMINISTRATION,
Washington, D. C., March 5, 1958.

Hon. RICHARD M. NIXON,
President of the Senate,
Washington, D. C.

MY DEAR MR. PRESIDENT: There is forwarded herewith draft of legislation to amend section 112 of title 1, United States Code.

This proposed bill is a part of GSA's legislative program for 1958. It is strongly recommended that this proposed legislation, which will avoid duplicate publication and save funds for the Government, be enacted by the Congress.

This proposed legislation would amend section 112 of title 1 of the United States Code by deleting that portion which requires the publication of Presidential proclamations in the United States Statutes at Large.

The primary purpose of this proposal is to prevent duplicate publications of these Presidential proclamations. Under existing law it is required that Presidential proclamations be published in the Federal Register (49 Stat. 501, as amended; 44 U. S. C. 305) as well as in the United States Statutes at Large (61 Stat. 633, as amended; 1 U. S. C. 112).

There is existing statutory authority which provides that publications in the Federal Register be judicially noticed. Section 7 of the Federal Register Act (49 Stat. 502; 44 U. S. C. 307) provides that "The publication in the Federal Register of any document shall create a rebuttable presumption * * * that it was duly issued, prescribed, or promulgated; * * * [and] that the copy contained in the Federal Register is a true copy of the original. * * * The contents of the Federal Register shall be judicially noticed." We believe that this provides sufficient legal stature to publications in the Federal Register.

It is strongly urged that this duplication of publication be eliminated for the following reasons:

1. Since publication of the 1949 edition, the Code of Federal Regulations has attained considerable stature in the legal profession and before the courts. Presidential proclamations are now almost invariably cited to the Federal Register and the Code of Federal Regulations rather than to the Statutes at Large.

2. With the Federal Register system now fully matured and the publication of the treaties separately provided for by law (1 U. S. C. 112a), the contents of the Statutes at Large should be restricted to laws, concurrent resolutions, and proposed or ratified amendments to the Constitution.

3. The laws now are reproduced in the statutes by offset lithography directly from the enrolled bills. Proclamations and reorganization plans require separate composition and handling.

4. With its staff reduced to a minimum, the Federal Register Division must achieve every operating economy compatible with the public interest. The release of 160 manhours per year from unnecessary work is a small but nonetheless desirable step in this direction.

While it is evident that the approximate savings of $1,500 annually are not large, in the interest of economy and efficiency duplicate publications of such proclamations in both the Statutes at Large and the Federal Register should be discontinued.

The Bureau of the Budget has advised that there is no objection to submission of this proposed legislation to the Congress.

Sincerely yours,

FRANKLIN FLOETE,
Administrator.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, TO CORRECT UNINTENDED BENEFITS AND HARDSHIPS—AMENDMENT

Mr. MARTIN of Pennsylvania submitted an amendment, intended to be proposed by him, to the bill (H. R. 8381) to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, RELATING TO TAXING INCOME OF LIFE-INSURANCE COMPANIES—AMENDMENT

Mr. PROXMIRE submitted an amendment, intended to be proposed by him, to the bill (H. R. 10021) to amend the the Internal Revenue Code of 1954, to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957, which was ordered to lie on the table and to be printed.

COMPACT BETWEEN CONNECTICUT AND MASSACHUSETTS RELATING TO FLOOD CONTROL—CHANGE OF REFERENCE

Mr. DIRKSEN. Mr. President, on behalf of the Senator from Connecticut [Mr. BUSH], I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of S. 2964, a bill granting the consent and approval of Congress to a compact between the State of Connecticut and the State of Massachusetts relating to flood control, and that the bill be referred to the Committee on Public Works.

This matter was discussed by the Judiciary Committee and, without prejudice, it was unanimously voted that the bill be rereferred to the Committee on Public Works.

The VICE PRESIDENT. Without objection, the change of reference will be made.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that a statement from the committee be printed in the RECORD.

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

On behalf of the Committee on the Judiciary, I wish to announce that a request has been made that the committee be discharged from further consideration of S. 2964, a bill granting the consent and approval of Congress to a compact between the State of Connecticut and the State of Massachusetts relating to flood control, and that the bill be referred to the Committee on Public Works. This request which has been received by the committee and placed before it came from the Senator from Connecticut [Mr. BUSH], one of the sponsors of the bill.

This matter was presented to the Committee on the Judiciary for consideration at its last regular meeting on Monday, March 3, 1958. In this connection, the Legislative Reorganization Act of 1946 (Public Law 601, 79th Congress), in section 102 thereof, sets forth the jurisdiction of the Standing Committees of the Senate. The only references to the consideration of interstate compacts in that act vests in the Committee on the Judiciary jurisdiction over "interstate compacts generally", and in the Committee on Interior and Insular Affairs "interstate compacts relating to apportionment of waters for irrigation purposes". No jurisdiction over any phase of "interstate compacts" is vested in the Senate Committee on Public Works by the mentioned Legislative Reorganization Act.

However, the Committee on the Judiciary, after considering the request, resolved that, should the Senator from Connecticut [Mr. BUSH] desire to request the unanimous consent of the Senate that the Committee on the Judiciary be discharged from further consideration of S. 2964 and the referral of the bill to the Committee on Public Works, the committee in this instance, without prejudice to its jurisdiction under the Legislative Reorganization Act, would interpose no objection.

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 to the Kiwanis International, in Pittsburgh, Pa., on October 7, 1957.

By Mr. NEUBERGER:

Book review entitled "St. Lawrence Seaway Mirrors Northwest Potentialities," written by him, and published in the Portland (Oreg.) Journal of March 9, 1958.

NOTICE OF RESCHEDULING OF HEARINGS ON S. 1870, RELATING TO THE RENDITION OF MUSICAL COMPOSITIONS ON COIN-OPERATED MACHINES

Mr. O'MAHONEY. Mr. President, on behalf of the standing Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, I desire to give notice that the hearings previously scheduled to commence on Wednesday, April 9, and to continue through Friday, April 11, 1958, on S. 1870, a bill to amend section 1 (e) of title 17 of the United States Code with regard to the rendition of musical compositions on coin-operated machines, have been rescheduled to commence at 10 a. m., in room 424, Senate Office Building, on Wednesday, April 23, and to continue through Friday, April 25, 1958.

At the hearings on S. 1870 all persons interested in the proposed legislation may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Wisconsin [Mr. WILEY], and myself, chairman.

NOTICE OF HEARINGS ON CERTAIN BILLS BY THE COMMITTEE ON THE JUDICIARY

Mr. KEFAUVER. Mr. President, on behalf of the Antitrust and Monopoly Subcommittee of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled to begin on Tuesday, April 1, 1958, at 10 a. m., in room 424 of the Senate Office Building, on Senate bills 198, 721, 722, and on the yet unnumbered bill which I have just introduced. These bills propose amendments to either/or sections 7, 11, and 15 of the Clayton Act. They are intended to make more effective the enforcement program of the enforcement section of the Clayton Act, sometimes commonly referred to as the antimerger section.

Persons desiring to be heard should notify the subcommittee by Friday, March 28, 1958, so that a schedule can be prepared for those who wish to appear and testify.

The subcommittee consists of myself, chairman, the Senator from Missouri [Mr. HENNINGS], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Colorado [Mr. CARROLL], the Senator from North Dakota [Mr. LANGER], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Wisconsin [Mr. WILEY].

ONE HUNDRED AND TENTH ANNIVERSARY OF HUNGARIAN FREEDOM DAY

Mr. SMITH of New Jersey. Mr. President, tomorrow is Hungarian Freedom Day. It is commemorated solemnly by the Free World, and sadly by the captive peoples behind the Iron Curtain whose hopes for regaining their freedom are still dimmed by the tragic events of the fall of 1956. The shocking end of the Hungarian uprising, ruthlessly crushed by Russian tanks, will not soon be forgotten.

Yet the magnificent resurgence of the spirit of Louis Kossuth, which so encouraged and amazed the world by its audacity and initial success, gave proof that the yearning for freedom remains unquenchable in the hearts of the Hungarian people.

In their unsuccessful attempt to regain what should be their rightful birthright, they succeeded in exposing forever Russia's hideous disregard for the fundamental aspirations of mankind.

Today, as we commemorate an earlier era of Hungarian freedom, we honor these people for their gallant and tenacious longing for liberty.

Mr. THYE. Mr. President, tomorrow will be the 110th anniversary of Hungarian Freedom Day. It was on March 15, 1848, that the Hungarian people revolted against the Austrian empire. That revolution was finally beaten down, but only when Russian troops were called into the country by the tyrant ruling class.

In October 1956, the people again sought independence from foreign domination. Again they were put down by the brute force of Russian armies. Today, a year later, the voice of the people has been silenced. Today, Russia stands over Hungary as a foreign ruling power. Perhaps we have not done all in our power in standing up for the Hungarian people. History may adjudge us to have been slow and indecisive in backing the forces of freedom in Hungary. Whatever history may say, I ask for a new resolve in our hearts today.

Let us recognize, fully, such an anniversary as this—if only by remembering it. In this age of special days and special weeks—we find we have a day for recognizing everything from better business letters to cleaner attics. It should not be remiss for us to call to mind a truly important day—an anniversary of world importance.

To the people of Hungary—Hungarians everywhere—we salute you and we shall strive to carry on for your cause today—tomorrow—until again you can

know the freedom that is your precious right and heritage.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr KNOWLAND. I commend the Senator for his statement relative to the struggle for freedom on the part of the people of Hungary. I think it is one of the unfortunate circumstances of history that neither at that time nor since that time did the United Nations show its moral disapproval of the crushing of freedom in Hungary by refusing to seat the Kadar Hungarian regime, even though, because of the Soviet veto, or because of other circumstances existing within the United Nations, that organization was not able to give affirmative help to the people of Hungary.

The least the United Nations should have done was to refuse to seat at the council table the regime which exists only by reason of Russian bayonets in Hungary upholding it.

I hope that at some time the delegates to the United Nations will recognize that they should do at least that much to show their disapproval of what took place against the freedom of the people of Hungary.

Mr. THYE. Mr. President, I am very happy to have the comment of the distinguished minority leader. I fully concur in the views he has expressed.

On the 110th anniversary of Hungarian freedom, I express the hope that some day the Hungarian people may be as free as the citizens of the United States.

Mr. President, I now wish to discuss another subject.

The VICE PRESIDENT. The Senator from Minnesota has the floor.

NINETEENTH ANNIVERSARY OF CZECHOSLOVAKIAN INDEPENDENCE

Mr. THYE. Mr. President, today marks the 19th anniversary of the proclamation of Slovak independence. The Slovakian people have long declared themselves in their uncompromising resistance to communism in all its forms. There are many people of Czechoslovakian descent in the great State of Minnesota.

I think it fitting that we bring proper recognition of Slovakian independence to the floor of this Senate today. Such recognitions of independence should be remembered and recognized—not in the context of this minute, this hour, or this day, but in the fuller meaning of every day and every hour. If we ever begin to forget or to bypass such matters, we may well start on the downward path toward compromise. We, in forgetting, will lose sight of the heritage of the past. We would, by forfeit, lose our kinship with freedom and its meaning to all of us.

Regardless of the individual's stand in the Czechoslovakian controversies of the past, I believe we are agreed that the Slovak people are entitled to the right to choose their own form of government. That they have been denied such a choice is now a bloodied page of the past. But we must remember that as the Slovak people live, so do their hopes. We should remind them on this day that we live as much for their day of eventual liberation as they do themselves. That the day of liberation from the horrors of communism will come is certain. We should, this day, remind the people that we, with them, stand by with hope and understanding.

IMPORTANCE OF ENACTMENT OF MUTUAL SECURITY AND RECIPROCAL TRADE BILLS

Mr. SMITH of New Jersey. Mr. President, on January 27, the Honorable C. Douglas Dillon, Deputy Undersecretary of State for Economic Affairs, delivered a significant address entitled "Mr. Khrushchev's Trade Challenge: Will We Meet It? before the Economic Club of Detroit.

Secretary Dillon's remarks graphically demonstrate how essential it is for the Congress to pass the mutual security and reciprocal trade bills, which, in my judgment, are the greatest weapons against the Soviet threat.

I ask unanimous consent that Secretary Dillon's address be printed in the body of the RECORD.

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

MR. KHRUSHCHEV'S TRADE CHALLENGE: WILL WE MEET IT?

(Address by the Honorable C. Douglas Dillon)

I have been looking forward to this opportunity to meet with the members of the Economic Club of Detroit. Here in Detroit one feels very close to the economic pulse of the United States. Here great economic decisions are made affecting production, prices, and wages, decisions which touch the daily lives of all of us. Also, I have something I have been wanting very much to say. Something about which you, as business leaders in this economic heartland of the Nation, ought to be deeply concerned.

You may think that I have chosen a somewhat sensational title for my remarks. Unfortunately, the implications are sobering. Foreign trade policy and the national security of the United States would be another way of saying the same thing.

Last November Mr. Khrushchev, in a conversation with a well-known American publisher, who, incidentally, owns one of Detroit's local newspapers, made the following statement:

"We declare war upon you—excuse me for using such an expression—in the peaceful field of trade. We declare a war we will win over the United States. The threat to the United States is not the ICBM, but in the field of peaceful production. We are relentless in this and it will prove the superiority of our system."

It is interesting but not surprising to note that in the official Soviet version of this statement published for the edification of the Russian people all references to war were eliminated. Even so, the message comes through clear enough.

Now if such a statement had been made by a Soviet leader 10—or even 5—years ago, I suspect that most of us would have shrugged it off, much as we would a claim that the automobile had been invented by Ivan Fordovitch. Today, however, the signals are flying that the Russians can cause rough weather in international economic waters. The hurricane warnings are not up yet, but it is time to trim the ship.

We in the United States—and in other Free-World countries—have been so preoccupied since World War II with the Soviet military menace that we have only recently grasped the growing threat presented by Soviet economic power.

So far I have not said one word about the sputniks. I will say one, and then be through. It is that the lasting significance of the sputniks, in my judgment, lies in the fact that a nation with the industrial capacity to launch the earth satellites is also a nation capable of sustaining a powerful economic offensive against the Free World.

We have realized for a long time that the Soviet Union is a great world military power. But, as a people, we have failed to understand that it is also in process of becoming a great world economic power. We seem to understand the need to meet the military threat. It is not so certain that will prepare ourselves to meet the economic threat.

The Sino-Soviet economic offensive against the Free World is now well under way. There is every reason to believe that it will be intensified.

In order to see more clearly the problem we face, let us look at a few figures:

The world of 1958 consists of 2.75 billion people. Approximately 1 billion are living under the Sino-Soviet Communist dictatorship. One billion seven hunderd and fifty million are not under this dictatorship, and these are the people of the Free World. There are nearly 175 million people in the United States. The rest, possessing varied skills and aptitudes, ranging from the most primitive and illiterate to the most highly cultured and economically proficient, with centuries of scientific and technical tradition behind them, represent the balance of power in our world today.

These simple facts of population have destroyed forever the notion of a fortress America. Our free society will be preserved in a world which as a whole remains largely non-Communist or it will not be preserved at all.

The gross national product of the Soviet Union is greater than that of any country other than the United States. It is only one-third of ours. But it is growing faster—about 50 percent faster.

We do not know whether, given the larger population that they have, coupled with Soviet methods of forced investment, Soviet economic output will increase to an absolute level higher than our own at some future time. We do not know the limits of human endurance under the Communist system of suppression of the individual, which thus far has made possible the high growth rates in the Soviet Union. But we do know—and Mr. Khrushchev knows—that the Communist world, no matter how sternly regimented, can never hope to outproduce the Free World if the Free World stays together. Soviet success is therefore dependent upon dividing the Free World and moving some of it under their control.

The total exports of the Sino-Soviet Communist bloc to the Free World amounted in 1957 to some $3.1 billion. This is still relatively small in comparison with our own exports or with those, say, of the United Kingdom or of Western Germany. But it is an increase of over 70 percent in 4 years. And we know that there is no technical or economic reason why the Communist bloc could not double or triple this volume within a very few years more. The bloc is now in a position to export a wide variety of manufactured goods, including capital equipment, which are needed in many parts of the Free World. It is also able to absorb, and, more important, apparently willing to absorb, increased imports of foodstuffs, raw materials, and consumers goods in payment. If the bloc were to accomplish a trade objective of this magnitude, which now appears to be

within its capacity, it could exercise a substantial influence on world trade as a whole and a very great influence in selected target countries where Soviet penetration is an immediate objective.

For a reason which I shall now mention, it appears probable that this is the course which the Soviet Communist leaders have set for themselves.

Most of you no doubt have read of the new program of large-scale Communist aid to the less developed countries. In the last 3 years the bloc has agreed to provide assistance to these countries totaling over $1.9 billion. Most of this is economic aid for development purposes—steel mills, irrigation works, power dams, cement plants, and the like. Most of it is concentrated in Asia and the Near East, where the popular insistence on economic development is an overriding political fact of life. And all of it is on seemingly favorable terms—long-term loans, repayable in commodities or local currencies, no obvious strings, and interest rates of 2 and 2½ percent.

These Soviet-aid programs of today are meant to lay the basis for Soviet trade expansion tomorrow. The steps are simple and clear. First, a Soviet credit is extended to country X for development purposes. Provision is made in the agreement that country X will use the credit for purchasing Soviet goods, and that the Soviet Union will accept repayment of the credit by importing the goods of country X. Second, as country X draws down the credit, its imports from the Soviet Union increase. And third, when country X eventually repays the credit its exports to the Soviet Union increase.

In short, Soviet aid and trade are tightly linked together. The aid program opens the market, and the trade programs secures it. With tempting offers of aid on the one hand, and on the other, a willingness to take surplus products in payment, the Communist bloc is constructing a powerful weapon for economic penetration. The effect could be to create economic dependence on the bloc, which would enable it to exert the acquired economic power for political purposes.

The Soviet sale of arms to Egypt in exchange for cotton; the Soviet willingness to buy fish from Iceland, where there is a NATO military base; the relatively huge credits to Syria, in the Middle East; the economic probing that is going on in Latin America; the loans to India, the largest and strongest underdeveloped country in the Free World—these are not the random effects of a foreign economic policy whose object is to promote general economic well-being in a community of independent nations. They are, unhappily, only the most obvious evidences that Mr. Khrushchev meant what he said—in the version which was not published inside Russia.

What can the non-Communist world do to withstand this Soviet drive which uses economic penetration as a prelude to political domination? Two things are needed. I do not mention them in any order of priority because both are essential. First, all of the countries of the Free World need expanded markets for their exports, so that they can pay for the imports they require for economic health. This means the continued reduction of governmental barriers to trade. And, second, the less developed countries need, in addition, larger amounts of developmental capital.

Unless the countries of the Free World cooperate together in providing these two essentials—expanded trade and increased development—there is the danger that the Communists may achieve gains in their economic offensive so striking as to fatally wound our free economic system.

In the time remaining I will limit my remarks to what we as a nation should, and must, do in the field of international trade.

I am sure I do not have to inform a Detroit audience, especially the Economic Club of Detroit, of the fact that we have had a successful trade-agreements program in operation for some 24 years. That program has been supported by the American people because it is economically sound and because it has brought great benefits to our country. But what some may not fully realize is that this program, originally conceived of as a means of easing the barriers to American exports and imports, has now literally become the instrument through which most of the important trading nations of the Free World cooperate with one another. Our Presidents have used the power to reduce our tariff, which the Congress has given them, as a means of enlisting the cooperation of the larger part of the Free World in a program of trade-barrier reduction and mutually beneficial trade. Thus, through our trade agreements, notably the 37-nation General Agreement on Tariffs and Trade, we have been able to set in motion a worldwide movement for the reduction of trade barriers among the free nations.

It is the future of this entire movement toward expanded trade within the Free World which will be at stake this year when Congress considers the renewal of the trade-agreements legislation which the President has called for. The continuation of this movement for trade liberalization has become an essential element in the maintenance of the economic independence of our partners and allies, and hence of our own national security.

Let me recapitulate briefly at this point, because I want to be very clear about the vital bearing which our trade-agreements program has on our national security:

The free nations, of which we are the strongest member, are faced with the threat of a powerful Soviet trade drive aimed at dividing us, weakening us, and eventually subverting as many of us as possible. Because of the growing economic potential of the Soviet Union, this trade offensive could succeed. If it does, the security of our Nation would be placed in the gravest jeopardy. An essential element of the economic defense of the free nations against the Soviet economic offensive lies in the expansion of trade among themselves. Such an expansion requires the continued reduction of trade barriers among the free nations. The other free countries will not be able to continue the reduction of trade barriers unless the United States—which is at once the largest market for their exports and the largest source of supply for their imports—also continues to reduce its barriers to trade. And this cannot be done unless the Congress extends the trade-agreements legislation, on an effective basis, as has been requested by the President.

These are the facts.

In his state of the Union message the President requested that the trade-agreements legislation be extended for a period of 5 years from June 30, 1958, accompanied by broadened authority to negotiate individual tariff rates.

As you know, the usual period for an extension of the Trade Agreements Act has been 3 years, and the question has been asked why the longer period is proposed.

The request for an extension of 5 years is not a whim, nor a matter of bargaining tactics with the Congress. The administration is not asking for 5 years with the thought of settling for 3. It is asking for 5 years because 5 years are needed in order to carry through an effective program of trade barrier reduction in the period ahead.

Let me explain:

Since the last extension of the Trade Agreements Act in 1955 a new, important, and I may say welcome, trading entity has entered on the scene. This is the European common market. On January 1 of this year the treaty establishing the European Economic Community entered into force among France, West Germany, Italy, Belgium, the Netherlands and Luxembourg. The treaty provides that over a period of 12 to 15 years all tariffs and other trade barriers among the six nations will be completely eliminated. It provides for the application of a common uniform tariff to imports into the common market from other countries with the first step in approaching the common tariff to be taken at the end of 1961.

The Government of the United States—the Congress as well as the executive branch—has supported the project of the European common market. It has done so because, if the common market is successfully established, it promises to call a halt to the age-old political rivalries which have torn Europe in the past and because it is likely to expand trade both within Europe and with the rest of the Free World. Economically and politically, therefore, the common market should bring strength to the Free World as a whole.

The common market comprises a community of some 160 million people with a total foreign trade somewhat larger than that of the United States. The tariff level to be established by the new economic community will, therefore, be of great importance to other countries, including the United States.

It has already been agreed, as a result of the rules of the General Agreement on Tariffs and Trade, to which all of the common-market countries belong, that the new tariff of the common market will not be higher on the whole than the average of the separate tariffs of the six countries which were in effect prior to the establishment of the common market. Yet it is important, if Free-World trade is not to be unnecessarily damaged by the economic adjustments which the formation of the common market will entail, that this tariff be made as low as possible through reciprocal tariff negotiations with the United States and with other Free-World countries which are dependent on exports to Western Europe. It is also highly important to United States business, agriculture, and labor that the individual rates on our chief exports to the common market be set as low as possible.

These are the reasons why the administration is asking for a 5-year extension of the Trade Agreements Act. The best judgment we have is that it will take no less than 5 years to prepare for and carry through an effective tariff negotiation with the common-market countries during the period when their new tariff schedule is in the process of being established.

The trade-agreements legislation this year will no doubt encounter colorful opposition. It always has. There have always been those who have preferred to place their short-range special interests above the interests of the Nation as a whole. But we have never before faced the economic threat to our way of life that we face today. And never before has our trade-agreements program been so vital to our national security. I am confident that once the people of the United States understand what is at stake, there can be no doubt of their response. They will be overwhelmingly in favor of the continuation of this program.

EXTENSION OF THE RECIPROCAL TRADE ACT—LETTER BY HENRY F. HOLLAND

Mr. SMITH of New Jersey. Mr. President, in the New York Times of March 9 there appeared a challenging letter in support of the extension of the Reciprocal Trade Act. It was written by Mr. Henry F. Holland, former United

States Assistant Secretary of State for Inter-American Affairs.

I am impressed with the able presentation of Mr. Holland's views, as expressed in his letter. I find myself in accord with his general conclusions. Failure to extend the Reciprocal Trade Act might have a very serious effect on our own economy and on the economy of the Free World.

In light of the timeliness of the subject matter of Mr. Holland's letter, I ask unanimous consent that it be printed in the body of the RECORD.

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

TO AID RECIPROCAL TRADE—EXTENSION OF LAW DECLARED ESSENTIAL TO OUR ECONOMY

To the EDITOR OF THE NEW YORK TIMES:

The security and prosperity of the United States will be greatly affected by the outcome of the current Congressional hearings on extension of the Reciprocal Trade Agreements Act.

Extension of the law will impose certain sacrifices on a minority of our producers whose businesses are not strong enough to meet foreign competition. Usually the majority of the affected group have shown patriotism and greatness of spirit in putting the interests of the whole Nation above their own. But there are always a few who argue that any measure that hurts their narrow interests must be bad for the whole Nation.

OPPOSING MINORITIES

One of these historic disputes is now going on. The immediate arena is the Ways and Means Committee of the House of Representatives.

On one side are the President of the United States and those Congressional, labor, agricultural and business leaders who support his proposal to extend the Reciprocal Trade Agreements Act for another 5 years. In opposition are all those special interest minorities which are united by the common determination to eliminate competitive foreign products from our markets.

Those who support the President's proposal are in the main organizations and people who have no special or personal stake in the outcome of the dispute. They include the Chamber of Commerce of the United States, the American Federation of Labor and Congress of Industrial Organizations, the Foreign Trade Council, representatives of the principal farm organizations. They include shippers, exporters and importers and a host of individual businessmen.

The opponents of the bill are almost without exception groups that clearly have a narrow, selfish interest in eliminating some competitive foreign product. They include the producers of bicycles, cheese, glass, textiles, plywood and certain chemicals; the producers of wool, lead, zinc and coal. These may be isolated minority groups, but the strength of their lobbies in Washington is awesome.

ISSUE IN DISPUTE

The issue cuts across all party lines. Behind a Republican President are alined Senator LYNDON JOHNSON and Speaker SAM RAYBURN, statesmen and undisputed leaders of the Democratic Party. Opposing them are isolationist Senators and Congressmen from both parties.

One argument of the isolationists is that when we allow foreign producers to sell in our markets, displacing our own products, we do so only to satisfy a Department of State that disregards the welfare of our own businessmen and that would sacrifice the interests of our own business community in order to maintain friendly relations with foreign countries.

Nothing could be more false. This year the administration has recognized the falsity of the argument by placing the major responsibility for passage of the extension bill where it belongs—on the Department of Commerce. It is more directly concerned than any other department of our Government for the prosperity of our own people, not those of other lands.

EARNING DOLLARS

Spokesmen for the Department of Commerce have pointed out that our basic selfish interests demand that we find buyers in foreign countries for a substantial part of the production of our farms and factories. We simply produce more than our own people can consume. Yet we can sell abroad only to those buyers who are able to pay us in dollars.

The 4,500,000 American workmen whose jobs depend on our export trade expect to be paid in dollars, so that is what the goods they produce must be sold for.

This year it will require about $17.5 billion to pay for the products that we expect to sell abroad. How are foreign buyers going to get those dollars? Loans and new investments will account for a small part of it, but the overwhelming majority must be earned, and the only way to earn it is to sell something to us.

The truth is that it is we ourselves who have the greatest stake in an expanding trade between the United States and the rest of the Free World. The benefit to other nations is secondary to that which we ourselves derive from an expansion of imports into this country. This is a hard fact which our isolationists try to hide.

Looking beyond our own economic interests, we should face the fact that the debate over extension of the Reciprocal Trade Agreements Act tests the sincerity of United States foreign policy. There is not a Member of either House of Congress who would hesitate to say that he favors a policy of strengthening the economies of our friends in the Free World. Yet nothing that this Nation can do will have so devastating an effect on the economy of the Free World as would the adoption of a policy of economic isolationism.

The interests of 99 percent of us here in the United States, the interests of all of the people of the Free World, demand urgently that Congress extend the Reciprocal Trade Agreements Act for another 5 years as the President has requested, and that it do so without crippling amendments.

If the price is to subsidize a few thousand of our workmen in vital defense industries, if the price is to help workers in marginal uneconomic industries relocate themselves in sound and productive employment, that price is cheap.

The alternative proposed by our protectionists will progressively cripple our own economy and that of the Free World. It is one that will destroy the faith of our friends and our allies in the leadership of the United States.

HENRY F. HOLLAND.

NEW YORK, *March 3, 1958.*

FOREIGN AID

Mr. SMITH of New Jersey. Mr. President, in the New York Times of Sunday, March 9, appeared an eminently sensible editorial entitled "Nonsense About Foreign Aid."

The editorial describes some of the peculiar charges which have been leveled at the program, such as "ice boxes for Eskimos." The editorial realistically states:

Mr. Smith (James H. Smith, Director of ICA) should not have had to use his own time and the time of the House Foreign Affairs Committee in answering this sort of nonsensical rumor.

The editorial continues by bringing scrutiny of the mutual security program into proper perspective. Certainly, it admits, "not every penny is expended without error." But then, what governmental program has ever been able to claim such perfection?

The benefits which the program has thus far secured, especially deterrence of large-scale war, and the benefits which it can bring in the future, undeniably are equivalent, as the Times suggests, to those which we get from "any funds appropriated by any governmental agency for any other purpose."

Mr. President, I ask unanimous consent that this perceptive editorial be printed in the RECORD, as a part of my remarks.

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

NONSENSE ABOUT FOREIGN AID

Should the American taxpayer give up his hard-earned pennies in order to buy striped pants for Greek undertakers? Should he provide bathtubs for Egyptian camel drivers? Is it right that the sweat of his brow should be expended in order to plant grass along the highways of Lebanon, or to build roads so the King of Saudi Arabia may exercise his expensive imported American motorcars, or to furnish iceboxes for Eskimos?

It is not right, as Director James H. Smith, Jr., of the International Cooperation Administration testified before the House Foreign Affairs Committee. It is not right and it hasn't happened. The ICA did buy shoes for the Greek Army. It did provide facilities for Egyptians, including camel drivers, to fight hookworm by washing their feet. It did help Lebanon plant grass to stop erosion. It built no roads in Saudi Arabia, although it did improve a port and an airfield. It didn't give any iceboxes to Eskimos; they didn't want any.

Mr. Smith shouldn't have had to use up his own time and the time of the House Foreign Affairs Committee in answering this sort of nonsensical rumor. Even those who invented these stories probably didn't believe them. They were intended to fool people. But if the opposition to the $3.9 billion foreign-aid program is so devoid of good arguments that it has to resort to this sort of thing, perhaps we may be hopeful.

It is true that not every penny is expended without error. The pennies we spend on domestic government are not expended without error. But there is no doubt that we get as much out of our foreign-aid program in benefits to our neighbors and in security to ourselves as we do out of any funds appropriated by any governmental agency for any other purpose.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I should like to announce that sometime today I expect the Senate to consider Order No. 1415, Senate Concurrent Resolution 69. Except that it specifies a military construction program rather than a civil works program, it is identical with the resolution agreed to by the Senate day before yesterday by a 93-to-1 vote. It was reported by the Armed Services Committee after hearings at which the Deputy Secretary of Defense, Mr. Quarles, appeared, and it

was reported without any votes being cast against it. It will require some discussion, but I do not think the discussion will be prolonged.

I have asked the minority leader to notify the minority members of the Committee on Armed Services of my intention. The chairman announced it on yesterday when he reported to the press that the resolution had been acted upon. We expect to ask consent to bring it up during the day.

Mr. President——

The VICE PRESIDENT. The Senator from Texas.

NATIONAL LIBRARY WEEK

Mr. JOHNSON of Texas. Mr. President, House Concurrent Resolution 226, which is at the desk, is identical with Senate Concurrent Resolution 49, which is now on the calendar, and designates the week beginning Sunday, March 16, 1958, as National Library Week. In view of the shortness of time, I ask unanimous consent for the present consideration of House Concurrent Resolution 226. This request has been cleared with the distinguished minority leader [Mr. KNOWLAND].

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution coming from the House of Representatives, which will be read.

The legislative clerk read the resolution (H. Con. Res. 226), as follows:

Whereas the Congress of the United States has recognized the vital educational and cultural role of libraries in the United States by the enactment of the Library Services Act, approved June 19, 1956; and

Whereas the Library Services Act is now in operation in 43 of the 48 States as a means of finding ways of bringing adequate public library service to some 27 million Americans, largely in rural areas, hitherto without such service or with totally inadequate service; and

Whereas State and local governments, professional associations, and citizens' groups recognize that much remains to be done to improve the availability of the full resources of the printed word to all of our people for education, self-improvement, cultural advancement, and fulfilling the responsibilities of citizens in a democracy; and

Whereas the National Book Committee and the American Library Association, in cooperation with numerous other citizens' organizations, business and professional groups, and voluntary associations, have designated the week of March 16–22, 1958, as the first National Library Week; and

Whereas National Library Week will increase support for libraries from the highest levels of leadership in the civic, economic, professional, and cultural life of the United States; will expose the need for the extension and improvement of school and public library services; will offer opportunities for librarians to work more closely with newspaper, magazine, and advertising executives in broadening the use of printed materials; will attract wider public attention to library services through features in national mediums; and will promote prestige for reading itself by showing the vital role the printed word can play in the fun of reading aloud in the family, the rewards of reading as a leisure-time activity, and the contribution of reading to career advancement: Therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the President is authorized and requested to issue a proclamation designating the 7-day period beginning on March 16, 1958, and ending on March 22, 1958, both dates inclusive, as "National Library Week," and calling upon the people of the United States to observe such week with appropriate ceremonies.

The VICE PRESIDENT. The question is on agreeing to House Concurrent Resolution 226.

The concurrent resolution was agreed to.

The preamble was agreed to.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that Senate Concurrent Resolution 49 be indefinitely postponed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and Senate Concurrent Resolution 49 is indefinitely postponed.

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

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

The Chief Clerk proceeded to call the roll.

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

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

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Has the morning hour been concluded?

The PRESIDING OFFICER. The morning hour has not been concluded. Is there further morning business?

LOSS OF FREEDOM BY CZECHOSLOVAKIA

Mr. SYMINGTON. Mr. President, 10 years ago last month, on February 25, 1948, the valiant people of Czechoslovakia lost their hard-won freedom for the second time within a decade.

Their story is significant not only as a matter of history, but also as a portent of the future if we do not remain strong and support the peoples of the Free World.

Forty years ago, at the end of the First World War, the Czechs and Slovaks united to declare their independence and to create a democratic republic.

After being ruled for centuries, in all aspects of their life, by Austrian overlords, these people successfully built their own state in a war-sick world, without the help of any benevolent neighbors.

After two decades of independence and remarkable progress, Czechoslovakia was handed over to Hitler in the infamous Munich accord of September 30, 1938.

The Nazi occupation years, with their calculated humiliations of the proud Czech people, their concentration and extermination camps, and their brutal reprisals, were met with steady, stubborn resistance.

The freedom-loving Czechs demonstrated, as they had in the past, and as, God willing, they may in the future, that the spirit of freedom cannot be crushed.

With the arrival of General Patton's army on Czechoslovakian soil, the city of Prague rose against its Nazi occupiers. While tens of thousands of men, women, and children fought in the streets, repeated radio appeals for help from the American Army went unanswered, because the Russians protested that liberating Prague was their prerogative. It was of no interest to the Kremlin that thousands of Czechs would die before the Russians could reach the city.

The drama of the stanch Czech spirit surviving oppression has not ended. How the action is developing we do not know, because the scenes are being enacted behind an Iron Curtain.

The Communist seizure of Czechoslovakia on February 25, 1948, clearly demonstrated the Soviet pattern of world conquest. It should have served as a warning to free people everywhere.

On this 10th anniversary of the Communist enslavement of Czechoslovakia, we not only pay tribute to the spirit of a gallant people, but we would do well to ponder the lessons contained in the Czechoslovak story.

WHAT AMERICAN BUSINESSMEN ABROAD THINK OF FOREIGN AID

Mr. GREEN. Mr. President, the Chamber of Commerce of the United States has just completed a survey of the views of American businessmen in foreign countries on the operations of the foreign-aid program in their respective countries.

This survey is based on a comprehensive questionnaire which the chamber of commerce circulated to American representatives of overseas branches of United States-owned companies. The questionnaire asked, among other things, whether our foreign-aid program was effective, how it could be improved, what foreign peoples thought of the programs, and whether the aid programs had stimulated private investment.

The information contained in this survey is extremely revealing. I believe this document should be studied by Members of the Senate, who will shortly be called upon to consider the President's proposal that the mutual security program be continued next year.

Mr. President, I ask unanimous consent that the report be printed in the RECORD at this point.

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

WHAT AMERICAN BUSINESSMEN ABROAD THINK OF FOREIGN AID—A REPORT ON A SURVEY OF THE VIEWS OF AMERICAN BUSINESSMEN IN FOREIGN COUNTRIES ON THE OPERATION OF THE FOREIGN AID PROGRAM

(This report presents the opinions of American representatives of overseas branches or subsidiaries of United States owned companies on such questions as the following: Is foreign aid effective? Can it be improved? Has it helped to stimulate private investment? How do foreign peoples view the program? How did they react to the Russian sputniks?)

THE NATIONAL CHAMBER'S ON-THE-SPOT FOREIGN-AID SURVEY

How well is the mutual security (foreign aid) program achieving its objectives—furthering the security of the United States, its allies and other friendly countries against

the encroachments of Communist military and economic imperialism?

In the hope of throwing some light on this question, the National Chamber recently sent a questionnaire to American business firms operating in countries which have received some form of United States aid. The questionnaire was resigned to obtain an on-the-spot evaluation of our foreign-aid program from American businessmen who were in a position to observe its varied operations at firsthand.

Response to the questionnaire was excellent. Some 300 replies were received from 65 countries—in Europe, the Middle East, Africa, the Far East, South East Asia, and Latin America.

The questionnaire covered a wide range of specific points. How efficient is the local ICA administration? How well qualified are most of the personnel? Do economic-aid programs indicate sound planning? How much waste exists? Should the foreign-aid program be continued or eliminated? What aspect of the aid program—military or economic—should be emphasized? To what extent do the people of a foreign country understand how our aid is helping their country? Has foreign aid been of practical assistance in stimulating private investment?

Those who filled out the questionnaire were requested to express their views only on subjects they felt competent to report on, and to skip those on which they considered themselves no better informed than if they were residing in the United States.

Four broad themes emerge from the survey: (1) The foreign-aid program is important to our national security, (2) there is room for improvement in performance, (3) inadequate knowledge of foreign peoples seriously hampers the effectiveness of the program, and (4) private enterprise needs more encouragement if it is to make a better contribution to the development of other countries.

FOREIGN AID AND NATIONAL SECURITY

The bulk of respondents indicated that they thought the mutual-security program performed a valuable function as an essential element of our foreign policy. A variety of comments from different corners of the world expressed this belief:

"If it had not been for the foreign-aid program, the Russians would have been here right now" (Iran).

"Due to the poverty of this country * * * financial assistance will be necessary. If not received from us, it is inevitable this country will accept offers from Egypt and Russia" (Somalia).

"It is easy to be critical when examining specific activities of the ICA program. Evaluating the overall program as it was administered in the past, the situation can be summed up by saying 'Vietnam exists today and it would not had it not been for ICA'" (Vietnam).

"This country must feel convinced that improvement in the basic necessities of life—food, clothing, and shelter—are obtainable under western democratic principles of government. Economic aid will help them do this at this critical time" (India).

Need continues

Only four respondents, two from Europe and two from Latin America, felt that our foreign-aid program should be eliminated; 18 believed that the size and scope of the program should be decreased; 150 respondents stated that foreign aid should be continued at about the present level; 87 thought that it should be expanded; 41 out of this total of 300 expressed no opinion on the question.

Some made a point of relating the continued need for foreign aid to recent Soviet technological achievements, as well as to the total impact of Soviet political and economic penetration. For example, it was noted that the launching of Soviet satellites meant that we are now more than ever dependent upon overseas bases, supported in part by foreign-aid funds, for our security:

"The situation has, in effect, reversed our position as regards NATO. Before, every NATO country felt they needed us as allies. Now it is we who need them. We are no longer invulnerable because of the protection of our two oceans, but have become very vulnerable to Russian ICBM's with atomic warheads" (France).

Respondents frequently indicated that the foreign-aid program is one of collective security, and not just a program of aid.

Impact of sputniks

The questionnaire tried to determine whether Russia's well-propagandized launching of the earth satellites produced any adverse change in the attitude of foreign peoples toward the United States. Most respondents saw little evidence of change in the basic attitude of friendship toward this country. But they noted that there was at least a temporary loss of faith in American supremacy in the field of science and technology. The failure of our own Vanguard produced a number of lighthearted jokes abroad, particularly in Europe. These quips were tinged, however, with sympathetic understanding and a growing fear of Russian capabilities:

"At first the man in the street was gratified at the whittling of the giant to his size—followed by ridicule at our much-publicized launching of the unsuccessful Vanguard—but sobered to sympathetic views toward United States and apprehension for himself, fearing that the United States may not overtake the Soviets in the field" (France).

Economic aid emphasized

But although recent developments in the field of missiles and nuclear weapons focused attention on the Soviet military threat, the majority of respondents felt that the economic, rather than the military, aspect of our foreign-aid program should be given more emphasis. Only 29 persons felt that the military part needed emphasizing, and 37 thought the present balance between military and economic is about right. Close to 200 respondents thought that economic aid should be emphasized.

While the bulk of respondents indicated that they thought economic well-being was a precondition for political stability and reliable military strength, it was recognized that a blanket rule could not be applied to all countries:

"Much more can be gotten out of our dollars if the program is cleverly designed to suit the particular country that gets it—don't just make it one pattern to fit all countries (or all countries in an area)" (Brazil).

The comments of an American businessman in Turkey illustrate some of the problems involved in trying to evaluate the needs of a specific country:

"Turkey—in the event of war—would be the first overrun. It's a bulwark against Russia—and a guardian of the Middle East—a role it accepts—as long as the pay continues. * * * Military should be stressed. Economic progress: little hope will be held out for Turkey unless she soon changes her atitude toward the Greeks who are her economic backbone."

Coordination with other policies urged

When commenting on the objectives of our foreign aid program and the needs of a local area the respondents did not always limit their remarks to foreign aid as such. Strong views were held that the mutual security program should be coordinated with other aspects of our foreign and economic policies:

"More common sense should be applied: If we are to help these countries economically then let us be more practical in our aid—let us buy their products and they in turn will help us by buying our products—our equipment—and earn more dollars to repay their loans" (Ecuador).

"The reporter has definite views with regard to an economic aid program looking toward the increased productivity of a highly industrialized country such as Japan. Such a program can only lead to an increased need for exports irrespective of whether such markets are available in the Free World. We must create markets for Japan's economy to live and unless we buy from Japan it appears fruitless to try to increase the country's productivity."

Similarly, the opinion was expressed that the foreign aid program should be more closely tied to the propaganda battle for men's minds. Greater efforts were urged in educational, literary and other cultural fields, suggesting the need for closer cooperation between the International Cooperation Administration (ICA), which administers the program, and the United States Information Agency.

PERFORMANCE EVALUATED

Respondents who answered questions relating to the administration and efficiency of the foreign aid program were on the whole fairly well impressed with ICA operations. At the same time, they were forthright in citing instances of waste and poor management and in indicating that much could be done to make foreign aid more effective.

Efficiency of ICA administration

Of the 300 persons who completed the questionnaire, 111 stated that the general level of ICA administration was fairly efficient. Ninety-nine said that it was efficient. Twenty-three—chiefly from the Far East and from Latin America—thought that it was poor. The rest did not feel competent to express an opinion on this question.

Staffing of ICA missions

Sixty persons felt that the ICA missions were overstaffed, 128 indicated that the staff was about right, and 7 thought the missions were understaffed.

Qualifications of personnel

To the question whether most ICA personnel appeared qualified to handle their respective jobs, 97 said, "well qualified"; 102 answered "fairly well qualified"; and 19 stated, "poorly qualified."

Planning

One hundred and twenty-four persons replied that most economic-aid programs indicated sound planning in light of the needs of the country. Seventy-three replies said that some programs indicated sound planning, 21 stated that few do, and one said that none do.

Extent of waste

Forty-six persons felt that there was too much waste in the operation of the foreign-aid program. Most of these complaints came from the Far East and from Latin America. One hundred and eleven believed that there was some waste, but not unreasonably so, and 45 felt that there was little or no waste.

Room for improvement

In their comments, respondents indicated many areas where the foreign-aid program could be improved.

In some instances there was a call for a stronger sense of direction:

"Efficiency could be improved by stronger and clearer policy directives" (Italy).

There were frequent complaints of what might be termed "bureaucracy":

"Too much administration at all levels and too little field or grassroots work. Everybody busy writing reports on what should be done, but much of this from reading earlier reports. More doers and fewer planners needed" (Korea).

"There are some excellent personnel in ICA but their efforts are sometimes hampered by inefficient people. Inefficient in this case

means people unprepared for their jobs or failure of others to adopt their thinking and actions to practical situations met in their work" (Philippines).

"The personnel seem to be more interested in keeping their records straight rather than getting the equipment out to the people that can use it" (Iran).

"Too many men doing too much paperwork and too little to show the locals" (Lebanon and Jordan).

"If anything, mission is overstaffed in administration and understaffed in field technicians" (Philippines).

Instances of poor performance were cited:

"It is generally reckoned that each foreign-aid dollar brings least result here, through lack of understanding on the part of ICA planners and through supply and distribution weaknesses leading to thefts and corruption" (Korea).

"Basic commodities imported in unrealistic quantities with consequent spoilage (flour, yeast, dairy products) * * * agricultural equipment badly needed but imported prematurely and allowed to deteriorate before use or people trained (tractors, graders, earth movers)" (Vietnam).

"The industrialization program, in particular, has been a dismal failure, due to incompetence on the one side and racketeering on the Korean side. In no case, has adequate planning and engineering assistance been provided" (Korea).

Now and then it was charged that the masses of people we are trying to help do not always benefit from our aid:

"Not enough projects which directly assist in raising the standard of living of recipient nations * * * the crying need. A few people appear to benefit but not enough to make the projects appreciated by man in the street as their daily struggle continues as hard as ever" (Europe).

"Luxury items financed which do not really help economy but benefit only few in official circles (automobiles, radios, victrolas, hi-fi equipment)" (Vietnam).

Failure to take into account the needs and peculiarities of each country and its people appears to be an important factor contributing to poor planning and waste:

"A good example of poor planning is the milk plant built in the Cochamba valley—an existing dairy already takes all of the available milk in the valley, so where is milk going to come from for the nice milk plant built by ICA?" (Bolivia).

"It was interesting to hear * * * a story about a paper factory built with United States dollars which was to use a special wood available in Iran to make paper. When the factory was completed, it was then found that there was not a sufficient supply of this wood to keep the factory running full time. Why not determine such things before factories are built?" (Iran).

"Military aid and some capital projects—power and cement—are sound. Otherwise emphasis is on complicated rather than simple industrial projects which the Koreans prove incapable of handling" (Korea).

Lack of publicity scored

A major failing of the aid program seems to be that it is not effectively explained to the people of a foreign country. The majority of respondents agreed that the masses of people abroad have little, if any, idea of what aid comes from where:

"This is one of the biggest failings of our foreign-aid program. With better understanding on the part of the people, our aid could be reduced and achieve the same goal" (Far East and Southeast Asia).

"One of the main deficiencies of all United States foreign-aid programs has been a complete lack of publicity so that the extent of our aid is not put across to the people in the country" (Brazil).

"Publicity through ICA periodicals is channeled to management personnel, but they do not get to the mass of the people" (Philippines).

"Little real understanding; considerable mistrust of our motives; Communist-fostered belief that the program is a wedge to obtain unfair economic advantages" (Brazil).

"The absence of a well-thought-out program to inform the French people of the nature and extent of United States aid is deplorable" (France).

"While United States aid to India is highly diversified, very little effort so far has been made to make the Indian people understand how well it has been woven into the fabric of their 5-year plans. Publicity supporting this aid is painfully inadequate" (India).

One respondent placed our failure to explain ourselves and our motives in the following light:

"Largely caused by lack of contact between ICA personnel and important local citizens. The tendency is for the ICA group to stay together like a small community rarely contacting the local population hence remaining insulated from important sources of information affecting the economy of the country" (Liberia).

Similar comments were made by others:

"They almost make it a point to recreate abroad the Main Street atmosphere they left behind them. Just go to one of their parties, anywhere in the world, and you will only meet Americans who discuss apartments, servants, PX supplies, and occasionally black-market operations" (France).

All these statements indicate that there is more to foreign aid than just the amount of money that is spent. As one respondent remarked, "some people are more successful with a stick of gum than others with a box of candy and bouquet of flowers."

On this point, respondents strongly emphasized the importance of understanding the culture and way of life of foreign peoples if our aid program is to achieve more effective and lasting results.

KNOWLEDGE OF FOREIGN PEOPLES EMPHASIZED

The questionnaire did not touch on the problem of getting along and communicating with foreign peoples. Respondents pointed out, however, that much of the inefficiency and waste that exists in the foreign-aid program revolves around this problem.

An understanding of foreign ways of life and methods of doing things was cited as important in order to work effectively with the local population:

"Insufficient realization that methods normal elsewhere are unworkable in a backward country unused to self-government" (Korea).

"The main difficulty is to get along with native mentality—and this comes by experience" (Lebanon and Jordan).

In commenting on the inefficiency of some ICA personnel, some respondents stressed that this may have nothing to do with their technical qualifications:

"Rapid turnover with personnel not familiar with Latin American customs or language" (Chile).

"At times personnel of the ICA appear not to be sufficiently qualified in that their experience is based altogether too much on practices in the United States which may not necessarily apply in a foreign country. Lack of knowledge of customs, manner of doing business, etc., hampers the efficiency of such personnel" (Philippines).

Other respondents indicated that the failure to publicize the aid program effectively was in great measure related to an inability to communicate with other peoples because of their different languages, cultures, and views of life:

"It seems that the publicity or public relations work for ICA * * * could be improved, not so much in intensity as in doing it more cleverly—too many public-relations people in ICA simply do not understand how to deal with skillful propaganda because they do not understand what kind of material Brazilians will readily take" (Brazil).

Comments such as these suggest that if we are to explain our purposes and objectives to other peoples, this must be done in terms meaningful to them—in the context of their own experiences and culture.

ENCOURAGEMENT OF PRIVATE ENTERPRISE

Respondents were asked to comment on the two aspects of the mutual security program—the investment guaranty program and the development loan fund—which were intended to create a climate favorable to the investment of private capital for economic development purposes abroad.

The questionnaire revealed that 232 respondents had had no experience with the investment guaranty program, and that 171 were not familiar with the development loan fund. Consequently, relatively few felt qualified to comment on these two programs.

Those who did have something to say generally thought that both programs were worthwhile, and could stimulate private enterprise abroad. It was pointed out, however, that the effectiveness of both programs depend greatly on the cooperation of the local government involved.

It was strongly felt that the investment guaranty program could be made more effective:

"This is perhaps the most productive phase of the foreign-aid program and it is desirable to develop and extend it, for it definitely offers an incentive to foreign investors. However, at present it appears to be rather expensive" (Peru).

"The program as originally established only covered new investments or additional investments by already existing entities. I feel it should cover already existing investment as well, when requested by such investment" (Brazil).

The idea behind the development-loan fund produced a generally favorable reaction:

"Psychologically, most people do not like outright charity, unless they just cannot stand alone. * * * The development-loan fund will lead to sounder planning since a responsibility is accepted" (Philippines).

"With competent screening of applicants by investment bankers and technicians * * * and with local government cooperation, the project appears to afford broad opportunity for stimulation of private enterprise in India" (India).

"The development-loan fund can stimulate private enterprise in the conditions to obtain loans are made concrete and made known to the general public" (Portugal).

Need for official cooperation

Respondents strongly emphasize the need for greater cooperation between private enterprise and the ICA abroad. Those from the Far East and Southeast Asia appeared particularly disturbed by the impression that ICA seemed chiefly concerned with setting foreign governments up in businesses which in the United States and Western Europe would be privately operated.

Perhaps the best statement on this problem came from an American businessman with experience in Vietnam and Cambodia:

"The first step toward stimulating private enterprise would be for ICA at local levels to begin stressing the importance of private enterprise in a full economy (and to begin thinking in these terms themselves). * * * It remains basic * * * that private enter-

prise will receive no sympathy from the local governments despite all new legislation, until and unless local ICA missions think less in terms of direct government-to-government aid and more in terms of doing all possible to encourage and stimulate existing business as well as to develop new business and industry. ICA locally has never gone on record as strongly supporting private enterprise or even in having more than a passing interest in it."

STIMULATING PRIVATE ENTERPRISE ABROAD

Respondents were asked if they could suggest any specific ways to stimulate private enterprise. The major suggestions that were made in this regard included reduction in United States taxation on business profits abroad, particularly on profits of subsidiary companies; concerted efforts to persuade local governments to ease restrictions on foreign investments; long-term loans to local private enterprise instead of on a government-to-government basis; vigorous efforts to influence foreign governments in favor of private enterprise.

Mr. THYE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a copy of a letter from Mr. George J. Burger, vice president of the National Federation of Independent Business. This letter was sent to columnist Sylvia Porter in response to that writer's column entitled "Small Business Plight Worsening," which appeared in the Duluth Herald, Duluth, Minn., on March 11. The column pointed to the difficulty small business is faced with when it seeks financing for expansion and growth. It also discusses the impact of Federal taxes upon small business.

Mr. President, I remind my colleagues in the Senate that the time for action in behalf of the small-business man is at hand. There are before the Senate and House bills which would grant tax relief, and which would provide a solution to the problems of finance.

I feel very strongly that one of the first steps is to establish the Small Business Administration as a permanent agency of Government. I have discussed this subject at length upon the Senate floor on many occasions. Today I express the hope that the Senate leadership, both in committee and on the floor, will respond to the needs of small business.

I also ask unanimous consent to have printed in the RECORD a statement which I have prepared on the same subject.

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

MARCH 12, 1958.

Miss SYLVIA PORTER,
Hall Syndicate,
New York, N. Y.

DEAR MISS PORTER: Noted your interesting story in the Washington Star last night, that splendid daily, Triumph of Giantism, in which you refer to the recent report of the House Small Business Committee as it relates to the overall trend in our economy and particularly as it affects the future of small business.

It would appear to me from actual experience here on Capitol Hill for better than two decades, in most instances when Congressional or presidential campaigns are on, they love small business at that time in November and forget about us in May.

No one knows better than the writer beginning in the late fall of 1940 how we urged the creation of Small Business Committees in both the Senate and the House. In the very first instance, these committees were headed by the Honorable JAMES E. MURRAY, of Montana, in the Senate, and the Honorable WRIGHT PATMAN, of Texas, in the House.

It goes without saying that if these committees had not been in existence these past 18 years, many serious things could have happened affecting the future of small business. In this it might be well for you to review the extended remarks of Congressman GEORGE MCGOVERN in the CONGRESSIONAL RECORD of Monday, March 10. Then also it might be well to review the extended remarks of Senator WILLIAM PROXMIRE in the Senate on March 10. These two statements are attached for your review.

Then also note the remarks of Senator THYE on January 31 which relates to my conference with the President's Economic Adviser on January 30.

The Small Business Committees have passed the stage of swaddling clothes and now it is up to them to take more forceful, direct action in behalf of small business. If the committees are weakened by failure to have legislative authority, the same as other standing committees have, then the Small Business Committees should go in and demand of the Congress that they have the same legislative power that would permit them to report bills direct to the floor of the respective Houses in behalf of small business.

We have repeatedly urged such action be taken in regards to the Small Business Committees. It was our exclusive action and I repeat exclusive action that brought about a continuing Small Business Committee in the Senate and we are urging the same action in the House.

When Agriculture, Education and Labor, and other committees want action in behalf of their people they move in and move fast and the same procedure should be taken by the respective Small Business Committees of the Congress. If such action is taken by militant leadership in those committees, it would go a long way to bring about the necessary long-overdue relief for small business.

These committees are well staffed with personnel so there is no shortcoming in that respect, and now it is up to the committee leadership to force the issue in behalf of small business of this Nation.

You are privileged to quote any part of these comments—it's all factual and might be of interest to your nationwide readers.

Sincerely yours,

GEORGE J. BURGER,
Vice President.

STATEMENT BY SENATOR THYE

Five years ago I had the privilege of introducing a bill which established the Small Business Administration. You will find that I had provided for a permanent agency in the bill introduced in 1953. I felt very strongly at that time that if we were to establish an agency for the purpose of assisting small firms that it should be founded upon a permanent basis. However, at that time, there were many who favored the establishment of the agency, but who deemed it desirable to set it up on a trial basis for a 2-year term. It was their thought that such an agency should have a trial period and that the Congress should review its accomplishments before giving it permanent status.

My bill (S. 1789) calls for a permanent agency to be known as the Small Business Administration. I am certain that the agency has gained strong bipartisan support for its continued existence. This support has grown and developed because of the effective work done by this agency in behalf of the millions of small-business firms throughout the United States.

The agency has shown continuous improvement in its loan program, its procurement assistance to small firms, its technical assistance program, and its disaster loan activities.

I have stated on many occasions why I feel so strongly that the Small Business Administration should be continued on a permanent basis.

First, an inherent part of the agency's loan program is participation by local banks. The original act of 1953 and S. 1789 specifically calls for bank participation wherever that is possible. I have followed the work of this agency very closely during the past 5 years and have found that in certain areas of the United States the local banks many times hesitate to participate in the loan program of SBA. The cooperation by the banks varies within the various regions where SBA has established its regional offices. I can see where local banks would be reluctant to participate in a loan program for small business with an agency which enjoys only a 2-year life span and where renewal of the agency is dependent upon Congressional action every 2 years as has been the case since 1953. It is my belief that these local banks would be more willing to cooperate in this program if the SBA itself were a permanent agency. This loan program is a most vital part of the agency's overall activity.

This fact is demonstrated when we see that since October, 1953, and through December 31, 1957, the SBA had approved 8,597 business loans for a total of $398,200,000 and 6,916 disaster loans for $71,700,000. The number of loan applications coming into the agency is increasing every month.

This program will become more and more effective if the number of bank-participation loans increases. I believe that this will happen if the agency is made permanent.

Another reason why I believe the agency should be made permanent is that it will allow the agency to attract expert personnel in every area of activity. The present staff is well trained and operating efficiently in most respects. However, there is always a certain percentage of personnel who leave every agency each year for a number of reasons. I feel that a permanent agency will attract experienced personnel more regularly than will an agency which has temporary status. As time goes on and the agency continues to develop and improve its programs, the need for personnel that is experienced will become more and more acute.

I also feel that the small-business community of this Nation will have more confidence and faith in an agency which is permanently assigned to assist small business than in an agency which may go out of existence in a matter of months.

The General Accounting Office has stated that permanent status would allow the agency itself to plan more efficiently in the handling of its funds and budget requirements.

We all recall that in 1955, the Congress had to give the agency a 30-day extension because action had not been taken prior to the expiration date of July 1, 1955. I remember the consternation and the insecurity which all personnel of the agency experienced during that time. The employees of the agency did not know whether they should seek other employment or whether they should stay with an agency which offered nothing more at the time than an extended 30-day life. Certainly this type of insecurity does not lend itself to top efficiency in the performance of the many tasks assigned to an important Government agency.

This last year we saw a duplication of that action.

There is no one who today argues that small business does not constitute a vital and

integral part of our competitive free enterprise system. We all recognize that to a large degree the future success of our economic system depends upon the existence of a healthy and vigorous small business community in the United States. With the pressures upon business increasing every year, there is a definite need for an agency to devote all of its time to helping small business firms financially, technically, and in times of disaster. The Small Business Administration has proved it is capable of meeting this challenge. The effectiveness and efficiency of that agency will be greatly improved if we act now to make it a permanent agency.

I also want to go on record to state my hope that speedy action will now be taken not only on the SBA bill, but also on the tax measures and other bills designed to protect and stimulate small business.

DEFENSE STOCKPILING

Mr. SYMINGTON. Mr. President, the Office of Defense Mobilization has issued a report dated January 28, 1958, and entitled "Stockpiling for Defense in the Nuclear Age." It contains some interesting information.

First, it shows that the value of the stockpile of strategic and critical materials in Government inventories totals $7,350,000,000. It is a matter of opinion as to how much, if any, of this would be used in case of a future all-out war.

Second, it shows there are outstanding contracts for strategic and critical materials which the Government is required to honor, to the extent of $1,750,000,000.

Third, this report shows that the value of the Government's machine tool stockpile is $3,500,000,000. How many of those machine tools, if any, would ever be used in case of a future all-out war is also an open question.

Fourth, it shows that the Commodity Credit Corporation has agricultural commodities in inventory valued at $5,600,000,000, plus $1,600,000,000 pledged against loans—or a total of $7,200,000,000.

And last, smallest and probably most important, is the Civil Defense Administration's stocks of survival and relief items, principally medical, amounting to $200 million.

The total of these stockpile items just listed is valued at $20 billion.

In case of an all-out war, nonperishable and readily available food supplies would be more valuable than other stockpile items, with the exception of medical supplies.

Yet, it is interesting to note the pride with which many refer to the stockpiles of metals, minerals and machine tools, and with what gloom and shame nearly everyone—including the personnel of the Department of Agriculture—views the stockpile of farm products.

The lack of sound planning in our overall stockpile program is clearly brought out when we look at the current total of $20 billion, 63 percent of which represents the things that we would need least in case of an all-out war, and exactly 1 percent of which comprises what we would need the most.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement of stockpile data incident to the overall program.

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

Stockpile data

	Millions
Strategic and critical materials stockpile	$6,200
DPA materials inventories	750
Outstanding contracts for materials	1,750
Supplemental stockpile of materials obtained in exchange for agriculture surplus	400
Materials subtotal (45.5 percent)	9,100
Machine tool inventory (17.5 percent)	3,500
CCC agricultural stocks	5,600
CCC pledged against agricultural loans	1,600
Agricultural subtotal (36 percent)	7,200
Civil defense survival items (1 percent)	200
Grand total (100 percent)	20,000

Mr. SYMINGTON. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point a very excellent editorial entitled "Multibillion Hoax in Stockpiles," published in the Kansas City Star of January 31, 1958.

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

MULTIBILLION HOAX IN STOCKPILES

We wonder how long it will take the American taxpayers to wake up to the national stockpiling racket.

An advisory committee of experts now verifies the fact that the stockpile of so-called strategic materials has grown far beyond the original intention or purpose. It has grown to a monstrous investment of $7\frac{1}{3}$ billion which is more than the cost of the highly publicized farm surplus. On a per capita basis the stockpile adds up to more than $200 of tax money for a family of 5.

The real purpose of this huge expenditure now is to support prices for various industries in the fields of metals, minerals, and what not.

The original purpose was to stockpile essential materials not available in this country. But now the emphasis is on domestic products.

The special committee reports that the stockpile is sufficient for several years of all-out war. Yet the mines that produce the domestic part of these metals and minerals are not particualrly vulnerable to air attack, not nearly so vulnerable as the factories that would be expected to use them.

Now the Government is stuck with the billions regardless of how much is needed. It is a combination of a ridiculous oversupply of many things and a useless supply of others. Needs are constantly changing. Some of the strategic materials of 10 years ago have been superseded and are no longer needed. Yet the Government can't unload such a stockpile without breaking the markets.

The pressure is all on the side of continued buying—pile the prodigious waste higher and higher. The buying continues month by month. The goal was set several years ago at more than $11 billion.

Storage alone is now costing close to $30 million a year and it will go up with future additions.

When it proposed a halt, the advisory committee also recommended a start on stockpiling survival supplies of food, medical and sanitation supplies. As intended by the committee the recommendation may be reasonable but we will probably wind up with 100 billion bandages and enough iodine to fill the Great Lakes.

RECIPROCAL TRADE AGREEMENTS

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Our Vital Reciprocal Trade Agreements," by James H. Stebbins, executive vice president of W. R. Grace & Co., pointing out the importance of developing increased trade with Latin America, and its potential impact on our own domestic economy.

I recommend its reading to the Members of the Congress.

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

OUR VITAL RECIPROCAL TRADE AGREEMENTS

(By James H. Stebbins)

President Eisenhower has proposed to Congress that the Trade Agreements Act be extended for five years beyond its expiration date of June 30, 1958. The President has also recommended continuation of various safeguards for United States industry and increased authority to provide prompt and effective remedial action in determining cases of threatened or actual serious injury to domestic industries.

The President's proposal is comprehensive, fair, and farsighted. It deserves the energetic support of American industry, labor, and agriculture, which benefit greatly from an expanding United States foreign trade.

The reciprocal trade program is now a cornerstone in our foreign economic policy. In fact, it is one of the main instruments that our Government employs to carry out its three basic foreign economic policies. These policies—expansion of trade, promotion of private investment abroad and the provision of mutual assistance to foreign countries—have been persistently followed by several administrations with bipartisan support to achieve the objectives of a vigorous foreign trade and a secure America.

The reciprocal trade program, therefore, goes hand in hand with the efforts of our Government to promote and expand the interests of the United States abroad and to maintain a basis for the economic strength and security of the Free World.

LATIN AMERICA WANTS MORE TRADE THAN AID

Economic conditions vary from country to country. Some countries need direct economic aid to supplement their trade, because trade itself does not provide a sufficient basis to maintain a strong and expanding economy. In other countries, particularly in Latin America, it is trade that is most needed, although a small measure of economic and technical aid can be helpful. For these nations, trade is a vital thing. Their capacity to raise living standards or even to stand side by side with the United States in an international emergency depends in the final analysis upon their ability to sell their products and raw materials to the United States and other countries. The total trade of the United States with Latin America is in the neighborhood of $7 billion annually. The United States buys over two-thirds of the total exports of Colombia, Mexico, and Cuba. It also buys 60 percent of Canada's exports and some 50 percent of the exports of Brazil and the Philippines. These purchases comprise largely strategic raw mate-

rials and foodstuffs required by the United States.

In turn, these countries buy a wide variety of goods from the United States, including foodstuffs, rubber manufactures, cotton and wool manufactures, petroleum products, steel mill products, semifabricated metals, machine tools, automobiles, industrial machinery, chemicals and pharmaceuticals, and many others that help to keep our factories and our employment in high gear.

The importance of the United States in world trade and the effects its tariff policies have on the rest of the world are underscored by the fact that with 6 percent of the world's population, the United States accounts for about 40 percent of total production and about one-sixth of non-Soviet world trade. This makes the United States by far the largest factor in the world economy.

The sales that United States industries and farms make abroad are significant. The United States sells to other countries about 20 percent of all trucks it manufactures, 10 percent of the machine tools, 25 percent of construction and mining equipment, 15 percent of its coal and between 25 and 40 percent of its cotton, wheat, rice, fats and oils, and tobacco. The United States Department of Commerce estimates that the families of at least 4,500,000 American workers or about 7 percent of our labor force gain their livelihood from foreign trade. A sizable portion of the profits of American business firms is derived from foreign trade activities. In 1956, United States investors received over $2 billion from our foreign investments. This money was made available for remittances to the United States out of dollars earned by these countries from their exports to the United States.

In 1956 alone the United States sold abroad around $18.8 billion worth of goods, a record volume that exceeded the value of nonfarm home building, consumer purchases of automobiles or the gross receipts of farmers from either crops or livestock.

While we sell more than we buy abroad, our imports are becoming increasingly necessary for our industries. The United States is becoming and will be more and more dependent on overseas supplies for many strategic raw materials and consumer goods. Whereas before World War II the Gran Mesabi provided us with all our iron ore needs, we now import about one-fourth of such requirements. We also depend on overseas supplies for one-third of our copper and rubber, one-half of our raw wool, and most of our tin, nickel, aluminum, and newsprint. Much of our advanced heavy equipment, consumer durables and military hardware require other special materials available only overseas. For example, we buy abroad 80 to 90 percent of our manganese, chrome, antimony and cobalt, tungsten and cadmium, industrial diamonds, mica, and asbestos.

The inescapable conclusion is that two-way trading is essential to the continued prosperity of the United States and indeed to individual American businessmen, workers and farmers.

Continuation of the reciprocal trade program makes more jobs for American workers more certain, more sales for our industry and agriculture and more profits for our business and our shipping.

FOREIGN TRADE ALSO BUILDS FOR FUTURE

The stake that Americans have in a growing and prosperous foreign trade is not only of the present but especially of the future. This is particularly true with respect to our trade with Latin America where markets are growing rapidly.

Latin America's population is increasing at the rate of 2½ percent per year and its general economic development is growing at the fast average annual rate of about 4½ percent. Industries are growing rapidly. Our exports to this dynamic area from 1950 to 1956 increased by $1 billion, from $2.6 billion to $3.6 billion. Yet these thriving countries are greatly dependent upon their trade with the United States, not only for their livelihood but for the dollars with which to buy from the United States. Virtually every dollar the United States spends in Latin America for strategic raw materials and consumer goods is spent by these countries in the United States for machinery, consumer goods and essentials for their economies.

With few exceptions, the Latin American countries are not receiving and do not seek economic grants from the United States. Instead, they seek trade to earn money with which to buy from us. Their immediate and long-range economic development plans are pegged to their trade with us, and as they grow and develop economically they will provide wider markets for the products of the United States.

STABLE UNITED STATES TRADE POLICY IS BIGGEST NEED

Latin America needs, most of all, a stable United States trade policy. While there may be opposing views on the exact amount of trade that the reciprocal trade program has generated, there is no doubt that it has brought stability to international trade and confidence to both United States and foreign businessmen.

Failure to ratify the program would be a severe blow to the position and prestige of the United States abroad. It would be interpreted as an indication that the United States is turning its back on efforts to promote trade through lower tariffs and returning to a policy of economic protectionism and high tariffs. It would be taken to mean that the United States is turning from its friends and abandoning the many years of hard work that have gone into developing freer and larger international trade.

The continuation of the reciprocal trade program has provided the United States with the basis upon which it has been able to build a growing and prosperous foreign trade. Its continuation is in our own national interest and it is essential to our future economic security.

LIMITATION OF APPELLATE JURISDICTION OF THE SUPREME COURT

Mr. JAVITS. Mr. President, I address my remarks this morning briefly to the bill to limit the appellate jurisdiction of the Supreme Court in certain cases, introduced by the Senator from Indiana [Mr. JENNER], and the boiling storm which is rising in its wake, especially from the bar of the United States.

I understand that the bill will be considered by the Committee on the Judiciary on Monday. Hence I thought it best to put certain matters in the RECORD this morning, so that they might, by this means, be before the committee.

As I see the signs in the sky, if the committee should report the bill, the issue will boil up into very much the same kind of storm which we saw arise with respect to President Franklin D. Roosevelt's effort to pack the Supreme Court. Whether or not it is justified—and certainly all of us, especially me, respect the deep sincerity and conviction of our colleague from Indiana—the feeling is engendered that dissatisfaction with decisions of the Supreme Court has resulted in a proposal or a measure which, if enacted, would very seriously not only limit the Supreme Court's appellate jurisdiction, but, what is more important to me, a member of the bar, would also limit the function of the Supreme Court in the constitutional system of the United States to protect the rights of the individual.

Of course, it strikes at the very foundation of our Government. I do not say that invidiously, but, rather, by way of pointing out the importance of the issue involved.

Mr. President, yesterday I said that I was opposed to the measure. As I have said, it is only fair that the character and nature and reasons for the opposition be available to the Committee on the Judiciary and to the Senator from Indiana, who has constantly and indefatigably addressed himself to the subject, and all the connotations of the subject as he sees them. I ask unanimous consent, therefore, that there may be printed in the RECORD as a part of my remarks a statement by Whitney North Seymour, of New York, one of our most distinguished lawyers. The statement was made available to the subcommittee considering the bill. I believe that the Senator from Indiana is the chairman of that subcommittee. Am I correct?

Mr. JENNER. No; the Senator from Mississippi [Mr. EASTLAND] is the chairman of the subcommittee.

Mr. JAVITS. I thank the Senator. Mr. Whitney North Seymour is the former president of the Association of the Bar of the City of New York, and former vice president of the New York County Lawyers Association, and is presently a member of the board of governors, and of the house of delegates of the American Bar Association.

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

STATEMENT OF WHITNEY NORTH SEYMOUR, OF NEW YORK, ON SENATE BILL 2646, BEFORE THE SUBCOMMITTEE ON INTERNAL SECURITY OF THE SENATE COMMITTEE ON THE JUDICIARY, THE HONORABLE JAMES O. EASTLAND, CHAIRMAN

I am a member of the New York bar with an office at 120 Broadway, New York, and have been a practicing attorney for more than 34 years. I was Assistant Solicitor General of the United States from 1931 to 1933, and except for that period have been associated with and a member of a large New York law firm where my experience has been principally in the trial and appellate courts, State and Federal. I was formerly president of the Association of the Bar of the City of New York, formerly vice president of the New York County Lawyers Association, and I am presently a member of the board of governors and of the house of delegates of the American Bar Association. I was formerly a member of the committee on Federal judiciary and formerly chairman of the special committee on individual rights as affected by national security of the American Bar Association. I have studied the American system of government and particularly the balance of powers between the three branches of government, and have lectured on law and government in various universities. I was invited by counsel to the subcommittee to testify in connection with S. 2646. Unfortunately, family illness prevents me from appearing in person and I hope that this statement may be considered in lieu of oral testimony. It is made as an individual and not on behalf of any organization.

I respectfully submit that Senate bill 2646 should not be adopted. Any such tampering

with the Supreme Court's appellate jurisdiction is undesirable and dangerous. It would upset the balance of powers. It would interfere with the independence of the judiciary. To take away review of important questions in the highest Court, because of disagreement with decisions of the Court, would ultimately destroy the integrity of judicial review. Withdrawal of the particular areas covered by this bill would leave important questions to the probably conflicting decisions of lower courts, with no way to resolve those conflicts. These results would be extremely serious and no difference of opinion about particular decisions should induce Congress to take such action.

The idea of limiting or tampering with the appellate jurisdiction of the Supreme Court because of disagreement with decisions or for other reasons has long been opposed by the organized bar.

In 1953 Senator BUTLER introduced a joint resolution (S. J. Res. 44) proposing an amendment to the Constitution, which, among other things, would have prohibited such interference with appellate jurisdiction as is now proposed. In prophetic language he said that a "dangerous loophole that would be plugged up by the proposals in this joint resolution is the one whereby Congress has the power to diminish or abolish the present power of the Supreme Court to hear and decide appeals involving constitutional questions, except to such extent as the Court itself, in the exercise of its own discretion, may deem advisable. * * *

"Upon several occasions, during attacks upon the Court's independence, there have been threats to strip it of the right to review cases raising constitutional issues. Such threats found expression as recently as the 1937 controversy."

Groups and leaders of the organized bar have given long and careful study to the power granted in clause third of the Constitution whereby Congress may legislate as to the appellate jurisdiction of the Supreme Court. The constitutional amendment proposed by Senator BUTLER in 1953 had previously been recommended by the Association of the Bar of the City of New York in 1947, by the New York State Bar Association in 1949 and by the American Bar Association in 1950.

The late Mr. Justice Roberts, after he resigned from the Supreme Court, strongly advocated the necessity for protection of the independence of the judiciary. Writing in the American Bar Association Journal (35 ABAJ 1 (1949)), he commented on the McCardle case (7 Wall. 506 (1868)), which had recognized the authority of Congress to remove the appellate jurisdiction of the Supreme Court, that such action as that of Congress there "has never been done again. Nothing like it has ever been attempted, but it was done for political reasons and in a political exigency to meet a supposed emergency."

The real issue before this committee, so far as this bill is concerned, ought not to be whether some members differ with some of the Court's decisions (as to which every citizen and Senator is entitled to his own opinion), but rather whether the balance of powers should be unhinged by this sort of legislation. It is imperative, in our system of government, that no one branch of Government be subservient to the other branches and that the courts retain the ultimate freedom to exercise independent judgment. No court can be completely independent if it is forced to feel that, when its decisions are unpopular, it may be stripped of its right to hear and decide similar cases. In the field of individual rights, such a shadow on the independence of courts might seriously jeopardize those rights.

The importance of an independent judiciary has always been emphasized. Alexander Hamilton outlined the problem clearly in No. 78 of the Federalist:

"The complete independence of the courts of justice is peculiarly essential in a limited constitution. By a limited constitution, I understand one which contains certain specified exceptions to the legislative authority; such, for instance, as that it shall pass no bills of attainder, no ex post facto laws, and the like. Limitations of this kind can be preserved in practice no other way than through the medium of the courts of justice, whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void. Without this, all the reservations of particular rights or privileges would amount to nothing."

At a hearing in January 1954, on the Butler amendment, Mr. Harrison Tweed, a leading New York lawyer, testifying before a subcommittee of this committee (speaking of Congressional removal of the Supreme Court's appellate jurisdiction), said:

"Since the time at which Congress will be tempted to restrain the Court will be one of controversy and political pressure, Congressional action will not be taken deliberately and with the desire to do the sound and farsighted thing, but rather, with the desire to accomplish the particular purpose to which it is committed and which has been frustrated by the Court. Remembering that the issue in controversy will be one that cuts deep into governmental philosophy or economic welfare, it seems clear that it is wrong that it should be decided in such an atmosphere and in such haste."

A great leader of the American bar, Elihu Root, at the time when the recall of judges and judicial decisions was suggested, expressed the point with clarity when he said:

"If the people of our country yield to the impatience which would destroy the system that alone makes effective these great impersonal rules and preserves our constitutional government, rather than endure the temporary inconvenience of pursuing regulated methods of changing the law, we shall not be reforming, we shall not be making progress, but shall be exhibiting * * * the lack of that self-control which enables great bodies of men to abide the slow process of orderly government rather than to break down the barriers of order when they have struck the impulse of the moment."

A 1949 report of the American Bar Association's Committee on Jurisprudence and Law Reform (at page 11) noted that Congressional limitation of the Supreme Court's appellate jurisdiction was a potential danger because—

"This direct and easy closing of all roads to the Supreme Court that Americans have grown to regard as highways leading to judicial protection that is always available might well be the device of the next cyclical effort to circumvent the principal check upon the executive or the legislative branch of government under our system."

This rather echoed Hamilton, quoting Montesquieu, in No. 78 of the Federalist:

"For I agree, that 'there is no liberty, if power of judging be not separated from the legislative and executive powers'."

As the late Edwin A. Falk, an outstanding lawyer who was chairman of the Committee of the Association of the Bar which actively supported the Butler amendment, said:

"To Locke's 'Wherever law ends, tyranny begins' there always should be added the truism that wherever courts suffer an invasion of their independence, law ends."

As you will have learned from the secretary of the association, consistently with its earlier position favoring a constitutional amendment to prevent interference with the appellate jurisdiction of the Supreme Court, the American Bar Association, at its recent meeting in Atlanta, declared its opposition to this bill. In response to an inquiry from Senator WILEY as to the views of the association, the board of governors recommended to the house of delegates that the house adopt a resolution opposing the bill. A similar recommendation was made by the special committee on individual rights as affected by national security, of which I am a member, and a copy of the report of that committee is attached hereto. The house of delegates adopted the following resolution in opposition to S. 2646:

"Whereas in 1949 the American Bar Association adopted a resolution urging the Congress to submit to the electorate an amendment to the Constitution of the United States, to provide that the Supreme Court of the United States shall have appellate jurisdiction in all matters arising under the Constitution; and

"Whereas S. 2646 now pending before the Congress, if enacted, would forbid the Supreme Court from assuming appellate jurisdiction in certain matters, contrary to the action heretofore taken by this association and contrary to the maintenance of the balance of powers set up in the Constitution between the executive, legislative, and judicial branches of our Government: Now, therefore, be it

"*Resolved*, That, reserving our right to criticize decisions of any court in any case and without approving or disapproving any decisions of the Supreme Court of the United States, the American Bar Association opposes the enactment of Senate bill 2646, which would limit the appellate jurisdiction of the Supreme Court of the United States."

AMERICAN BAR ASSOCIATION—REPORT OF THE SPECIAL COMMITTEE ON INDIVIDUAL RIGHTS AS AFFECTED BY NATIONAL SECURITY

The committee by majority vote favors the resolution recommended by the Board of Governors that the American Bar Association oppose Senate 2646.

S. 2646 would withdraw from the appellate jurisdiction of the Supreme Court five types of cases which are now reviewable in that Court. They may be summarized as cases involving: Congressional committees, executive security programs, State security programs, school boards, or admissions to the bar. The proposal obviously stems from disagreements with some recent decisions of the Supreme Court in these fields.

The integrity and uniformity of judicial review and the independence of the judiciary are vital to our system of government. If they are impaired, individual rights will be imperiled. Since maintenance of individual rights is the most notable distinction between our system and the Communist system, and the one on which we must rely to rally the hearts and minds of men to our cause, their impairment would also, in a broad sense, injure our national security.

The bill would leave lower courts to make final decisions in the fields withdrawn from Supreme Court jurisdiction. We do not believe it sound to prevent review in the highest Court of such important questions. The lower courts may differ among themselves so that there may be great confusion in decisions. Resolutions of such conflict is a historic contribution of review in the Supreme Court. It is difficult to conceive of an independent judiciary if it must decide cases with constant apprehension that, if a decision is unpopular with a temporary majority in Congress, the Court's judicial review may be withdrawn.

In 1950 the association took action favoring a constitutional amendment which would go far to preclude such tampering with the Supreme Court's appellate jurisdiction. The logic of that position requires opposition to the present proposal.

ROSS L. MALONE, *Chairman*.
ARTHUR J. FREUND.
WILLIAM J. FUCHS.
CHARLES G. MORGAN.
WHITNEY NORTH SEYMOUR.

Mr. JAVITS. Mr. President, further bearing upon the matter, I call attention to the fact that the Committee on Federal Legislation of the Association of the Bar of the City of New York, according to a letter which it sent to the Senator from Missouri [Mr. HENNINGS], a member of the Judiciary Committee, unanimously expressed its opposition to the proposed legislation.

Mr. President, at this time I read a letter I have received from the president of the New York County Lawyers' Association, Mr. Ben Matthews, as follows:

This will confirm telegram sent to you today as follows:

"Our board of directors by unanimous action disapproves and opposes enactment of S. 2646, known as the Jenner bill."

Similar telegram was sent to Senator EASTLAND, as chairman of the Judiciary Committee, with letter of confirmation, copy of which I have mailed to each of the other members and to the clerk of the committee.

Finally, I ask unanimous consent that there may also be printed in the RECORD, a resolution on the subject adopted by the American Bar Association.

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

RESOLUTION ADOPTED BY THE AMERICAN BAR ASSOCIATION BY ACTION OF ITS HOUSE OF DELELGATES ON FEBRUARY 23, 1958, IN ATLANTA, GA.

Whereas in 1949 the American Bar Association adopted a resolution urging the Congress to submit to the electorate an amendment to the Constitution of the United States, to provide that the Supreme Court of the United States shall have appellate jurisdiction in all matters arising under the Constitution; and

Whereas S. 2646 now pending before the Congress, if enacted, would forbid the Supreme Court from assuming jurisdiction in certain matters, contrary to the action heretofore taken by this association and contrary to the maintenance of the balance of powers set up in the Constitution between the executive, legislative and judicial branches of our Government: Now, therefore, be it

Resolved, That, reserving our right to criticize decisions of any court in any case and without approving or disapproving any decisions of the Supreme Court of the United States, the American Bar Association opposes the enactment of Senate bill 2646, which would limit the appellate jurisdiction of the Supreme Court of the United States.

Mr. JAVITS. Mr. President, I conclude as I began. Often gathering storms have not too many indications. I believe it is the purpose of the Senator from Indiana—and quite properly and justly so, in view of his convictions—to make this a major issue, which I believe it will become. The connotations of it are very clearly appreciated by the bar, as shown by its marshaling itself, as it did with respect to the other great issue, in its very appropriate opposition—with which I associated myself then and with which I associate myself now—against an effort to make the Supreme Court of the United States less of a final word upon the law of the land than it is now.

REMOVAL OF GENERAL KEBREAU AS HEAD OF HAITIAN ARMY

Mr. AIKEN. Mr. President, I call the attention of the Senate to the news this morning that General Kebreau has been removed as head of the Haitian Army by President Duvalier.

In my opinion, this development is extremely encouraging. It is additional evidence that the people of Haiti have a deep-seated love of liberty. It appears to mean that civilian government is now firmly established in Haiti for the first time since 1956.

When I was in Haiti last December it was impossible to tell whether the new civilian President Duvalier would be able to exercise his powers independently of General Kebreau, who had for many months previously been able to intimidate the people of Haiti through harsh Army rule.

As I stated to the Committee on Foreign Relations in my report of January 20, 1958, the uncertainty of the political future in Haiti has been responsible perhaps as much as any other cause for the depressed economic conditions there. Haiti faces an uphill struggle to improve its livelihood even in the best of political conditions, but all friends of the peace-loving people of Haiti are glad for their new opportunity today.

Mr. President, I ask unanimous consent that I may have printed in the RECORD at this point the article published in this morning's Washington Post reporting the dismissal of General Kebreau.

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

HAITI ARMY STRONGMAN IS OUSTED

PORT AU PRINCE, HAITI, March 13.—President Francois Duvalier removed Army Chief of Staff Gen. Antonio Kebreau from his post yesterday because he uncovered a plot by Kebreau to overthrow the Government within 24 hours, congressional sources said today.

Kebreau, who headed a military junta that ruled Haiti before Duvalier was inaugurated last October 22, was reported under arrest at Miragoane, 40 miles from here. He is expected to be exiled.

A communique announced that Kebreau had been replaced by Maurice Flambert, commandant of the palace guard.

Duvalier had the support of a group of young key officers in the army command. The army was being reshuffled to comb out any pro-Kebreau elements, sources said.

In accepting the post, Flambert promised Duvalier today to keep the army out of Haiti's turbulent politics, the Associated Press reported.

PLIGHT OF THE RAILROADS

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article published in this morning's Washington Post and Times Herald which states that last week's railroad carloadings lagged 19.1 percent behind those of the similar week in 1957.

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

WEEK'S CARLOADINGS LAG 1957 BY 19 PERCENT

Railroad freight business continued to be depressed last week, when loadings totaled 544,173 cars, the Association of American Railroads reported.

This total, for the week ended March 8, was 9,472 cars or 1.7 percent below the preceding week, 128,190 cars or 19.1 percent below the same week in 1957 and 153,428 cars or 22 percent under the same week in 1956.

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed in the RECORD an article which states that the income of the railroads in January 1958, dropped some 64 percent below the income for January 1957.

The Subcommittee on Surface Transportation of the Committee on Interstate and Foreign Commerce is now holding hearings on the problems of the railroads. One clear point which has been made by every witness is that the railroads are in very deep trouble and need immediate help, certainly from this body. It is the hope of our subcommittee that we will be able to make recommendations early in April which will prove of substantial benefit to the vital segment of our transportation system.

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

RAIL NET LAGS 1957 BY 64 PERCENT IN JANUARY

The Association of American Railroads said yesterday revised figures put the estimated net income of the Nation's major railroads in January at $16 million, a drop of $28 million or 64 percent from January 1957.

The association last week estimated the net railroad income for January, after interest and other fixed charges, at $26 million. It said the new estimate was based on revised reports filed with the association.

The $16 million figure was the lowest for any January since 1950, when net income was $12,500,000.

The Association of American Railroads said the major revision in earnings statistics was made by eastern railroads. The class I carriers in the East had an estimated deficit of $5 million in January instead of a $5 million net income as reported earlier.

Class I railroads are those which have a $3 million or more gross annual operating revenue.

The Association of American Railroads said 37 class I railroads failed to earn interest and other fixed charges in the month. Twenty of these railroads operate in the East, 11 in the West, and 6 in the South.

FEDERAL AID FOR REPAIRS OR REPLACEMENT OF STREETS

Mr. COOPER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a telegram I have received from the Honorable Holmes Ellis, mayor of the city of Murray, Ky.

Mayor Ellis suggests that consideration be given by Congress to establishing a program of aid to cities throughout the Nation for the repair or replacement of streets. His telegram contemplates, in my view, a program similar to the Federal aid highway program for primary, secondary, and urban roads. It contemplates that cities so aided shall contribute to advances made by the Federal Government.

Mayor Ellis intends that this be an emergency program to relieve unemployment.

As the Committee on Public Works is now considering the subject of public works, I commend the telegram to the

attention of that committee. If it becomes necessary to develop a public works program, I feel certain that the committee will give consideration and weight to the sensible and practical suggestions of Mayor Ellis.

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

MURRAY, KY., *March 12, 1958.*

Senator JOHN S. COOPER,
United States Senate,
Washington, D. C.:

As you know, cities and municipalities of the United States, for a great part, are in a chronic state of economic difficulty. This is a problem that has plagued city officials for years with Federal taxes, State taxes, and excise taxes being siphoned to other areas of government.

Furthermore, the Federal Government is searching for ways to augment current employment and to curb the ever growing list of unemployed.

This past winter has been severe, with street damage going beyond our power of proper evaluation. It will be financially impossible for many cities to repair or replace these streets within any reasonable length of time without assistance from some source of retarding proper growth and progress.

The city of Murray is in a sound financial condition, but as in most cases there is no reserve for this type of emergency, and higher taxes at this time are out of the question.

I propose that the Federal Government make available funds on a matching basis to meet this emergency and to provide for street repairs and/or major street improvements. A gift is not desired, but rather aid on a basis, say $4 to $1 or some other formula within the capabilities of municipalities.

I sincerely believe that a proposal of this magnitude would distribute work throughout the Nation and at the same time aid cities in their almost endless search for ways to meet even emergency needs.

Your assistance and comments will be appreciated.

HOLMES ELLIS,
Mayor, City of Murray.

PER CAPITA INCOME OF FARMERS

Mr. PROXMIRE. Mr. President, only 18 days remain before the order by the Secretary of Agriculture to cut price supports will take effect. The Senate yesterday acted to halt application of that order. Today I want to mention a matter that has an extremely important bearing on the whole question of farm programs and policies.

Last week I called to the attention of the Senate some very serious contradictions to the Secretary of Agriculture's assurances that the farmers' economic situation is improving.

The Secretary has claimed that per capita income of farmers increased last year by 10 percent. He bases this claim upon some extremely questionable estimates by his own Department as to the total farm population.

On the basis of this extremely questionable population estimate, Mr. Benson has made the claim that per capita farm income has gone up, in the face of official reports that total realized net income has gone down, average income per farm has gone down, and returns to farmers per hour of labor have gone down.

The Secretary claims farm population has declined by 8 percent. But the official Government figures show that the number of farms has declined only 2.3 percent.

The only explanation that could clear up this discrepancy—a decline in farm population three times the decline in number of farms—is that times have become so hard under Mr. Benson's policies that the farmers' wives and children are leaving home.

Seriously, Mr. President, there have been some extremely alarming reports of possible distortion of the figures by the Department of Agriculture.

Mr. Ronald May, correspondent for the Capital Times, of Madison, Wis., reported this week that 3,000 copies of the original version of the population report were burned and destroyed by the Secretary's personal staff, and a new version substituted for it.

Mr. President, book burning is a serious and shameful act. Distortion of Government figures is simply intolerable. When there is any possibility that population figures are being distorted and suppressed in order to support a political move to further reduce the prices and incomes of farmers, then it becomes a matter of grave concern for the Congress.

Mr. Benson can clear up the suspicion and mistrust of his figures which this incident has caused by full public disclosure of the original version of the population report, under circumstances that will assure everyone that the full truth is fully reported.

PRICE SUPPORTS AND ACREAGE ALLOTMENTS

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD three telegrams which I received from Indiana yesterday concerning the farm resolutions which were considered by the Senate.

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

INDIANAPOLIS, IND., *March 13, 1958.*

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Indiana Farm Bureau, Inc., board now in session opposes freezing price support and acreage allotments at 1957 level.

Senate Joint Resolution 150 accomplishes absolutely nothing and may be a great disservice to farmers. Farm Bureau has positive program presented to Senate committee designed to find long range solution.

Urge defeat of freeze resolution and bills and consideration of permanent long range solution.

GEORGE DOUP,
President, Indiana Farm Bureau, Inc.

LOGANSPORT, IND., *March 12, 1958.*

Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

I understand the Senate is considering a resolution, Senate Joint Resolution 150 that would rush through a proposal that would simply freeze support and acreage allotments at the 1957 level. I trust you will not support this bill in the interest of all the farmers.

AGNES M. DOYLE,
Cass County Farm Bureau Women's Leader.

WASHINGTON, D. C., *March 13, 1958.*

Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Senate Joint Resolution 162, rigidly fixing price supports and acreage allotments is against the longtime interest of farmers and should not be approved.

CHARLES B. SHUMAN,
President, American Farm Bureau Federation.

CURRENT FACTORS OF THE NATIONAL ECONOMY

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement I have prepared on the subject Current Factors of the National Economy.

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

CURRENT FACTORS OF THE NATIONAL ECONOMY

(Statement by Senator CAPEHART)

1. Total personal income received by Americans in January 1958 was estimated at $343.6 billions at an annual rate, only seven-tenths of 1 percent below the alltime high of August 1957 of $347.3 billions.

2. Wages and salaries paid to employees in January 1958 were estimated at an annual rate of $244.6 billions, 2 percent below the August high of $249.7 billions.

3. Employment in February 1958 stood at 62 million, 1.9 percent below February 1957 but still higher than any February prior to 1956.

4. Retail sales in January 1958, in dollar value were 3 percent above those of January 1957 and in February 1958 (in spite of a severe blizzard in great parts of the country) were only 1 percent below the corresponding month of 1957.

5. These indicators, which reflect the condition of the economy as a whole rather than just limited sectors, show a mild decline of activity of the magnitude of 1 or 2 percent. It should not be forgotten that what we are receding from is the highest peak of prosperity that we have ever attained. As a Nation we are, consequently, still above the level of economic well-being achieved at any time except during 1957 and the best months of 1956.

6. New construction activity declined as usual in February, but the $3.1 billion of work put in place was slightly above the previous February record set in 1957, according to preliminary estimates prepared jointly by the United States Departments of Labor and Commerce. Last month's outlays brought the total for the first 2 months of 1958 to $6.3 billion—an alltime high for the January-February period. Both private and public construction shared in the $142 million gain over the first 2 months of 1957.

7. Private spending for new construction in January and February this year was up slightly from the same 1957 months (by 2 percent) to a record $4.6 billion total.

8. Seasonal factors, including extremely bad weather, and a continuing trend toward reduced spending for inventories and capital goods combined to boost the percentage of the labor force without jobs to the highest level since 1949–50—of 5,173,000.

9. Taking into account seasonal factors, that is a rate of 6.7 percent of the civilian labor force, about the same as during the winter of 1949–50. There are slightly over 2 million more unemployed at this latest

count than there were a year earlier, and 700,000 more than in the previous month, January.

9 (a). About half of the unemployed are men 25 years of age and over; a fifth are younger men, and the balance—about 30 percent—are women. The rate of unemployment is highest among single men, many of whom are new in the labor market and most of whom are young. The rate of unemployment for women has not increased as much as that for men. The rate of unemployment is highest among laborers. It is much lower among skilled workers and lowest among professional and technical workers.

9 (b). Employment has gone down mainly in manufacturing, where there were 1,360,000 fewer jobs this February than a year ago. There was a loss of about 300,000 in construction employment, part of which was due to the extremely bad weather this winter. There was also a decline in employment in transportation, especially on the railroads. On the other hand, wholesale and retail trade, finance, insurance, service industries and State and local governments all added employees over the year—a total of half a million.

10. The key to the present unemployment is manufacturing. Almost all of the decline in manufacturing is in the durable goods industries. And among those industries the greatest reductions in employment occurred in automobiles and aircraft, with 300,000; primary metals and the fabricating of metals, with 330,000 employees, and the manufacture of electrical and other machinery, with 340,000.

11. National income in 1957 was $358 billion, the highest in history. In fact, national income has remained at a record high in each of the 5 years of the Eisenhower administration.

12. Gross national products in 1957—$434.4 billion—the highest in history. Gross national products likewise has remained at record high in each year of the Eisenhower administration.

13. Thus, while a general downturn in business and employment at the moment is admitted, these figures prove that our economy has been and remains sound, so that it is foolish to talk about economic pneumonia when we are simply going through a bad cold.

WHAT THE ADMINISTRATION IS DOING ABOUT IT

1. Defense orders are now being issued in large volume and are showing, in the first 6 months of this year, a $5½ billion increase over the last 6 months of last year. The money that will be allocated for defense procurement and construction this year is $23.6 billion. It will be spent largely in industries where employment has sagged in the past year. It will provide jobs for workers in the electrical, machinery, aircraft, shipbuilding, and a large variety of other industries.

2. Employment in the coming months will be stimulated, too, by Federal and State expenditures on highway improvements of a lasting nature. The amount of money being spent on the highway program is rising sharply, from less than three-fourths of a billion dollars in the last fiscal year to $1¾ billion currently and will rise to $2.4 billion in the coming fiscal year. The administration will ask Congress within the next few days for a suspension of certain expenditure limitations on the highway program for 3 years. Such an amendment would permit an additional $2.2 billion to be placed under contract during the next 3 calendar years.

3. Other programs in this area that will make lasting contributions to the Nation's facilities and stimulate employment are a variety of needed public-works projects ready to start immediately upon which $200 million will be spent earlier than planned. They will total $2 billion in the coming fiscal year, a sharp rise.

4. Included also are water-resource projects totaling $186 million that are ready to go and for which appropriate Government agencies are asking Congress for money.

5. In addition the modernization of our post offices will place modern facilities in 12,000 American communities and generate $2 billion worth of construction.

6. Housing is another such segment of the economy that grows because of real need.

In 1955, housing starts totaled 1,330,000.

Last year these dropped to little more than 1 million.

Present estimates are that home building under today's conditions will increase in 1958 by about as much as 6 percent, or 60,000 units.

Last August, the minimum downpayment for FHA-insured home loans was reduced considerably. The Federal Home Loan Bank Board has made it easier for member savings and loan associations to borrow from the district home-loan banks, freeing more money for home buying in areas where such money has been short.

The ratio of loans to incomes has been liberalized so that more people can now buy better homes with smaller downpayments than before.

The rule requiring closing costs in cash has been removed, thus reducing even more the cash investment needed by home buyers.

We have asked Congress for authority to increase the size of loans which can be insured by the FHA and for additional insurance authorization for FHA mortgages of $3 billion per year for the next 5 fiscal years.

We have asked Congress to raise the permissible interest rates on GI home loans so that more potential homeowners can call on the resources of private capital.

7. Of great consequence in the regeneration of the economy as a whole is the action of the Federal Reserve Board to increase the availability of money and reduce the cost of borrowing. Market rates for money, reflecting this Federal Reserve policy of easing credit, have declined more sharply since the late autumn than in any other similar period in our history. Interest rates on all kinds of borrowing have now gone down, and the basis is firmly laid for businessmen and consumers to obtain credit readily and at lower cost in consequence of these actions of the Board.

8. The President has asked Congress to extend the Trade Agreements Act for 5 years and increase the Export-Import Bank's lending authority by $2 billion to help finance exports. In fact, foreign trade creates over 4½ million jobs for Americans in this country.

9. There will be presented to Congress a request for legislation to extend the duration of time during which unemployed people can draw benefits. It is my hope that Congress will act quickly on this.

10. In the event that the business downturn proves more stubborn than is anticipated, or that Congress fails to act upon the President's proposals in a swift and responsible way, other measures may be necessary.

Chief among these additional measures is a major and substantial cut in personal and business taxes.

This action, I can assure you, is being fully considered and its details worked out. It is ready for immediate use as an additional stimulus to the economy, and it will be used if necessary. Certainly this is the next big step, and is far preferable to massive new public works spending because it puts money in the hands of consumers and investors.

ONE HUNDRED AND THIRTY-EIGHTH ANNIVERSARY OF MAINE STATEHOOD

Mr. PAYNE. Mr. President, I ask unanimous consent that a statement I have prepared on the 138th anniversary of Maine statehood, which occurs tomorrow, may be printed in the RECORD.

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

STATEMENT BY SENATOR PAYNE ON THE 138TH ANNIVERSARY OF MAINE STATEHOOD

Tomorrow, March 15, the people of Maine will proudly celebrate the 138th anniversary of the admittance of our State into the Union. President Monroe signed the Maine statehood bill on March 3, 1820, and on March 15, the Massachusetts Legislature effected the separation of the district of Maine from Massachusetts.

We have a great many reasons to be proud of our State on this anniversary. We can be proud of our heritage. Such famous statesmen as Hannibal Hamlin, William Pitt Fessenden, Thomas B. Reed, James G. Blaine, and hundreds of others have led Maine and the Nation to great political achievements. Maine's writers and poets, the foremost of whom was Henry Wadsworth Longfellow, have contributed much to the cultural heritage of the United States. Gen. Henry Knox, one of our Nation's founders and the first Secretary of War, set the pattern of Maine's continuing important role in the defense of our country. Admiral Peary of Portland led the Nation and the world to realize the importance of the earth's polar regions.

And we are proud of the present-day Maine. Her energetic and creative people make the State ideal for industrial development. Her roaring waterfalls, her countless trout streams, her rugged mountains, her great, game-filled forests of pine and spruce, and her renowned rockbound coast have led millions of Americans to regard her as a vacationer's paradise.

The Maine of the past and the present has contained many of the shipyards which have given our Nation superiority on the seas. Maine remains one of the most strategic links in nearly every aspect of our national defense system. From the naval yard at Kittery in the south to Loring Air Force Base in the north, the State of Maine stands on the strategic northeastern frontier of our Nation.

On this northeastern tip of the Nation, Maine in a sense serves the United States as a cornerstone. With such an illustrious past the State is steeped in tradition, but is far from blinded by it. As the country moves further into a highly modernized society the people of Maine are actively engaged in a program to place the State among the leaders in new areas of activity. Maine has enjoyed an outstanding 138 years. The next 138 years hold even greater promise.

It gives me a great deal of pleasure to salute the State of Maine and its citizens on this 138th birthday anniversary.

DIFFICULTY OF ADMINISTERING POSTAL RATE DIFFERENTIALS

Mr. MORTON. Mr. President, a paid advertisement published in the Washington Star on Tuesday, March 11, 1958, paid for by the Association of First-Class Mailers, quotes at considerable length a statement made before the House Committee on Post Office and Civil Service on April 25, 1956, by Postmaster General Arthur E. Summerfield, in which he explained the difficulties of administering a rate differential between local and nonlocal letters under the definition of "local" which was then in effect.

What this advertisement fails to clarify is that on January 24 of this year

the Postmaster General appeared before a Senate subcommittee considering postal rates to explain in detail the results of a 2-year study which resulted in a new concept of local mail which negated the earlier objections of the Post Office Department.

At that time, Mr. Summerfield told the subcommittee that he was completely satisfied as to the workability and advisability of the proposed 5-cent nonlocal rate.

The subsequent favorable action of the committee, and, of even greater significance, of the Senate as a whole, in passing this most necessary legislation, is ample evidence of the soundness of the proposal.

Mr. President, so that the RECORD may be complete on this issue, I ask permission to have printed in the RECORD the testimony of the Postmaster General of January 24, 1958.

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

STATEMENT OF POSTMASTER GENERAL ARTHUR E. SUMMERFIELD IN SUPPORT OF PROPOSED AMENDMENT TO H. R. 5836, A BILL TO READJUST POSTAL RATES, AND FOR OTHER PURPOSES

Mr. Chairman and members of this committee, I am here today to offer for your consideration an amendment to H. R. 5836 which would establish a 5-cent rate on each ounce of nonlocal letter mail as recommended by the President in his budget message.

With your permission, Mr. Chairman, I should like to read the language of the proposed amendment into the record.

Strike out all of the language in lines 14 through 17, page 2, relating to subsection (a), and insert in lieu thereof the following:

"(a) The first section of the joint resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), is amended (1) by striking out '3 cents for each ounce or fraction thereof' in that part which precedes the proviso, and by inserting in lieu thereof '5 cents for each ounce or fraction thereof when mailed for nonlocal delivery, and 4 cents for each ounce or fraction thereof when mailed for local delivery', and (2) by the addition of a paragraph reading: 'For the purposes of this section "mailed for local delivery" shall include mail which originates within the delivery limits of a post office for delivery to an addressee located within the delivery limits of such post office. In large cities with adjacent areas of dense population having two or more post offices, the Postmaster General may, in his discretion, and under such regulations as he may prescribe, regard any first-class matter mailed at one of such offices and addressed for delivery at another of such offices as matter "mailed for local delivery".'"

I come before this committee with a keen awareness that in these troubled times Members of the Senate are confronted with many grave problems requiring corrective action. One of the most urgent of the problems pointed out by the President in his budget message is the need of legislation authorizing adequate postal rates. In view of this, it is my hope that this committee's detailed study of postal-rate legislation is nearing completion and it is now in a position to take immediate action.

As you may recall, Mr. Chairman, this is my second appearance before this committee in support of H. R. 5836. In my previous testimony and that of former Deputy Postmaster General Maurice H. Stans on August 16, 1957, the provisions of this bill were discussed in considerable detail. Because of this, I will not impose upon your time to restate the views of the Department on each of the provisions contained in this bill. Instead, I will limit my remarks to the amendment under consideration.

OUR CURRENT FISCAL SITUATION

At the end of this fiscal year, the aggregate postwar postal deficit will amount to $6 billion. Next year—on the basis of current costs—the postal deficit will amount to an estimated $676 million, but this sum—enormous though it is—is only the starting point. Railway pay increases, some of which have already been granted by the Interstate Commerce Commission and some of which are still pending, will add at least $25 million to annual operating costs. This in itself would mean a minimum operating deficit of $701 million exclusive of other anticipated cost increases.

H. R. 5836, as passed by the House last year (exclusive of the Rhodes amendment), would produce additional annual revenues of about $526 million in the first year based on fiscal 1957 operating experience. There would then remain a deficit of at least $175 million exclusive of any possible increases in cost resulting from wage legislation. The proposed amendment of 5 cents on nonlocal letters would raise additional revenues to eliminate this $175 million deficit.

Thus the 5-cent rate is completely justified on the basis of current costs alone without consideration of pending pay increases. The enactment of pay legislation would make even more necessary the adoption of this amendment.

There are also other compelling reasons why the Congress should approve a 5-cent out-of-town letter rate.

THE FACTS SUPPORT A 5-CENT NONLOCAL LETTER RATE

The proposed 5-cent nonlocal letter rate amendment is clearly supported by the weight of overwhelming evidence. Here are the facts:

1. *Letter mail cost coverage far below historic average*

Letter mail always receives preferential handling every step of the way and the Congress—recognizing this fact—has historically fixed letter-mail charges to reflect such treatment. From 1926, the first year in which records were available under the cost ascertainment system, to 1941, the Congress maintained first-class revenues on a level which produced an average cost coverage of 140.5 percent. In other words, during those years the Congress established rates on letter mail which produced an average return of more than 40 percent above allocated costs in recognition of the additional cost and value of preferential service. Since 1946, however, six successive pay increases and other higher costs have reduced the cost average on this—the Department's prime service—so that today it is actually being run at a loss.

Amending H. R. 5836 by adding a 5-cent rate on out-of-town letters would restore first-class mail revenues to historic levels. Such a rate would produce a cost coverage of 139 percent on a straight allocated cost basis after consideration of the impending cost adjustments recommended in the President's budget message.

I might add, gentlemen, that virtually every major postal system in the world charges more for letter mail than the cost of service on a straight accounting basis in recognition of the preferential treatment such mail is universally accorded.

2. *Letter mail no longer pays a fair share of total costs of operating the Post Office Department*

One of the major reasons for the large postwar postal losses is that first-class mail has failed to pay its historic share of total postal costs. Let me illustrate. The average revenue contribution maintained by the Congress for the 10-year period following enactment of the 3-cent letter rate in 1932 was approximately 50 percent. However, during the inflationary period following World War II this revenue contribution has been permitted to decline sharply. Last year it amounted to less than 35 percent of postal costs and the long-term trend continues to be unfavorable. After enactment of H. R. 5836, amended to include a 5-cent out-of-town letter rate, the revenue contribution of first-class mail would return to that of the prewar average—about 50 percent of the total cost of operating the postal system.

3. *Letter rates alone have failed to contribute to postwar cost increases*

Letter mail is the only major service whose rates today are at the same level as they were in 1932. This means that letter mail is the only service that has made no contribution whatsoever, in terms of rate adjustments, to help defray operating cost increases. Since 1932, 6 wage increases, 2 railroad rate hikes, and a general rise in commodity prices have added 1.4 cents to the cost of the average letter. Pending wage increases and other higher costs will increase this even more this year.

I should like to point out further that the proposed percentage increase in letter mail rates is still less than the aggregate percentage increases proposed for other classes of mail. In view of this, there is no possible justification for not asking the users of preferential letter mail to make a fair contribution to the increased cost of the service they receive.

4. *A 3-cent letter rate worth 6 cents today*

If one were to consider only the decline in the value of money since 1932, there would be ample reason for charging a rate of 6 cents on letter mail today. The main reason why this service can be performed for less than 6 cents is that increases in the volume of letter mail and improved management practices have permitted economies of operation which have helped to reduce unit costs. In terms of the purchasing power of money today, the proposed rate of 5 cents on nonlocal letters is actually lower than the 3-cent rate in effect in 1932.

5. *Senate action in 1951 underscores reasonableness of 5-cent letter rate today*

In 1951, at the recommendation of this committee under its present chairmanship, the Senate passed a postal-rate bill which included a provision to increase letter mail by 1 cent an ounce. Had the House accepted this measure as it passed the Senate, the American taxpayer would have been spared an expenditure of almost $2 billion in postal losses during the intervening years.

I am convinced that the 4-cent letter rate was fully justified in 1951 and I commend this committee and the Senate for its actions. But that was 7 years ago. Since then, annual postal costs have increased by more than a billion dollars, largely as the direct result of wage increases and other benefits granted by the Congress to deserving postal workers. If a 4-cent letter rate was justified in 1951, then a 5-cent rate on nonlocal letter mail is fully warranted today at a time when the Federal debt is within a few million dollars of the statutory ceiling. The whole Nation recognizes the need to reduce the fiscal burden of nondefense activities at this time.

6. *Modernization program must be based on sound postal financing*

It is estimated that by 1970 the Post Office Department will be handling more than 75 billion pieces of mail for a population of more than 200 million Americans.

If we are to meet the tremendous challenge of the job ahead we must modernize. We must mechanize. We must rebuild the physical plant. We should not deny our

loyal postal workers the benefits of modern equipment.

Even in terms of today's needs our facilities are inadequate. We must take action now if we are to be ready to handle the ever-growing volume of mail in the years ahead.

But to put a modernization program in high gear requires a foundation of sound financing. We cannot in good conscience ask the American taxpayer to provide additional millions for modernization when he is already paying hundreds of millions of dollars for needless postal subsidies.

7. Other nations show the way

A review of the Universal Postal Union's listing of domestic rates of postage indicates that 34 postal systems—such as France, Germany, Belgium, and Sweden—now charge approximately 5 cents for letter mail.

Canada, for example, has had a letter rate of 5 cents and 4 cents on the first unit of weight of out-of-town and local letter mail, respectively, since 1954. During this period it has maintained its postal system on a self-supporting basis.

8. Out-of-town letters cost more to handle

A letter mailed in Washington to an address in California is obviously more costly to handle than a letter mailed for local delivery. On the average it already costs the Department about six-tenths of a cent more to handle out-of-town letters than to handle local letters. The pending cost increases, including higher railroad transportation costs, will enlarge this cost differential.

The American people are well aware that it costs the Government more to deliver an out-of-town letter than one addressed for delivery in the neighborhood. In fact, many of them have written to me suggesting that a higher rate be established on out-of-town letters.

Other nations are also faced with a cost spread between local and nonlocal letters and many have met it—as has Canada—by charging a higher rate for letters moving beyond the community.

There is also precedent in this country for a rate differential between local and nonlocal letters. From 1933 to 1944 a 1-cent rate differential on letter mail was in effect.

In earlier testimony this committee was advised that the letter-rate differential in effect from 1933 to 1944 gave rise to certain administrative complexities. There is no question but that local-nonlocal letter rates are more difficult to administer than a single flat letter rate which applies regardless of distance. However, the critical revenue needs of the Department now override the administrative convenience of postal management.

I should like to assure this committee, further, that the local letter rate has been subject to careful scrutiny over the past 2 years with the result that—although presenting some difficulties—we are confident that it can be properly administered.

The amendment under consideration defines local letter mail as that which originates within the delivery limits of a post office for delivery to an addressee located within the delivery limits of such post office. Such mail requires a minimum of handling and incurs virtually no transportation expense.

We are asking the Congress to permit the Postmaster General some discretionary authority in determining the boundaries of local letter mail in metropolitan areas which would relieve the Congress of having to enact the kind of special legislation adopted by the 75th Congress to extend the local rate to letters mailed for delivery wholly within the county of Queens in New York City.

9. A 5-cent rate conforms with the policy provisions of H. R. 5836

Title II of the bill under consideration establishes a postal policy. The adoption of a 5-cent rate on out-of-town letter mail is consistent with this policy.

I should like to refer to section 203 (c) (2) of H. R. 5836 which provides that "the acceptance, transportation, and delivery of first-class mail constitutes a preferred service of the postal establishment and, therefore, the postage for first-class mail should be sufficient to cover (A) the entire amount of the expenses allocated to first-class mail in the manner provided by this title and (B) an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto."

This statement does not innovate but simply reaffirms policies which have been in effect since the beginning of our Nation's history.

10. Proposed increases in letter rates still less than recent increases in rates of the telegraph industry

There are two major communication systems in the United States available to private citizens for the transmission of written intelligence: telegraph and letter mail. Both of these systems have been subject to postwar inflationary costs. They hire from a common labor pool and buy supplies and equipment on the open market. As a further corollary, the rates which they charge are subject to Government regulation. Now, let's see what regulatory bodies have approved in the way of higher rates for the telegraph industry during the period in which letter rates have remained at 3 cents.

In the telegraph industry since 1932, rates have increased as follows:

	Percent
15-word telegram	97
50-word day letter	157
50-word night letter	129

The bill under consideration, including th proposed amendment on out-of-town letters, would raise letter rates about 50 percent above the 1932 level.

I cannot believe that the users of letter mail expect the Post Office to ignore its cost increases any more than the users of the telegraph service expect Western Union to ignore its costs in setting rates.

A candid appraisal of the financial situation of the Post Office Department today and the increases in cost it faces in the immediate future makes it abundantly clear that the costly delays in enacting necessary rate legislation have only increased the intensity of its need. I recall that in April of 1954 when I appeared before this committee seeking increased postal rates I remarked, "Procrastination will not cure the patient. It will only complicate and intensify his ills." Unfortunately, we have already seen this prediction come true. The financial problems of the Department have intensified since 1954 and the corrective action necessary to restore sound fiscal practice to our operations involves even higher rates of postage than were previously necessary. This is the reason why President Eisenhower has asked the Congress to amend H. R. 5836 to provide for a 5-cent rate on nonlocal letters. We cannot delay longer. There is an urgent need for prompt action.

THE URGENT NEED FOR ACTION NOW

There is an urgency about this bill which transcends that of previous rate bills considered by this committee. Let me point out why further delay would be unthinkable.

The members of this committee are fully cognizant of the perils which face our Nation today. It is useless and dangerous to talk or even think of subsidies as usual while the present threat of international tension hangs over our heads. This is a time to reassess the Nation's resources and the application of those resources to the greater needs of the people. If we are to maintain a balanced budget and an adequate defense posture, we must face realistically the task of reducing the burden of postal deficits on the Federal budget.

To provide for the critical defense needs of our Nation we must apply unyielding tests of expenditures for nondefense purposes. I am certain that all of us will agree that postal losses fit into this category.

A few days ago the Secretary of the Treasury was compelled to ask the Congress to raise the debt ceiling in the amount of $5 billion. I might point out, Mr. Chairman, that this is less than the cumulative postal losses following World War II. If postal rates are not adjusted, cumulative postal losses over the next 5 years could alone compel another $5 billion increase in the debt ceiling. I am sure that neither I nor members of this committee would care to take the responsibility for failing to act now.

Recognizing that postal workers have not been insulated from the inflationary forces in our economy, the President's budget provides for a salary increase which will raise postal operating costs by an additional $160 million. Responsible government should follow the policy of seeking additional revenues to offset every increase in the Department's operating costs. This makes all the more essential prompt enactment of postal-rate increases.

Regardless of the many differences in views which exist on specific rates of postage and rates of pay, I am certain that there is general agreement that prompt enactment of both of these measures is in the public interest. It would be unrealistic for the Congress to approve postal pay legislation before providing revenues through the enactment of H. R. 5836 with the amendment I have suggested.

Prompt action by this committee and subsequent prompt action by the Congress must be taken if we are to avoid:

1. An annual postal deficit of a billion dollars in the immediate future.

2. A further unconscionable drain on the general fund of the Treasury of the United States which will impair the fiscal integrity of the Government and impede our defense efforts.

3. A continuation of unwarranted postal subsidies to large users of the mails when every effort must be taken to reduce needless Government expenditures.

4. A further deterioration of postal facilities, buildings, equipment, and machines in the face of ever-increasing volume of mail.

Finally, it is no credit to the United States for the Congress to permit our Post Office Department to be the only major postal system in the world which is not operated on a sound financial basis.

A NONPARTISAN ISSUE

Mr. Chairman, I should like to take this opportunity to pay special tribute to Senator CARL HAYDEN, chairman of the Senate Committee on Appropriations, who displayed the highest ideals of fiscal statesmanship when he appeared before your committee on December 12, 1957, in support of higher postal rates. The appearance of the distinguished Senator from Arizona is characteristic of the bipartisan support which this legislation has received from Members of both the House and the Senate.

In his testimony Senator HAYDEN raised a very simple question which touches the heart and pride of every American. He asked, "If every other civilized country in the world can make its postal service pay its own way, why cannot our Government do it?" I am sure that if this question were asked of the American public at large, the answer would be an overwhelming denial that we cannot do it and an irresistible mandate for the Congress to do so without further delay.

The reason for Senator HAYDEN's request to be heard by this committee is particularly significant, and I should like, if I

may, repeat his reasons in his own words. Senator HAYDEN said, and I quote:

"I am here today * * * to urge your committee to relieve the members of my committee and the members of the House Committee on Appropriations from having to recommend appropriation of money which they know is not available in the Treasury, and which will have to be borrowed from some source, in order to pay the continuously increasing cost of carrying on the work of the Post Office Department."

I have not the slightest doubt that the views expressed by Senator HAYDEN reflect the sentiments of the vast majority of the Members of the Senate as they do those of the Members of the House who on August 13, 1957, supported this bill by a vote of almost 2 to 1.

CONCLUSION

Today the postal service of our country is at the crossroads. One road leads to fiscal responsibility and better mail service. The other leads to still heavier tax burdens on the general public, increased postal subsidies to the large mail users, and unavoidable deterioration of mail service.

The post office cannot stand still. The choice, Mr. Chairman and members of the committee, is yours.

May I, in conclusion, express my appreciation for the courtesies you have extended to me today.

A METHOD FOR DETERMINING THE AREA WHERE A LOCAL LETTER RATE WOULD APPLY

The adoption of a local postage rate for letters makes necessary a practical and easily understood definition of local mail.

The proposed local rate of 4 cents would be charged on all letters addressed for delivery by the employees of the office where mailed. This was the basic principle applied from July 1, 1933, to March 26, 1944, when we last had local and nonlocal mail rates. Since that time the population has increased and the distribution of our people has changed, which necessitates a broadened concept of local mail.

In recent years there have come into being a large number of urbanized areas each composed of a central city with extensive surrounding fully developed industrial and residential areas. These surrounding areas, which include incorporated and unincorporated communities, frequently encompass one or more civil subdivisions, and may be served by several independent post offices. These urbanized areas constitute, in fact, single business and cultural centers, and are homogeneous communities.

It is proposed that the local rate be applied administratively to mail deposited at any post office located within a designated urbanized area for delivery from that office or any of the other offices located within the same area.

In 1950 the Bureau of the Census delineated boundaries for 157 of these urbanized areas. Each urbanized area includes at least 1 central city with 50,000 inhabitants or more and also the surrounding closely settled areas. There are 172 central cities of 50,000 or more inhabitants included in the 157 urbanized areas.

The delineation of urbanized areas by the Bureau of the Census has provided formal boundaries to the modern cities of the United States on the basis of where the people actually live instead of on the basis of State, county, township, or other civil boundaries.

In administering the local rate the Post Office Department would give full recognition to the delineation of urbanized areas as prescribed from time to time by the Bureau of the Census.

The urbanized area concept has the following inherent patron advantages:

1. Reduces the disparity in the size of the areas now served by metropolitan post offices.

2. Permits suburban residents, small businesses and public utilities the maximum application of the local letter rate within their general trade area.

3. Eliminates annoyance to mail patrons and expense to Post Office Department of Collecting postage due on letters forwarded from the central city post office to independent offices in the area.

4. Permits ready understanding of the scope of the local rate in each community by providing the mailer with a listing of all the post offices in his urbanized area.

5. Eliminates the incentive to shift mailings from independent suburban post offices to suburban branches of the central post office.

COMPENSATION FOR MILITARY LAWYERS

Mr. ERVIN. Mr. President, on Wednesday the junior Senator from South Carolina [Mr. THURMOND] appeared before the subcommittee of the Senate Armed Services Committee appointed to study revised pay scales for the military services. At that time he presented a brief statement in support of legislation which would provide incentive pay for the purpose of retaining and recruiting qualified lawyers for the armed services and he also introduced to the committee my good friend, the Honorable Charles S. Rhyne, president of the American Bar Association. Mr. Rhyne is a native of Charlotte, N. C., and a graduate of Duke University and the George Washington University Law School. He has practiced law in Washington, D. C., for the past 20 years and has earned an enviable reputation as one of the most able and distinguished lawyers in this country. He also presented testimony in favor of incentive pay for military lawyers.

The facts and figures presented in these statements are astounding and point up the need for action in this area. I ask unanimous consent that these two statements be printed in the body of the RECORD.

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

STATEMENT BY SENATOR THURMOND BEFORE THE SENATE ARMED SERVICES COMMITTEE IN SUPPORT OF INCENTIVE PAY TO RETAIN AND RECRUIT QUALIFIED LAWYERS FOR THE ARMED SERVICES, MARCH 12, 1958

Mr. Chairman, I appreciate the courtesy of the chairman in making it possible for me to present the president of the American Bar Association at these hearings today. Before introducing the Honorable Charles S. Rhyne, there are several points which I would like to make in favor of incentive pay for the purpose of retaining and recruiting qualified attorneys in the military service. The facts and figures which I shall present very briefly were prepared for me by officers in the JAG Corps in the various services of the Defense Department, and can be verified if you wish to call these gentlemen to testify.

Here are my points:

1. I am alarmed that if the shortage of lawyers in the military services is permitted to continue, it may cost the taxpayers millions of dollars and jeopardize the rights and liberties of our servicemen both at home and abroad.

2. I am informed that 94 percent of the regular career lawyers plan to retire as soon as eligible. This will occur within the next 5 years.

3. I am further informed that 97 percent of the young military lawyers plan to leave the Armed Forces at the end of their 3 years of obligated service. Over 700 returned to civilian life in fiscal year 1957 and 435 so far this year.

4. Not only is the military losing lawyers in alarming numbers, but they are unable to recruit the number needed. During the same period (fiscal years 1957 and 1958, to date), they have recruited only approximately 800 lawyers. The losses exceed the gains by over 300.

5. The tremendous turnover in personnel is not only costly, but it has resulted in a 50-percent inexperience factor among military lawyers. This deplorable situation results in inexperienced lawyers handling matters involving millions of dollars of taxpayers' money and defending servicemen charged with serious crimes.

6. If this situation is permitted to continue, we will return to the conditions that prevailed during World War II when the rights of our servicemen were not being protected. The Congress, in enacting the uniform code of military justice to correct this, required that lawyers be provided. Therefore, the passage of the code will have been a vain act, unless Congress provides the necessary incentive for recruiting and retaining an adequate number of competent lawyers.

7. Any proposed legislation affecting military pay would be incomplete and would not be in the best interest of our national defense unless it includes the same incentive pay for our military lawyers as is now accorded the military doctor, dentist, and veterinarian. Incentive pay has solved their problem.

8. I have sponsored legislation (S. 1165) which includes a similar provision for the military lawyers. It would solve their problem. A recent survey indicates that 92 percent of the career lawyers and 79 percent of the young lawyers on obligated service, would remain on active duty if incentive pay as provided in my bill were included in the proposed legislation before you.

9. It would appear that the only alternative is to draft lawyers. This is not only unacceptable but would not provide the experienced lawyers so badly needed.

I take great pleasure, gentlemen, in presenting to you the Honorable Charles S. Rhyne of Washington, D. C., the president of the American Bar Association; the Honorable Osmer C. Fitts, of Brattleboro, Vt., chairman of the American bar committee on lawyers in the Armed Forces; and the Honorable Thomas King, of Washington, D. C., past president of the Reserve Officers Association and president of the Judge Advocates General Association. Mr. Rhyne, a distinguished graduate of Duke University and George Washington University School of Law, will present a statement to the committee and Mr. Fitts will answer any detailed questions the committee members may wish to have answered.

STATEMENT OF MR. CHARLES S. RHYNE, PRESIDENT OF THE AMERICAN BAR ASSOCIATION, BEFORE THE SUBCOMMITTEE OF THE SENATE ARMED SERVICES COMMITTEE, APPOINTED TO STUDY REVISED PAY SCALES FOR THE MILITARY SERVICES

Mr. Chairman, members of the committee, I am Charles S. Rhyne, of Washington, D. C., president of the American Bar Association. I have asked to appear before you in order to review briefly the interest of the American Bar Association in military law and its support of the improvement and strengthening of the military legal services. The interest of this association in the field of military law is not new. One of the primary reasons for our existence is the improvement of legal services rendered to a client, whether corporate or individual. The military lawyer who

serves probably the largest single client in the world certainly falls within our sphere of interest and, while we desire most earnestly to improve the lot of each member of the legal profession, our primary concern is the effective performance of legal services. This has been demonstrated to you in the past by the American Bar Association's participation in the formulation and implementation of the Uniform Code of Military Justice along with many other legislative matters affecting the military services.

Since the practice of military law with its many separate areas of specialization is a highly technical field, officer-lawyers of above average ability and experience are required in order that the necessary legal services be performed in an efficient and effective manner. Therein lies the interest of the American Bar Association. The legal departments of the Army, Navy, and Air Force are at this time providing legal services for their respective military departments with approximately 50 percent inexperienced legal professional personnel. Lawyers who have only recently graduated and been admitted to practice law are, during the course of their 3 years of obligated service, making decisions which could conceivably cost the United States Government millions of dollars, or are defending an accused serviceman against a serious charge in a court-martial which could involve death as the most serious penalty. However, of grave concern is the fact that even this inexperience would not be available to the military were it not for the fact that young lawyers are vulnerable to selective service and consequently forced to choose between 2 years' service as an enlisted man or 3 years' service as a commissioned officer.

The inability of the services to retain any of these young officers is a matter of serious concern to the American Bar Association. There is no question that the efficiency of the legal services provided is impaired by the constant and expensive turnover of military lawyers. Not only is much of the time of these transient officers spent in processing, orientation, travel, necessary formal or informal training as the case may be, and separation, but there is a serious loss of accumulated experience which the services can ill afford. In addition this instability detracts from the professional prestige of the military legal practitioner and tends to further aggravate the turnover rate.

In order to further illustrate this problem, the 3 services normally require approximately 2,700 lawyers. During fiscal year 1957, over 700 of these officer-lawyers returned to civilian life. To date in fiscal year 1958, 435 officer-lawyers have separated from the military. In addition to this, senior officers in progressively greater numbers are facing retirement beginning in 1960.

In an attempt to determine the magnitude of this problem in the near future, the American Bar Association conducted a survey of military lawyers on active duty. The results of this survey indicate that, unless corrective action is taken, and taken immediately, the legal departments of the services will be unable to perform the services required of them by Congress.

Of 1,045 career officer-lawyers who replied to this survey, 987 indicated positively that they plan to retire as soon as they become eligible, 94.4 percent. Nine hundred and fifty-six of these officers indicated that pay was one of the primary factors in this decision, and 876 of these stated that adoption of the proposed pay scales which you are now considering will not alter their plans.

Although this fact is in itself alarming, of more serious portent is the result of the survey of the young officers serving an obligated 3-year tour. Of 573 officers who replied prior to the established tabulation date, 568 stated that they planned to leave the service upon completion of their obligated tour. This is 99.1 percent. In addition, 483 of these officers stated that adoption of proposed pay legislation would not change their plans in this regard.

These figures reveal what lies ahead. At the present time the military legal departments are seriously understaffed in the intermediate grades of captain and major and equivalent grades in the Navy. With an almost complete turnover of lieutenants during the past few years and an even greater experience attrition rate established for the future, legal services required cannot be rendered efficiently, the point can and will be reached where military justice will return to its World War II status, Government contracts can no longer be legally reviewed, and the rights of our servicemen overseas can no longer be protected.

In order that you can properly evaluate this matter, let me point out to you certain facts which I am sure you will find of interest. In calendar year 1956, military lawyers participated in 184,348 trials by courts-martial, of which 10,689 were general courts-martial. During fiscal year 1957, Air Force military lawyers reviewed for legal sufficiency Government contracts amounting to over $8 billion, in addition to patent cases valued at over $3 billion. Also of interest is the fact that military lawyers during 1957 attended 4,437 trials of United States Armed Forces personnel by foreign tribunals as legal observers designated to safeguard the rights guaranteed by treaty.

These are only examples of the activities of the military lawyer. However, with these facts before you, it can be easily understood why experience must remain at a high level.

The services and the legal profession can do some things to help solve the problem of the disappearing military career lawyer. However, extensive study by the American Bar Association indicates that pay incentives and promotion credits must be provided by the Congress in order to make a career in the military attractive for lawyers and to permit the military to compete with civilian industry and the attractiveness of civilian law practice in securing and retaining outstanding lawyers. Senator STROM THURMOND has introduced in the Senate and there is pending at the present time Senate bill 1165 which is calculated to supply the essential requirements of which I have spoken. Four bills identical to Senate bill 1165 have been introduced in the House of Representatives.

The survey conducted during February 1958 by the American Bar Association's special committee on lawyers in the Armed Forces, which I have already indicated, shows almost 100 percent of military lawyers plan to leave the armed services at the earliest retirement age or at the end of their obligated tour of duty. This survey also pointed out that legislation along the line of the Thurmond bill offered a possible solution.

Of Regular officers and career reservists over 92 percent stated such financial and incentive legislation would cause them to change their plans to leave. This would hold the experienced mature officers in the service to the financial gain of the United States and the betterment of legal professional services of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

Of the officers serving a so-called obligated tour of duty almost 80 percent indicated that such financial and incentive legislation would cause them to reconsider their intent to leave at the end of their obligated tour of duty. This is the aid in procurement and retention of military lawyers that seems to be needed.

Senator THURMOND's bill has been modeled after the present provisions of law providing incentive pay to physicians, dentists, and veterinarians. Experience has demonstrated that what was a very dismal picture in the service medical departments has been alleviated by the provisions made for medical officers. The services are obtaining and retaining such people. Although this bill has been before the Congress for well over a year, the Defense Department has not yet submitted its report. Senator THURMOND also has introduced Senate bill 1093 to provide three-star rank for the Judge Advocates General and the Surgeons General. This bill is designed to raise the status of the lawyer and doctor in the services.

It is my view and the view of the American Bar Association consisting of almost 100,000 lawyers scattered throughout the United States and, through the house of delegates which is the spokesman for over 200,000 of our country's lawyers, that a part of this very serious problem which I have discussed with you can be remedied by a simple amendment in the pay legislation which you are now considering to provide that the special pay for doctors and dentists be given to Judge Advocates of the Army and Air Force and to legal specialists of the Navy, Marine Corps, and Coast Guard. I believe that consideration should also be given to the other features contained in Senator THURMOND's pay and promotion bill (S. 1165) and to the bill providing three-star rank (S. 1093). Our studies demonstrate that all of these provisions are essential and we commend them to your favorable consideration.

There is present with me Mr. Osmer C. Fitts, of Brattleboro, Vt., who is the chairman of the American Bar Association's special committee on status of the military lawyer. He has prepared, and has now available in draft form, a brochure which our special committee, after exhaustive study, has prepared to present a clearer perspective of the problem presently existing with respect to the procurement and retention of military lawyers in the armed services. He will be glad to answer any questions which any member of the committee may wish to put to him as he has been in charge, for the American Bar Association, of the committee which studied and completely analyzed this situation.

I want to express my appreciation and the appreciation of the American Bar Association which I represent for the courtesy of this committee in permitting me to put before you a problem which is now of utmost seriousness and a problem which will become progressively worse unless the actions which I have suggested are taken promptly.

EDUCATIONAL PROGRAM WITH WEST GERMANY

Mr. FULBRIGHT. Mr. President, shortly after World War II our Government embarked on an educational program with West Germany for the purpose of reestablishing that country with a spirit and a will to assume its proper role among the nations of the Western allies.

Many of their professional, educational and political leaders have since visited the United States. Likewise they have invited our professors and teachers to visit Germany.

Our Government has supported this important exchange program largely through the use of surplus war property credits which accrued right after the war. Our educational exchange agreement with the German Government for the use of these German marks provided for the establishment of a binational body in Germany—the United States Educational Commission in the Federal Republic of Germany—made up of five Germans and an equal number of Americans.

This is an important body which helps supervise our exchange program in Bonn and which gives it the cooperative aspect so important in carrying on a cultural program.

The present German membership consists of top German educators and Government officials who serve voluntarily and without pay:

August W. Fehling, curator of Kiel University.

Paul Egon Huebinger, Minister Director of the Federal Ministry of Interior.

Werner Richter, former rector, University of Bonn.

Prof. Gerd Tellenbach, president of the West German Conference of University Rectors.

Heinz von Falkenstein, Director of the Cultural Division of the German Foreign Office.

I am pleased at the recent news that a good friend of mine and an able American administrator is being assigned by the United States Foreign Service to become the new Chairman of this Educational Commission in Germany.

Dr. Howard H. Russell, most recently Deputy Director of the Department of State's International Educational Exchange Service, is leaving Washington this week to take charge of the Exchange of Persons Division in the American Embassy in Bonn. In view of his extensive background in the American educational system, his service during World War II as an educational adviser, and his more recent service for the Department of State, both in Germany and Washington, he will undoubtedly do a good job on this important assignment.

Now the German Government realizes the value of these cultural exchanges. It, too, has a reciprocal exchange program with the United States. Shortly after his visit to the United States on a State Department exchange grant as a member of the Bundestag, Dr. Eugen Gerstenmeir, now President of the Bundestag, sponsored legislation for an exchange program of the German Government under which over 100 Americans are invited to Germany each year for the purpose of giving "leading Americans, active in all fields of public life, an opportunity to become acquainted with the present-day life and institutions in Germany."

I am pleased to inform the Members of the Senate of these cooperative projects being carried out with our NATO ally and I assure my colleagues that our interests will be in good hands under the leadership of Dr. Russell.

Mr. President——

The PRESIDING OFFICER. The Senator from Arkansas.

RECOVERY POLICY AND NATIONAL SECURITY

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a study of the recovery program which was prepared by W. W. Rostow, of the Massachusetts Institute of Technology. It is an intelligent, searching analysis of our present economic difficulties, and makes suggestions as to the proper way to meet them.

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

A NOTE ON RECOVERY POLICY AND NATIONAL SECURITY

The following considerations argue that in the interests of the national security the response to the current recession should take the form of an increase in Government expenditure and that this response should be immediate.

1. Tax cuts, the major alternative, would lower the tax level. The tax level is sluggish—once lowered, the level of Government expenditures tends to accommodate itself to the level of tax revenues. Looking ahead to the next several years, every indication of national-security requirements suggests that we will need to expand, not contract, Federal expenditures. A tax cut now would inhibit such expansion.

2. The foreign-aid program is now directly threatened by the fact that economic overhead outlays by the Federal Government in the United States (irrigation, roads, urban reconstruction, education) appear to be the alternative to such outlays on behalf of peoples abroad. This is an intolerably heavy burden to lay on Congressmen seeking election.[1]

3. If we were at full employment in a situation of national emergency, such transfers of resources from the domestic economic overhead sector to the national security budget would have to be faced and defended. This is not the case with 5 million unemployed. Assuming 2 million unemployment as a fractional minimum, we must reemploy about 3 million men as promptly as we can. Each employed person produces in a year about $6,000 toward gross national product. At the moment this means there is a gap between current gross national product and full employment gross national product of at least $18 billion. In fact, the gap is higher because productivity increases have slowed down in the last year or so: a cautious projection of trend suggests that current gross national product at full employment might be about $25 billion higher than at present. And the combination of working force increase and productivity increment should yield at least an extra $12 billion on gross national product per annum. We might legitimately shoot, therefore, for a 1959 gross national product $35 billion to $40 billion higher than at present. If this arithmetic is sound then there is no reason to set security outlays in conflict with domestic economic overhead outlays. There are ample unemployed resources to do all the things we ought to do in the common interest without a fall in the real level of consumption. The recovery program should consist of a mixture of the two types of Government expenditure; and, in their secondary consequences, via the multiplier, they will yield an increase in real income available for consumption.

4. If the recovery program consists, essentially, of a tax cut, a sharp increase in consumption will result and a resumed increase in investment in the durable goods industries. This will stimulate the automobile and related durable consumers' goods industries; but it will yield (as well as the new lower tax base discussed in paragraph 1) a structure of production which will make subsequent expansion in security outlays—military and foreign aid—more difficult. We will be again committed to building prosperity on a rise in the size and number of automobiles and the rest of the consumers' durables mix.

5. So far as recovery is concerned, the question is, Can increased Government expenditure achieve as quick an impact on the level of employment as a tax cut? The answer is that the time it takes to get Government-financed projects under way varies greatly. In some cases the administrative structure already exists within which increased outlays can be made; and an indication from Washington that increased expenditures are provided for can lead almost immediately to the hiring of men, the buildup of inventories, and increased investment commitments. In other cases a considerable period of time must pass before money that is voted can, in fact, be spent; but, in the meanwhile, the knowledge and expectation of these forthcoming increased outlays can have a major effect on public and business attitudes. In general, there would appear to be sufficient quickly responsive areas of Government expenditure to justify building a recovery program promptly on that base, if action is not too long delayed. To be precise, there is no reason that Government outlays committed in March and April should not be exerting a massive effect by, say, October.

6. There is a longer term perspective which converges with the judgment that public outlays rather than a tax cut is the optimum route back to full employment. Negatively, there is every evidence that capacity in the automobile industry has been so extended in recent years that even a large increase in consumption will not stimulate much increase in investment in plant, in the automobile and related industries. If the small-car market continues to develop, the automobile and related industries may make a substantially lower contribution to private investment outlays over the next decade than they have in the past. Positively, there is every reason to believe that we are entering a phase in which investment in education, roads, urban reconstruction, housing, irrigation are going to expand their role in the economy over the next decade. The population increase—and the imminent family formation rate increase—require this shift, as well as a number of other convergent factors. If this is the inherent strategic direction of the American economy for the next decade—and there are many indications that it is—the tactics of recovery from the 1958 trough should be geared to that longer-term direction.

W. W. ROSTOW.

[1] Similarly, the Reciprocal Trade Act is now directly threatened by the fact of quite severe unemployment and partial employment. It is exceedingly difficult to take steps leading to tariff reduction when American jobs appear to be put directly in competition with jobs abroad. Whatever the form of the recovery program, it must be launched promptly and persuasively if the atmosphere of confidence required for long-term trade-act renewal is to be created in time.

A TAX CUT VERSUS PUBLIC WORKS

Mr. FULBRIGHT. Mr. President, I ask unanimous consent also to have printed at this point in the RECORD an article entitled "A Tax Cut Versus Public Works: Experts Give Opposing Views," published in the New York Times of March 13, 1958. The article contains statements of two views about what should be done concerning the present recession, one by Professor Galbraith, the other by Senator PAUL H. DOUGLAS.

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

A TAX CUT VERSUS PUBLIC WORKS: EXPERTS GIVE OPPOSING VIEWS—SENATOR DOUGLAS BACKS SLASH IN LEVY, PROFESSOR GALBRAITH URGES WIDER UNITED STATES SPENDING IN RECESSION

WASHINGTON, March 12.—Tax cut or public works—which is the better way of halting the recession?

Senator PAUL H. DOUGLAS, Democrat, of Illinois, an economist in his own right, is one of the leading advocates of a tax cut. Prof. John Kenneth Galbraith, a Harvard economist, favors public works.

Senator DOUGLAS gave his views in a minority report of the Congressional Joint Economic Committee in February. Professor Galbraith presented his arguments earlier at the committee's hearings.

Following are excerpts from their remarks:

SENATOR PAUL H. DOUGLAS

"The quickest and most effective way to act is by means of a tax cut for lower- and middle-income groups, i. e., those groups which tend to spend almost all of their income.

"Such a tax cut would be fed into the economy almost immediately; it would stimulate demand for goods and services; afford the best hope for stopping the current economic recession and help to start an economic upturn. The increase in the demand for consumers' goods should also stimulate the demand for, and investment in, capital goods.

"Specifically, I would propose that we either raise the personal exemption from $600 to $700, or tax the first $1,000 of taxable income at 15 percent rather than 20 percent. Either of these proposals could go into effect immediately and could be made retroactive to January 1, 1958.

"Loss could be recouped

"Further, such a cut should expire on January 1, 1959, so that if the recession is stopped, the loss of revenue—which is proper in a recession—could be recouped during a prosperous period. Such a tax cut would pump some $3 billion per year into the economy. This would take effect currently and immediately.

"In addition, I propose that the excise taxes on consumer durables, such as radios, television sets, refrigerators, air conditioners, gas and oil appliances, luggage, handbags, wallets, etc., be repealed; that the excise taxes on the transportation of property and persons and on communications be cut in half; and, if the automobile industry will agree to pass along such a cut in lowered prices, a 50-percent reduction in the manufacturers' excise tax on passenger automobiles.

"Both the personal income and excise cuts could become effective almost immediately. They would show up in the weekly pay checks of individuals within a week or two following Congressional passage, and they would bring a reduction in the prices of consumer durables for which the demand has declined.

"While I am certainly not opposed to the expansion of needed public works in periods of economic recessions, I do not have the same faith as my colleagues in their ability to help matters quickly.

"Three reasons cited

"There are three principal reasons. First, public works are too slow. Except for possible psychological effects, major projects would be very slow in actually being started. Plans must be made, land bought, contracts bid for, etc. Therefore, even at best it would be many months before most of these projects could actually influence the course of the recession.

"Second, even those projects which can begin early will not necessarily be in the localities where the major portion of the unemployment exists. Navigation and flood-control projects on our major and minor rivers, and reclamation projects in the scantily populated areas of the West are not calculated to provide jobs for unemployed workers in the automobile, steel, and the fabrication industries in our industrial centers.

"Third, even if taken off the shelf quickly, and even if built in the right localities, public works generally do not directly employ those who have lost industrial jobs.

"I favor, in this period, an expansion of needed public works. I would put schools and hospitals along with slum clearance and housing for low- and middle-income groups at the top of the list of priorities.

"Swift action urged

"Nevertheless, public works cannot be relied upon to give the economy the immediate stimulus it needs to change the direction in which economic forces are moving, but they should be provided at an appropriate time so that men will not be forced to be permanently unemployed if we experience a cumulative breakdown in the economy.

"In summation, what we need is an immediate tax cut for lower- and middle-income groups in order to increase demand and purchasing power. At the same time, we should increase unemployment benefits for those out of work, for a personal tax cut will not be received by them directly; for, if they have no income, they pay no taxes. However, they would benefit immediately from the excise cuts on the goods they buy.

"Therefore, an increase in unemployment benefits to approximately half of the average wage as opposed to the one-third which is now the case, and an extension of time for receiving unemployment benefits by an additional 13 weeks, are both needed. Further, we should start processing needed public works projects so that, if a tax cut fails, these men will have jobs to go to."

PROFESSOR GALBRAITH

"In the present situation, there is a good deal to be said on the choice between lowering taxes and increasing public outlays. And the choice is very strongly in favor of the latter.

"Tax reduction, as we all recognize, is a rather irrevocable step. Once taxes are reduced, it will be difficult to raise them again. Should the present recession prove temporary, we would want to have them back and fairly promptly. We can't have a deficit in both depression and boom. Life is not yet that wonderful.

"There are other reasons for favoring an increase in expenditures. These have the initial effect of providing jobs and incomes to men who are now unemployed or would become so. Personal tax reduction has the initial effect of providing added income to individuals who already have jobs and incomes and for that reason are taxpayers.

"Thus, both on grounds of equity and fiscal effect, there is much to be said for the first.

"Rebate held drawback

"Any talk of tax reduction will bring forward many claimants for attention and with many claims—good, bad, or merely self-serving. They will argue colorfully for the favorable effect of tax relief on their own investment, purchasing power, or morale. The inevitability of debate over who should benefit from any tax reduction is another reason for avoiding this remedy.

"But the most important reason for favoring an increase in civilian public outlays as the principal protective device is that we now have so many things that need doing.

"Let me explain why I confine the reference to civilian outlays. It is because military outlays should be established wholly by need and not at all by fiscal considerations. This is an ironclad rule.

"To adjust military spending to the fiscal needs of the economy is both reckless and immoral. It is reckless because it means that such expenditures will then be cut, regardless of urgency, whenever inflation threatens. And it is immoral because it means that outlays for these instruments of death would be increased regardless of need when there was unemployment and idle capacity.

"Arms and the economy

"There has already in these last few weeks been far too much ill-considered talk about defense expenditures as the new form of pump priming.

"I don't suppose there is any aspect of Communist propaganda that has so much headway as the conviction in some way that the American economy is dependent on arms expenditures. It is a charge that we should most scrupulously and honestly avoid.

"On the urgency of innumerable civilian requirements, I need not dwell.

"Schools and aid to education; research support and facilities; health facilities, urban rental housing, urban redevelopment, resource development, metropolitan communications, are all deficient or lagging.

"It would surely be a mistake to talk of tax reduction to make jobs when so many of our schools are dirty, rundown, overcrowded, understaffed, on double shifts, or scheduled to become inadequate when the next increase in the school population hits them.

"Trouble in suburban

"Obviously, we should first make jobs building the schools. If any taxpayer needs help, incidentally, it is the hard-pressed local property taxpayer in the new suburb.

"Now this Federal tax reduction, as an alternative to help on schools and other facilities, means a continued squeeze on this man.

"To support the economy by getting ahead with these urgently needed public activities is by no means the easiest course.

"The Employment Act places the responsibility for offering a plan on the Executive, and there it belongs. As and when business picks up, the administration will be right in stretching out and tapering off expenditures. In so doing, it will be entitled to the support of those who now urge action."

A STATUTORY STANDARD OF INVENTION

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that there may be printed in the RECORD the announcement that the Senate Committee on Patents, Trademarks, and Copyrights has just had published at the Government Printing Office a subcommittee study of our efforts to establish a standard of invention. The study, prepared by Victor L. Edwards, of the Legislative Reference Service, is the seventh such study to be published by the subcommittee. It covers the history of proposals in Congress, largely centered in the 1940's, to write into the patent laws a specific statutory test of invention in lieu of the general test with which the courts have been struggling for a century.

While most of the broader suggestions that have been made never received Congressional approval, the Congress did write into the general patent codification law enacted in 1952 the definition of invention that the courts had been applying—with some difficulties, it might be pointed out—since 1850. Unfortunately, this definition in turn has given rise to new uncertainties that are still unresolved.

The study by Mr. Edwards also discusses proposals that the courts give more weight to Patent Office determinations than is now customary.

The present study is most timely. In its two previous annual reports this subcommittee has called attention to the distressing gap between the Patent Office and court views of what constitutes a

valid patent, a gap that has resulted in a high mortality rate for issued patents when they get into litigation. Whether the blame for this rests with the Patent Office or the courts, it is clear that the patent system cannot function at its best as long as this unfortunate condition exists.

At the same time Mr. Edwards' study points up the difficulty of trying to deal with this problem through legislative measures. Its collection of the various proposals that have been made, together with the arguments for and against these proposals, provides extremely valuable materials and information for those seeking to deal with this perennial problem. Its value is enhanced by the inclusion of a selection of judicial commentaries on the 1952 amendment, a list of recent cases referring to that amendment, and a selected bibliography of articles dealing with the subject of invention.

The present study can be obtained from the Government Printing Office at a price of 15 cents. The previous studies are also available, and additional studies, now being printed, will be available soon.

I am glad to be able to announce that Prof. Leo H. Whinery, a member of the law faculty of the Law School of the University of North Dakota, has completed a study on the role of the court expert in patent litigation. It is the outcome of more than a year's research in the problems of patent litigation undertaken pursuant to a grant from the Edwin H. Armstrong fund, Columbia University.

One of the major problems that has plagued the patent system for decades has been the cost, delay and complexity of patent litigation. Despite the strenuous efforts of our more farsighted judges, as well as of some segments of the bar, the problem still remains largely unsolved. The inevitable result, too often, is delay, uncertainty, expense and error. Not only the litigants, but also the bench and bar, have suffered from the situation.

Mr. Whinery suggests that many of the difficulties stem from the failure of litigants to present clearly to the court an adequate explanation of the technical aspects of the case and the exact nature and scope of the dispute between them. Judges are faced with contradictory views and contentions concerning complex technical matters, with no way of knowing which views are correct. Professor Whinery's proposals would seek to reduce these difficulties by providing the judges, where appropriate, with the assistance of neutral experts who could help to clarify the issues and aid the judges in arriving at correct decisions. Mr. Whinery recognizes the danger that some judges might rely too much upon court-appointed experts and he suggests ways to prevent this from happening. To implement his proposals, he recommends enactment of a Federal Expert Advisers Act, a suggested draft of which is included in his study.

The stake the patent bar, the judiciary, and the public as a whole have in the patent system, and the importance of correcting the shortcomings that exist in that system, whether at the litigation level or elsewhere, cannot be overemphasized.

No system can work effectively if its enforcement machinery is obsolete or rundown. This subcommittee is concerned to see that the enforcement and litigation link in the patent chain is kept as strong as possible. Professor Whinery's study is an important first step in our efforts toward that end. After all, the object of the framers of the American Constitution in authorizing a patent system was to stimulate invention and not to fence the inventor in for the benefit of monopoly. We expect to follow it up with further study, inquiry, and action.

This is the eighth study of the subcommittee to be published. Those previously published are as follows:

Proposals for Improving the Patent System, by Dr. Vannevar Bush.

The Patent System and the Modern Economy, by George Frost.

Distribution of Patents Issued to Corporations, by the Patent Office.

Opposition and Revocation Proceedings in Patent Cases, by P. J. Federico.

The International Patent System and Foreign Policy, by Raymond Vernon.

Patents and Nonprofit Research, by Archie Palmer.

Efforts to Establish a Statutory Standard of Invention, by Victor L. Edwards, Legislative Reference Service.

Copies of these eight studies, including Mr. Whinery's, are available at the Government Printing Office. Several additional studies are now being printed and will be available in the near future.

PROPOSED REDUCTION IN THE NATIONAL GUARD

Mr. STENNIS. Mr. President, on February 5, I called to the attention of the Senate the lack of wisdom in the proposal of the administration to reduce the strength of our National Guard. This matter continues to be one of vital concern to me, and this feeling is shared by other responsible officials throughout the country. Only today I have received a letter from Gov. J. P. Coleman, of Mississippi, expressing his deep concern over this problem. I ask unanimous consent that his letter be printed in the RECORD at this point.

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

STATE OF MISSISSIPPI,
Jackson, March 10, 1958.

Hon. JOHN C. STENNIS,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR STENNIS: The recent news reports and official recommendations with reference to curtailing the strength of the Army National Guard has caused me considerable concern. I am sure that the governors of the other States are likewise concerned.

The appropriation bill now pending in Congress includes funds to support a National Guard of 360,000. This represents a reduction of approximately 20 percent in the Army National Guard since the end of the fiscal year 1957. This reduction is not consistent with previous pledges made by the Department of the Army, the administration and Congressional leaders to keep the Guard at 400,000.

The reduction of the National Guard strength is coincidental with a reorganization plan based on new concepts of warfare. It appears that our delayed entry into space has affected our good reason and judgment in dealing with this matter on a practical basis. When Russia launched its satellites, it did not reduce the strength of its ground forces. Yet, those who would reduce the strength of the National Guard are trying to take advantage of fear to increase appropriations for technological advancement at the expense of reduced strength in our Armed Forces.

Regardless of why the strength of the Guard is being reduced, it is inconsistent with previous statements of principles by our defense planners that as the strength of the active Army is reduced, the strength of the civilian components should be increased.

I have been advised by my adjutant general that the proposed reduction in the National Guard, if projected on an equitable basis to each of the States, would mean a loss to Mississippi of approximately 238 officers, 3,500 enlisted men, and from 30 to 35 organized units now serving Mississippi communities. I am further disturbed by indications received from National Guard Bureau by the Office of the Adjutant General that a reduction in the Army National Guard may affect as high as 30 percent of our Mississippi strength.

Elimination of National Guard units would leave existing facilities unused, active personnel without affiliation, and the National Guard withered and stripped of effectiveness.

It is highly important that a reserve be maintained where the States and the Federal Government not only share the expense but share in the benefits. The National Guard has rendered untold service in the matter of local assistance in tornadoes, floods, hurricanes, etc. (You will recall the disastrous tornado that hit Vicksburg in September 1953. The Mississippi National Guard was on the job relieving suffering within 1 hour after this tornado struck and when considered necessary or advisable by the Federal Government, it can be called immediately into the service of the United States, and when so called it has always given an outstanding performance.)

It is my hope that you will work diligently to prevent any further cut in our Army National Guard force and to use processes available to you to the expansion, growth, and strengthening our National Guard.

The rights of the several States should be recognized in an issue which so vitally concerns their welfare.

With my warm personal regards and best wishes, I remain

Your friend,

J. P. COLEMAN,
Governor.

FORMULA FOR TAXING OF LIFE-INSURANCE COMPANIES

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Is there further morning business? If not, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

THE JENNER BILL ON SUBVERSIVE ACTIVITY IN TEACHING BODIES

Mr. JENNER. Mr. President, it is interesting that nearly everyone who takes

a crack at my bill, S. 2646, finds it necessary or expedient to misrepresent the facts.

I hold in my hand an outstanding example of such misrepresentation. It is the text of remarks made by Mr. George Herman, over the Columbia Broadcasting System, on the program CBS News, at 9:05 p. m., on March 10, 1958.

I ask unanimous consent that the text of the remarks by Mr. Herman may be printed at this point in the RECORD, as a part of my remarks.

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

You certainly couldn't tell, from the interest aroused, that Senator JENNER's bill proposes to exclude the Supreme Court of the United States from vast areas of the law. Hardly anyone has noticed this bill with its strange past, and its dubious future. Last summer JENNER brought his bill before the Senate's Internal Security Subcommittee. JENNER had strongly opposed decisions by the Supreme Court in five major cases, cases vitally affecting the civil rights of the American people. He couldn't get these individual cases reversed, but he intended to keep the Supreme Court from ever touching such cases in the future. JENNER introduced a bill to prevent the Court from holding final jurisdiction over, first, contempt-of-Congress cases; second, cases affecting the rights of Congressional committees; third, cases of Federal Government security firings; fourth, cases of State antisubversive laws; and fifth, school-board regulations. The bill whizzed right through the Internal Security Subcommittee. There were two witnesses. One was Senator JENNER, the other was a subcommittee staff member who had been working with him. None of the other Senators was interested enough to show up to oppose JENNER.

The bill then went to the full Judiciary Committee, of which the internal security group is a subcommittee. And Chairman EASTLAND, who finds a lot to like in the Jenner bill, sent it back for slightly fuller hearings. This followed a certain amount of uproar from prominent persons who called the first hearings hasty and unfair, and certainly not in keeping with the importance of the subject.

Since then Senator JENNER has run practically a one-man subcommittee hearing on the matter. He has brought in a lot of individuals who support him. Some opponents who weren't invited to testify spoke up anyway. The American Bar Association passed a resolution condemning the bill. The Attorney General of the United States, who didn't get the courtesy of an invitation to give his views on this legal issue, wrote his opinions. He strongly opposed it on the grounds that it would threaten the independence of the judiciary branch of the Government on the one hand, and create legal chaos on the other. Attorney General Rogers pointed out that, without the Supreme Court, the issues in the 5 kinds of cases would be settled by 48 State supreme courts and 11 Federal courts. And this could lead to different rulings in each State or Federal district.

The supporters of the bill have mostly been of Senator JENNER's own political coloration, strongly rightwing, frequently outspoken isolationists. And often, in addition, racial segregationists. Senator EASTLAND's Judiciary Committee may possibly vote down the bill, or may possibly pass it along to the Senate floor. The issue there is in doubt. But there is little doubt that on the floor of the Senate the leadership of both parties will quickly pigeonhole it for good. Which is the main reason so very little attention has been paid to so potentially important a bill.

Mr. JENNER. Mr. President, Mr. Herman started out by saying:

You certainly couldn't tell, from the interest aroused, that Senator JENNER's bill proposes to exclude the Supreme Court of the United States from vast areas of the law. Hardly anyone has noticed this bill with its strange past, and its dubious future.

Apparently Mr. Herman does not know that this bill has resulted in a veritable flood of mail; that thousands and thousands of unsolicited letters, virtually all of them urging approval of my bill, have come to Senators.

Mr. Herman said this bill has a "strange past" and a "dubious future." That was not news reporting; it was editorializing. But let us see what is so strange about the past of the bill.

The bill was introduced in the same way that any other bill is introduced. At the time when I introduced it, I made a statement about it; I explained in detail what I was proposing, what the bill would do, and why I thought it should be enacted. That was on July 26, 1957. Certainly, there was nothing strange about the introduction of the bill.

The chairman of the Judiciary Committee referred the bill to the Internal Security Subcommittee. There was nothing strange about that reference, since the bill was primarily concerned with internal security.

A hearing on the bill was called for August 7, 1957. Advance notice of the hearing was given. At the hearing, I went into great detail about the provisions of the bill, the reasons for introducing it, and the reasons why I thought it should be passed. Factual testimony was taken from the research director of the subcommittee.

Those hearings were printed, and copies were distributed to every member of the Internal Security Subcommittee.

Then, on August 8, 1957, the subcommittee reported the bill favorably to the full Committee on the Judiciary. The bill was placed on the agenda of that committee, at the bottom of the agenda. Copies of the subcommittee's report and of the hearings were furnished to every member of the full committee. Remember, Mr. President, that was in August of 1957. Any Senator who thought the hearings were inadequate, or who wanted more information about the bill, had an opportunity to ask for it. None did.

Gradually the bill worked its way to the top of the agenda of the Judiciary Committee. It took a long time, because the committee was engaged in a long fight involving civil-rights legislation, and other major bills did not move very fast. But this year things began to move faster, and my bill came to the top of the committee agenda. It was then that opponents of the bill raised the demand for more hearings.

The charge that any attempt was made to slip this bill through the committee is absurd. One does not slip a bill through a committee by filing a written report from a subcommittee, distributing that report to all the members of the committee, putting the bill on the agenda of the committee, and leaving it there for months, without any attempt to call it up.

Perhaps I am getting a little ahead of the story. I do not want to miss the opportunity to point out the major inaccuracies and misstatements in what Mr. Herman said on the night of March 10, 1958. Mr. Herman said:

JENNER had strongly opposed decisions by the Supreme Court in five major cases, cases vitally affecting the civil rights of the American people.

There are only two glaring misstatements in that sentence, Mr. President. In my testimony of last August on my bill, S. 2646, I referred specifically to 9 major decisions of the Supreme Court—not 5. That testimony certainly was available to Mr. Herman, if he had been interested in checking up. Perhaps Mr. Herman was confused by the fact that my bill has five major subparagraphs in the section dealing with withdrawal of appellate jurisdiction from the Supreme Court. Even if he was so confused, I still say he was guilty of sloppy reporting.

Mr. Herman referred to these cases as "vitally affecting the civil rights of the American people." That, also, is a misstatement. Some of these cases involved civil rights, and some of them did not. The common denominator of all the cases was their impact on the internal security of the United States, their favorable effect on the world Communist conspiracy.

Two of the most important of the cases—Commonwealth of Pennsylvania against Nelson and Cole against Young—each turned on a question of interpretation of an act of Congress. There was no constitutional question in either one of those cases.

The case of Service against Dulles turned on the question of whether the Secretary of State could, by a regulation which he himself issued, divest himself of authority granted to him by an act of Congress. The Supreme Court held that he could, which was an amazing conclusion; but here, again, no constitutional question was involved.

Mr. Herman proceeded to list five categories of cases in which he said my bill would "prevent the Court from holding final jurisdiction." Mr. President, five categores are set forth in my bill; but Mr. Herman could not get them straight. He doubled up on one of the five, misstated another, and left out one of them.

Mr. Herman listed the five categories in this way:

First, contempt of Congress cases; second, cases affecting the rights of Congressional committees; third, cases of Federal Government security firings; fourth, cases of State antisubversive laws; and fifth, school-board regulations.

Actually, both contempt of Congress cases and cases affecting the rights of Congressional committees are embraced in the first of the five categories in my bill. The second category in my bill embraces what Mr. Herman called the third category, "cases of Federal Government security firings." The third category in my bill is what Mr. Herman called

the fourth category, "cases of State anti-subversive laws". Mr. Herman said the fifth category is "school board regulations." He not only had the category in the wrong place, for, actually, it is fourth in my bill—but he has misstated it.

I shall overlook the oversimplification: Mr. Herman spoke of "school-board" regulations, whereas my bill speaks of "any rule, bylaw, or regulation adopted by a school board, board of education, board of trustees, or similar body." But the major error in Mr. Herman's designation of this category was his failure to indicate that it is limited to rules, bylaws, and regulations concerning subversive activity in the teaching body. That was an important misstatement, and I am inclined to think it may have been deliberate on Mr. Herman's part. I know that opponents of the bill have been making efforts to have it appear that in some manner the bill would affect the school segregation cases. Of course, if the bill purported to withdraw jurisdiction from the Supreme Court over all school-board regulations, that might be so. But with the bill actually limited to rules, bylaws, or regulations concerning subversive activities in the teaching body, there is no such impact.

Mr. Herman said on the evening of March 10:

> The bill then went to the full Judiciary Committee, of which the internal security group is a subcommittee. And Chairman EASTLAND, who finds a lot to like in the Jenner bill, sent it back for slightly fuller hearings.

Again, Mr. Herman misstated the facts. I hope he was right in saying that the Senator from Mississippi [Mr. EASTLAND] finds a lot to like in my bill. But I know Mr. Herman was wrong when he said Senator EASTLAND sent it back for hearings; and I know Mr. Herman was wrong when he said it was sent back for "slightly fuller" hearings.

In the first place, the bill went back to subcommittee by a unanimous vote of the full committee. I was one of those who voted for the hearings. I did so because I did not have the slightest objection to hearings. I wanted the fullest, possible hearings. The more publicity we can get on what the bill does and why it is desirable to do it, the happier I shall be.

As for the bill's being sent back for "*slightly fuller hearings*", what the Judiciary Committee's resolution actually directed was that the subcommittee invite any witness whose name was suggested by any member of the full committee, and hear also any person who desired to be heard. What was ordered, obviously, was not "slightly fuller hearings," but the fullest possible hearings; and that is what we held.

Mr. President, I hold in my hand only a part of the hearings which were held, consisting of about 1,100 pages.

I do not know why news commentators and editorial writers deliberately misstate the truth to the American people about something so vital and so important.

Mr. Herman charged, in his broadcast over the Columbia Broadcasting System, on the night of March 10, that I conducted "practically a one-man subcommittee hearing on the matter," to quote Mr. Herman.

Apparently Mr. Herman did not know, or did not choose to tell his listeners, that the Senator from Nebraska [Mr. HRUSKA] had presided at the opening session of the hearings and on the second day; that the Senator from Utah [Mr. WATKINS] had presided the third day; that the Senator from Maryland [Mr. BUTLER] had presided at two sessions; and that the Senator from Illinois [Mr. DIRKSEN] had presided at one session.

Now I come to one of the most flagrant misstatements which Mr. Herman made. Mr. Herman said:

> The Attorney General of the United States, who didn't get the courtesy of an invitation to give his views on this legal issue, wrote his opinions.

The fact is, Mr. President, the Attorney General of the United States was invited to give his views. He was specifically requested, in a letter from the chairman of the full committee, under date of February 3, 1958, to come before the committee and express his views with respect to this bill. The Attorney General did not come before the committee because he did not want to come. Possibly he did not want to subject himself to questioning about the reasons for his opposition to the bill and the soundness of that opposition. The Attorney General spoke to the chairman of the committee on the telephone, and asked if it was necessary for him to come up in person and testify, and was told that if he did not want to come he did not have to; he could submit a written statement. Then the Attorney General had the effrontery to write, in the letter which he sent the committee by way of a report on the bill, that he was taking the liberty of filing a report.

Mr. President, I pointed this out in a statement for the record, on March 5, the closing day of the hearings on my bill S. 2646. The statement I made there is a part of the record. Mr. Herman could have seen it if he had been interested in the facts. He could not have failed to know about it if he had looked at the record—and the record was available, in printed form, on the morning of March 10, the same day when, at 9:05 in the evening, Mr. Herman launched his attack on my bill, including all the misstatements I am pointing out.

Mr. President, I expressed myself fully with respect to the Attorney General's letter on this bill, during the statement I made on the last day of the hearings. I will not take up the time of the Senate to repeat or paraphrase here what I said then, but I ask unanimous consent that the text of my statement on this subject, as it appears in the printed record of the hearings, beginning at the bottom of page 690, where I said:

> Before I close, I want to refer to the letter of the Attorney General of the United States, delivered yesterday and placed in the record yesterday afternoon.

And continuing to the bottom of page 694, may be placed in the RECORD at this point as a part of my remarks.

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

> Before I close, I desire to refer to the letter of the Attorney General of the United States, delivered yesterday and placed in the record yesterday afternoon. First, I want to call attention to the fact that the Attorney General was requested by letter of the chairman of the Committee on the Judiciary, under date of February 3, to appear and testify on this bill. I am informed that letter was never answered. I am informed the Attorney General spoke to the chairman of the committee and asked if it would really be necessary for him to come up in person, or if he could send a written report, and that the chairman told him if he didn't want to come, a written report would be all right. I take that to mean that the Attorney General did not in fact want to come up and testify before this committee, and subject himself to questions; he preferred to file a report in writing and have it sent up here by messenger.
>
> We have been trying to get this report from the Office of the Attorney General for some 2 weeks now; and the word always has been that the report was in process. They were "working on it." I had visions of a long and carefully drafted and well documented and erudite report, that would give us some help in our consideration of this bill. But no. That is not what we got. We got a 2½-page letter addressed to the chairman of the full committee, which starts out:
>
> "DEAR SENATOR: Because of the importance of the subject, I am taking the liberty of stating my views on the bill S. 2646."
>
> That doesn't even indicate that the Attorney General knows he has been asked to testify on this bill. That sounds like he was telling us he is sending us his opinion voluntarily. How can he be "taking the liberty" of stating his views, when he has been asked in writing by the chairman of the committee to do so?
>
> Well, the Attorney General's letter goes on for another two pages. The second paragraph summarizes what the bill provides.
>
> Then the third paragraph starts off with this sentence:
>
> "In the first place, it is clear that this proposal is not based on general considerations of policy relating to the judiciary."
>
> Now where do you suppose the Attorney General got that idea? How can he say it is clear to him on what basis I based my proposal? He has not talked to me about it. The Attorney General goes on:
>
> "It (my proposal) is motivated instead by dissatisfaction with certain recent decisions of the Supreme Court in the areas covered and represents a retaliatory approach of the same general character as the court packing plan proposed in 1937."
>
> This is one of the specious arguments against the bill which has been repeated by various thoughtless witnesses; but I never thought I would hear the Attorney General of the United States repeat it.
>
> I am of course interested to hear that the Attorney General disapproved the court-packing plan in 1937.
>
> Now, let me point out what the real relationship is between the court-packing plan and my bill. In the first place, the court-packing plan was an effort to influence the Court so as to bring about a particular kind of decision. My bill is an effort to halt the incursions of the Court into the legislative field. The court-packing plan advanced by President Roosevelt sought to influence the Court by increasing its size and thereby changing its philosophy. My bill does not seek to change the philosophy of the Court in any way—I do not believe that to be possible—but rather to set up a barrier against the philosophy which the Court has been evidencing.

One more point needs to be brought out: the liberals who favored the court-packing plan in 1937 have been making a good deal of the fact that they appear now as defenders of the Court, in opposition to my bill. But, they have not changed their position one iota. The liberals opposed the Court in 1937 and favored the court-packing plan because they were anxious to secure Supreme Court approval for social and other legislation which would change the face of America and lead to increased centralization of government and the destruction of States rights. The liberals who oppose my bill today are doing so for exactly the same reasons. It is the Supreme Court which has changed its position in the interim, not the liberals, and not BILL JENNER.

Well, now we come to the fourth paragraph of the Attorney General's letter. He says that the Congress has only enacted legislation of this kind once before, that this was in 1868, and that because it realized that this was a mistake Congress reversed itself, restoring the jurisdiction in 1885. I do not know whether the jurisdiction which the Congress took away from the Supreme Court in 1868 was restored 17 years later because Congress realized that it had made a mistake 17 years before, or because the situation had changed in the intervening 17 years. I can foresee the possibility that if my bill passes, another Congress 17 or 20 years from now might see fit to restore the jurisdiction which this bill would take away, on the ground that in the meantime the Supreme Court had learned to stay within its proper orbit, and could once again be trusted with matters in these fields. However that may be, I do want to call attention to the fact that Congress did on a previous occasion make use of the same constitutional provision which I would make use of through the enactment of my bill S. 2646, and that the Supreme Court of the United States considered the matter and held the bill to be constitutional, and bowed to its provisions. The Attorney General apparently does not think that the question of constitutionality of the bill is sufficiently important to receive any mention in his report.

On page 2 of his report, the Attorney General raises the question I have already discussed, with respect to the possibility of different rules of decision in different circuits and in different State courts. I have already spoken about that question, but I will add this: There may be some argument for uniformity of decision among the circuit courts of appeals; but there is no logical argument for uniformity in the decisions of the courts of the States. The State courts are exercising residual powers. The Federal courts are exercising only specified powers granted under the Constitution. We do not demand that all of our States be alike. We do not demand that they think alike on matters of public policy. There is no reason for demanding that their courts think alike or adhere to identical rules of decision. There are in fact many subjects today on which there are different rules of decisions in the various State supreme courts; and no one has been suggesting that there should be Federal legislation or Supreme Court legislation to force uniformity.

The Supreme Court does not make it a practice to accept all cases which involve decisions of the courts of appeals which may differ from decisions of other circuits.

The Attorney General goes on to declare that "Full and unimpaired appellate jurisdiction in the Supreme Court is fundamental under our system of Government." That must be the Attorney General's opinion; because it is not the Constitution; and I guess we are supposed to consider the Attorney General's opinion more fundamental than the Constitution. The Constitution contains the provision in article III, section 2, clause 2, giving the Congress the right to make regulations and exceptions with respect to the Supreme Court's appellate jurisdiction. That certainly is not full and unimpaired appellate jurisdiction. So we have this situation: the Attorney General is declaring as fundamental something that the Constitution not only does not provide for but specifically provides against. Personally, I'll take the Constitution.

The Attorney General goes on to indicate that he regards the Supreme Court as the final arbiter in "the maintenance of the balance contemplated in our Constitution as among the three coordinate branches of the Government." But the whole theory of our Constitution is that there should be no final arbiter—because the Founding Fathers understood that if any one branch of the Government got complete ascendancy, we would not have a government of checks and balances, but an oligarchy which would lead unquestionably and irresistibly to tyranny. The Constitution did not make the Supreme Court the final arbiter—nor did even Mr. Justice Marshall, in *Marbury* v. *Madison*. Marshall said there were some cases in which the Court should consider questions of policy. He did not say that the Court should consider questions of policy in all cases. Now it happens that the case of *Marbury* v. *Madison* was tried without a jury; and, therefore, naturally, the Court was allowed a much wider latitude than it would have been if this had been a jury case.

The genius of the Constitution is that it does not provide for a final arbiter; it does provide for checks and balances which may be used by the different branches of the Government, one against the other, to guard against or to repel encroachments. It is this very system of uneasy balances which gives the citizen his best guaranty that his rights will continue to be observed. For once all power is put in a single place, so surely as power corrupts and absolute power corrupts absolutely the individual rights of citizens are doomed from that day on.

At the top of page 3 of his report, the Attorney General says: "This type of legislation threatens the independence of the judiciary." That statement simply is not so. This bill does not threaten the independence of the judiciary, and it does not threaten our system of checks and balances. What it does threaten is the imbalance which has been created by decisions of the Supreme Court in recent years. It threatens the power to legislate which the Supreme Court has arrogated to itself during those years. It threatens the status quo, the situation which favors the growth of big central government and the decline and decay of States rights. There are a great many people in this country today who favor that status quo, who want to see it preserved, and we must now assume the Attorney General of the United States is one of them. But that does not justify him in confusing the status quo with the independence of the judiciary. Well, so much for the report of the Attorney General. I wanted to mention it, because I think that when the Attorney General of the United States expresses an opinion upon proposed legislation, it should be important. In this case, I think he has been badly advised.

In closing, I want to repeat in new words what I have said many times before, and at least once here: I introduced this bill not out of any spirit of retaliation, but out of a deep concern for the preservation of the Constitution of the United States as it was meant to be, and our American way of life as we used to know it. I have introduced this bill in an effort to secure action by the Congress which would help to restore the balance between the respective branches of the Federal Government, and to restore to the States a measure of their rights, guaranteed under the 10th amendment of the Constitution, but which have been stripped from them, notwithstanding that guaranty, by judicial legislation. I am not wedded to any line or word of this bill. There have been some suggestions during these hearings respecting possible amendments to the bill, and I am willing to sit down with the committee and consider any of those suggestions. If the committee can agree upon different language, even representing in part or in whole a different approach to this problem, but which will be effective in achieving the objective I have sought, the committee will find me ready to go along. I will support this bill or any other bill which I think will help to limit the Supreme Court to its proper sphere of action, to restore to the Congress autonomy over the conduct of its own affairs, and to preserve for the States the rights and powers which they reserved when the Federal Government was created, and which are guaranteed to them under the 10th amendment to the Constitution of the United States. I think my bill, S. 2646, will go a long way in that direction, and I am going to be for it with all the force I can muster. If you can show me a better way, or even another good way, to accomplish the same purpose, you can count on my support. I have no pride of authorship. I am not trying to pass a Jenner bill. I am just trying to get a job done—a job that urgently needs doing.

Mr. JENNER. Mr. President, I may say, in conclusion, that, as I stated on the floor of the Senate yesterday, I do not understand why a great and impartial newspaper like the Baltimore Sun would publish an editorial and not be fair about the record and the truth. I cannot understand why other editorial writers follow the same course. This matter is vital.

The American Bar Association, of all people, adopted a resolution, which has been put into the RECORD, opposing the bill on two grounds.

First, the bill, they said, was contrary to a position previously taken by the American Bar Association at another time and prior to some of the worst of the recent decisions of the Supreme Court. This is, of course, a self-serving statement. It might be well if the bar association were reminded of Emerson's warning that "A foolish consistency is the hobgoblin of little minds."

The other announced basis for the bar association's action was that my bill would be "contrary to the maintenance of the balance of powers provided by the Constitution."

As I have already pointed out in many public statements, my bill proposes only to implement one of the basic check-and-balance provisions of the Constitution; and I fail to see how the use of a constitutional provision can be deemed to be contrary to the spirit of the Constitution—unless the American Bar Association is trying to tell the Senate and the people of the Nation that the Constitution is unconstitutional.

I have heard a great deal of chatter on the part of public officials and others to the effect that this bill was just like the Supreme Court-packing bill. This is one of the specious arguments against the bill which has been repeated by various thoughtless persons; but I never thought I would hear a man like the Attorney General of the United States repeat it.

I am, of course, interested to hear that the Attorney General and other public

officials disapproved the court packing plan of 1937. I myself disapproved it.

Now let me point out what the real relationship is between the court packing plan and my bill. In the first place, the court packing plan was an effort to adjust the membership of the Court so as to bring about a particular kind of decision. My bill is an effort to halt the incursions of the Court into the legislative field.

The court packing plan advanced by President Roosevelt sought to shape decisions of the Court by increasing its size and thereby changing its philosophy. My bill does not seek to change the philosophy of the Court in any way. I do not believe that to be possible. Rather, my bill would establish a barrier against the philosophy which the Court has been evidencing.

Mr. President, I observe that my time has expired. I shall go into this matter in further detail on the floor of the Senate. I assure Senators it will be fully presented to the Committee on the Judiciary. The truth must prevail—not lies and misstatements by public officials, by editorial writers and by news commentators. The truth will prevail.

FOMULA FOR TAXING OF LIFE-INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The bill is open to amendment.

Mr. PASTORE. Mr. President, I send to the desk an amendment to the amendment which is to be offered by the Senator from Illinois [Mr. DOUGLAS] to H. R. 10021.

The PRESIDING OFFICER. There is no amendment by the Senator from Illinois pending.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ISAAC LIDJI, HENRY ISAAC LIDJI, AND SYLVIO ISAAC GATTEGNO

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1519) for the relief of Isaac Lidji, Henry Isaac Lidji, and Sylvio Isaac Gattegno, which was, in line 11, strike out all after "deduct" down to and including "available" in line 13, and insert "three numbers from the number of immigrant visas authorized to be issued to refugee-escapees pursuant to section 15 of the act of September 11, 1957 (71 Stat. 643-644)."

Mr. SMATHERS. Mr. President, the amendment is acceptable. I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to.

HELEN DEMOUCHIKOUS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1582) for the relief of Helen Demouchikous, which were, on page 1, after line 11, insert:

SEC. 2. For the purposes of the Immigration and Nationality Act, Lien-fu Lo, also known as Luke Lo, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

And to amend the title so as to read: "An act for the relief of Helen Demouchikous and Lien-fu Lo, also known as Luke Lo."

Mr. SMATHERS. Mr. President, I offer an amendment to the amendments of the House to Senate bill 1582. I ask that the amendment to the House amendments be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike out section 2 of the bill and to amend the title so as to read "A bill for the relief of Helen Demouchikous."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the House amendments.

The amendment to the amendments was agreed to.

Mr. SMATHERS. Mr. President, I move that the Senate concur in the amendments of the House, with the further Senate amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to.

Mr. SMATHERS subsequently said: Mr. President, earlier today the Senate took action on amendments of the House to the bill S. 1582, for the relief of Helen Demouchikous.

I move that the Senate rescind the action taken this morning on the amendments of the House.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the action is rescinded.

Mr. SMATHERS. I now move that the Senate disagree to the amendments of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to.

FORMULA FOR TAXING OF LIFE INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Has morning business been concluded?

The PRESIDING OFFICER. Morning business has been concluded, and the unfinished business, House bill 10021, has been laid before the Senate. The bill is open to amendment.

Mr. DOUGLAS. Mr. President, I offer the amendment which I send to the desk, which is sponsored by myself, the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Michigan [Mr. POTTER].

The PRESIDING OFFICER. Does the Senator desire to have his amendment read?

Mr. DOUGLAS. The amendment need not be read, but I ask that it be printed in the RECORD.

The PRESIDING OFFICER. The amendment will be printed in the RECORD without reading.

The amendment of Mr. DOUGLAS and cosponsored by Mr. O'MAHONEY, Mr. PASTORE, and Mr. POTTER, was, on page 1, after line 2, to insert the following:

"TITLE I—1957 TAX ON INCOME OF LIFE INSURANCE COMPANIES"

On page 1, line 3, strike out "SECTION 1" and insert "SEC. 101."

On page 2, line 1, strike out "SEC. 2" and insert "SEC. 102."

At the end of the bill insert the following:

"TITLE II—REPEAL AND REDUCTION OF CERTAIN EXCISE TAXES

"SEC. 201. Retailers excise taxes.

"(a) Tax on toilet preparations and luggage, handbags, etc.: The following provisions are repealed:

"(1) subchapter C of chapter 31 (tax on toilet preparations); and

"(2) subchapter D of chapter 31 (tax on luggage, handbags, etc.).

"(b) Watches and clocks: Section 4003 (relating to exemptions from tax on jewelry and related items) is amended by adding at the end thereof the following new subsection:

"'(c) Certain watches and clocks: The tax imposed by section 4001 shall not apply to any watch or clock if the price for which such watch or clock is sold is less than $100.'

"(c) Technical amendment: The table of subchapters for chapter 31 is amended by striking out

"'SUBCHAPTER C. Toilet preparations.

"'SUBCHAPTER D. Luggage, handbags, etc.'

"SEC. 202. Manufacturers excise taxes.

"(a) Repeal: The following provisions are repealed:

"(1) subchapter B of chapter 32 (tax on refrigeration equipment, electric, gas, and oil appliances, and electric light bulbs);

"(2) subchapter C of chapter 32 (tax on radio and television sets, phonographs, records, and musical instruments);

"(3) part II of subchapter D of chapter 32 (tax on photographic equipment); and

"(4) subchapter E, of chapter 32 (tax on business machines, pens, mechanical pencils, mechanical lighters, and matches).

"(b) Passenger automobiles: Section 4061 (a) (2) (relating to tax on automobile chassis and bodies) is amended by striking out 'on and after July 1, 1958, the rate shall be 7 percent' and inserting in lieu thereof 'on and

after March 1, 1958, and the rate shall be 5 percent.'

"(c) Parts and accessories for automobiles: Section 4061 (b) relating to tax on automobile parts and accessories) is amended by striking out '8 percent of the price for which so sold, except that on and after July 1, 1958, the rate shall be 5 percent' and inserting in lieu thereof '4 percent of the price for which so sold.'

"(d) Sporting goods: Section 4161 (relating to tax on sporting goods) is amended to read as follows:

" 'SEC. 4161. Imposition of tax.

" 'There is hereby imposed upon the sale by the manufacturer, producer, or importer of fishing rods, creels, reels, and artificial lures, baits, and flies (including in each case parts or accessories of such articles sold on or in connection therewith, or with the sale thereof) a tax equivalent to 10 percent of the price for which so sold.'

"(e) Firearms: Section 4181 (relating to tax on firearms) is amended to read as follows:

" 'SEC. 4181. Imposition of tax.

" 'There is hereby imposed upon the sale by the manufacturer, producer, or importer of the following articles a tax equivalent to 11 percent of the price for which so sold:

" 'Firearms (other than pistols and revolvers).

" 'Shells and cartridges.'

"(f) Technical amendments.—

"(1) The table of subchapters for chapter 32 is amended by striking out

" 'SUBCHAPTER B. Household type equipment, etc.

" 'SUBCHAPTER C. Entertainment equipment.' and by striking out

" 'SUBCHAPTER E. Other items.'

(2) The table of parts for subchapter D of chapter 32 is amended by striking out

" 'PART II. Photographic equipment.'

"SEC. 203. Facilities and services.

"(a) Repeal of the following provisions are repealed:

"(1) part 1 of subchapter A of chapter 33 (tax on admissions); and

"(2) subchapter D of chapter 33 (tax on safe deposit boxes).

"(b) Reduction of tax on communications: Section 4251 (relating to tax on communications) is amended—

"(1) by striking out '10' each place it appears therein and inserting in lieu thereof '5'; and

"(2) by striking out '8' and inserting in lieu thereof '4'.

"(c) Reduction of tax on transportation.—

"(1) Persons: Section 4261 (relating to tax on transportation of persons) is amended by striking out '10 percent' each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof '5 percent'.

"(2) Property other than coal: Section 4271 (a) relating to tax on transportation of property other than coal) is amended by striking out '3 percent' and inserting in lieu thereof '1½ percent'.

"(3) Coal: Section 4271 (b) (relating to tax on transportation of coal) is amended by striking out '4 cents' and inserting in lieu thereof '2 cents'.

"(d) Technical amendments.—

"(1) The table of subchapters for chapter 33 is amended by striking out

" 'SUBCHAPTER D. Safe deposit boxes.'

"(2) The table of parts for subchapter A of chapter 33 is amended by striking out

" 'PART I. Admissions.'

"SEC. 204. Other excise taxes.

"(a) Repeal: The following provisions are repealed:

"(1) subchapter A of chapter 36 (tax on playing cards); and

"(2) subchapter C of chapter 36 (occupational tax on bowling alleys, billiard and pool tables).

"(b) Technical amendments: The table of subchapters for chapter 36 is amended by striking out

" 'SUBCHAPTER A. Playing cards.'

and by striking out

" 'SUBCHAPTER C. Occupational tax on bowling alleys, billiard and pool tables.'

"SEC. 205. Floor stocks refunds.

"(a) Passenger automobiles: Section 6412 (a) (1) (relating to floor stocks refunds on passenger automobiles) is amended to read as follows:

" '(1) Passenger automobiles, etc.: Where, before the date of the enactment of the Excise Tax Reduction Act of 1958, any article subject to the tax imposed by section 4061 (a) (2) has been sold by the manufacturer, producer, or importer and—

" '(A) either is held by a dealer on the date of the enactment of such act, or has been held by a dealer on or after March 1, 1958, and has been sold by him to an ultimate purchaser before the date of the enactment of such act,

" '(B) either has not been used before the date of the enactment of such act, or, if such article has been sold to an ultimate purchaser before such date, was not used before such sale, and

" '(C) either is intended for sale on the date of the enactment of such act, or has been sold to an ultimate purchaser before such date,

there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the difference between the tax paid by such manufacturer, producer, or importer on his sale of the article and the amount of the tax made applicable to such article on and after March 1, 1958, if claim for such credit or refund is filed with the Secretary or his delegate on or before August 10, 1958, based upon a request submitted to the manufacturer, producer, or importer before July 1, 1958, by the dealer who held the article in respect of which the credit or refund is claimed, and, on or before August 10, 1958, reimbursement has been made to such dealer by such manufacturer, producer, or importer for the tax reduction on such article or written consent has been obtained from such dealer to the allowance of such credit or refund. This paragraph shall apply in respect of an article sold by the dealer on or after March 1, 1958, and before the date of the enactment of the Excise Tax Reduction Act of 1958, only if on or before August 10, 1958, reimbursement has been made to the ultimate purchaser of the article by such dealer for the tax reduction on such article or written consent has been obtained from such ultimate purchaser to the allowance of the credit or refund. No credit or refund of any overpayment of the tax imposed by section 4061 (a) (2) with respect to any article sold by the manufacturer, producer, or importer on or after March 1, 1958, and before the data of enactment of the Excise Tax Reduction Act of 1958, resulting from the enactment of such act, shall be made or allowed except pursuant to the provisions of this paragraph.

"(b) Allowance of refunds on other tax paid articles: Section 6412 (a) (relating to floor stock refunds) is amended by renumbering paragraph (3) as (4), and by inserting after paragraph (2) the following new paragraph:

" '(3) Miscellaneous articles subject to manufacturers excise tax: Where before the tax reduction date any article subject to the tax imposed by section 4061 (b), 4111, 4121, 4131, 4141, 4151, 4161 (other than fishing rods, creels, reels, and artificial lures, baits, and flies), 4171, 4181 (other than firearms (other than pistols and revolvers), shells, and cartridges), 4191, 4201, 4211, or 4451 has been sold by the manufacturer, producer, or importer and on the tax reduction date is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by him on his sale of the article (or, in the case of an article subject to the tax imposed by section 4061 (b), an amount equal to the difference between the tax paid by him on his sale of the article and the amount of the tax made applicable to such article on and after the tax reduction date), if—

" '(A) claim for such credit or refund is filed with the Secretary or his delegate on or before the tenth day of the fourth month which begins after the tax reduction date, based upon a request submitted to the manufacturer, producer, or importer before the first day of the third month which begins after the tax reduction date by the dealer who held the article in respect of which the credit or refund is claimed, and

" '(B) on or before the tenth day of the fourth month which begins after the tax reduction date, reimbursement has been made to such dealer by such manufacturer, producer, or importer for the tax reduction on such article or written consent has been obtained from such dealer to the allowance of such credit or refund.'

"(c) Definition: Paragraph (4) of section 6412 (a) (relating to definitions), as renumbered by subsection (b), is amended by adding at the end thereof the following new subparagraph:

" '(C) The term "tax reduction date" means the first day of the first month which begins more than 10 days after the date of the enactment of the Excise Tax Reduction Act of 1958.'

"(d) Technical amendment: Section 6412 (c) (relating to applicability of other laws) is amended by striking out 'and 4081' and inserting in lieu thereof '4081, 4111, 4121, 4131, 4141, 4151, 4161, 4171, 4181, 4191, 4201, 4211, and 4451'.

"SEC. 206. Effective dates.

"The repeals and amendments made by sections 201, 202 (except subsection (b)), and 204 (a) (1) shall apply to articles sold on or after the first day of the first month which begins more than 10 days after the date of the enactment of this act. The repeal made by section 203 (a) (1) shall apply to amounts paid on or after such first day for admissions on or after such first day, except that with respect to the tax imposed by section 4231 (6) (relating to tax on cabarets), such repeal shall apply only with respect to periods after 10 antemeridian on such first day. The repeals made by sections 203 (a) (2) and 204 (a) (2) shall apply to amounts paid on or after such first day. The amendments made by section 203 (b) shall apply to amounts paid on or after such first day for communication services or facilities rendered on or after such first day. The amendments made by section 203 (c) shall apply to amounts paid on or after such first day for, or in connection with, transportation which begins on or after such first day.

"SEC. 207. Short title, etc.

"(a) Short title: This title may be cited as the 'Excise Tax Reduction Act of 1958'.

"(b) Amendment of 1954 code: Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a provision of the Internal Revenue Code of 1954."

Amend the title so as to read: "An act to provide that the 1955 formula for taxing income of life insurance companies shall also apply to taxable years beginning in 1957, and to repeal or reduce certain excise taxes."

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. A few minutes ago the Senator from Rhode Island [Mr. PASTORE] sent to the desk an amendment to my amendment, which was not then before the Senate. My amendment is now before the Senate. I should like to propound the inquiry as to whether I am now privileged to accept the amendment of the Senator from Rhode Island which repeals the excise tax on all jewelry sold at retail for less than $100, and incorporate it as a part of my amendment.

The PRESIDING OFFICER. The Senator has the right, at this stage, to modify his own amendment.

Mr. DOUGLAS. The Senator from Illinois requests that the amendment of the Senator from Rhode Island, which adds jewelry to the list of commodities now subject to the national excise tax for which the excise taxes would be repealed or reduced, be included in my amendment at the point indicated in the amendment of the Senator from Rhode Island. I accept his amendment and modify my amendment accordingly.

The PRESIDING OFFICER. The Senator has that right.

The modification was, on page 2 after line 17, to add a new subsection reading as follows:

(d) Jewelry and related items.—

The tax imposed by section 4001 shall not apply to jewelry and related items (other than the item specified in subsection (c)) sold at retail on or after March 10, 1958 if the selling price at retail is less than $100.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. I thank the distinguished Senator from Illinois for accepting my amendment.

Mr. DOUGLAS. The Senator from Rhode Island has always been extremely cooperative. In proposing this amendment he shows his usual concern for the industries of his State, and I am very happy indeed to accept the amendment.

ADMINISTRATION RECOMMENDATIONS FOR REMEDYING THE CURRENT ECONOMIC SITUATION

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield to me for 15 minutes?

Mr. DOUGLAS. I am glad to yield to the Senator from Arkansas provided the time is not taken from my time, and that I do not lose the right to the floor.

The PRESIDING OFFICER. The Senate is not operating under a limitation of debate.

Mr. FULBRIGHT. Mr. President, over last weekend the White House released a letter to the Senate and House Republican leaders on the current economic situation.

Among other statements in the letter is the following:

A number of administration recommendations for new legislation which could be of great help in stimulating the economy are already pending before the Congress. Again I urge the Congress to act promptly on such measures as (a) authority for additional insurance of FHA (Federal Housing Authority) mortgages of $3 billion per year for the next 5 fiscal years; (b) adjustment of those statutory interest rates which stifle private investment; (c) special assistance to areas of high and persistent unemployment; (d) tax relief for small business; (e) removal of the statutory limit on the life of the Small Business Administration and provision of new authority for loans to small business; (f) a $2 billion increase in the lending authority of the Export-Import Bank, and (g) a $2 billion year program to modernize post office buildings and equipment.

This statement indicates that the President is pressing the Congress to act on these matters, and, perhaps, that there is some reluctance on the part of the Congress to act.

Inasmuch as four of these six legislative items on which the President is urging action lie within the jurisdiction of the Committee on Banking and Currency, of which I am chairman, I think it would be appropriate for me to comment on them.

First. The first item urges the Congress to act on authority for additional insurance of FHA mortgages of $3 billion per year for the next 5 fiscal years. If the President were conscious of what goes on in his Housing and Home Finance Agency he would realize that the administration's housing bill was not transmitted to the Congress until March 4. Probably it would not have been transmitted even then had not the Senate Banking and Currency Committee begun hearings on legislation to extend the GI housing programs.

Neither the Committee on Banking and Currency nor the Congress have been at all reluctant in giving FHA such mortgage insurance authority as it requires. This is a rather routine request.

Second. The second item apparently refers to a bill transmitted to the Congress by the Bureau of the Budget late in the last session of Congress. The President refers to this bill as "an adjustment of those statutory interest rates" on Government lending programs. This is a euphemism for a proposal to increase rates of interest on lending programs. What has prevented hearings on that bill, as I outlined in a statement in the Senate on February 24, is the fact that the Budget Bureau has not yet responded to the many requests which I have made for information about what it intends to do with the requested authority.

A greater question arises as to what possible benefit increasing interest rates on Government lending programs could possibly be to alleviate the present recession.

Third. The third item refers to a bill proposed by the administration for special assistance to areas of high and persistent unemployment. This administration program is represented by a bill pending before the Banking and Currency Committee which has been the subject of extensive hearings but which, in fact, is no more than a meaningless gesture to meet this problem. In spite of the deepening recession and widening unemployment, the President apparently still wants to treat this problem on an area basis.

Fourth. The fourth item refers to tax relief for small business. While this is not a matter within the jurisdiction of the committee of which I am chairman, I have long been interested in it. It is a well-known fact that the major thing which has prevented tax relief for small business in recent years, and particularly what has meant the defeat of the amendments which I have offered, is the direct and forceful intervention of the administration in opposition to any such relief. The administration has in effect repudiated the report of its own Cabinet Committee on Small Business.

Fifth. The fifth item calls for the extension of the life of the Small Business Administration and provision of new authority for loans to small businesses. As to the Small Business Administration, this agency is operating now, of course, and I know of no responsible person who believes it will not be extended. Certainly, there is no present inhibition on its operation to provide whatever assistance it can in the present recession. I do not know what the President means by "provision of new authority for loans to small businesses." If he has some new program in this area, I wish he would let us in on it. His administration opposed and discouraged the efforts of our committee in the last session to close the long-term and equity-capital gap in our credit structure.

Sixth. The sixth item requests an increase in the lending authority of the Export-Import Bank.

This bill was handled as expeditiously as it is possible to handle such a bill in the Senate. Hearings were held, and it was reported to the Senate within a period of 8 days after it was introduced by me at the request of the Export-Import Bank. It received an affirmative vote of the Senate on March 3. What is now holding it up is the objection, by way of a motion for reconsideration, on the part of a member of the President's own party. I suggest that the Senator from California, who is addressed in the President's letter as "Dear Bill," might take this letter as a reason for asking the Senator who entered this motion for reconsideration to allow the bill to come up for action.

Mr. President, this message of the President, not only the part which I have quoted, but the entire letter, illustrates again the inability of this administration to cope with varying economic conditions.

I think our economic system is basically strong. The threats to it occur when there are excessive fluctuations in the direction of extreme inflation or recession. The job of government is to counteract these fluctuations and thus to promote growth with a reasonable degree of stability. To do so, however, requires constant attention and foresight and a willingness to meet changing conditions promptly.

By tracing the history of certain economic events since 1951, I should like to recall why we are in our present situation of acute recession.

The Treasury Department and the Federal Reserve Board reached an accord in March 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. It was agreed that it was more important for the Federal Reserve Board to stop pumping credit into the economy through its purchase of bonds than it was to keep interest rates artificially low.

This change in policy contributed to the achievement of relative price stability during 1951 and 1952, nearly 2 years before the new administration came into office.

Notwithstanding this, the Treasury Department issued a 3¼-percent bond in March of 1953, although the prevailing yields on comparable bonds at that time was about 2¾ percent. The issue was oversubscribed, and it contributed to an artificial increase in interest rates throughout the economy. It also caused a shortage of credit, contributing to the 1953–54 recession.

In late 1953 and 1954, the Federal Reserve Board began open-market operations to increase the money supply, reduced reserve requirements and lowered the discount rate from 2 percent in February 1954, to 1½ percent in May. There was a further reduction in reserve requirements in June, and all these operations created a condition of credit ease which speeded up business recovery in 1954. The Chairman of the Federal Reserve Board has, in retrospect, expressed regret that the Board followed too liberal a policy in the first half of 1954.

Also contributing to this credit ease was the 1954 tax bill, the prime benefits of which went to business investors. This tax bill, plus the expiration of the excess-profits tax, set off a buying spree in the stock market and later started a raging fire of business spending.

I am very proud, in hindsight, to recall that I was opposed to the 1954 tax bill.

On March 3, 1955, the Senate Banking and Currency Committee began 3 weeks of public hearings on the stock market. They were held at a time when there had been a continuous rise of stock prices for 18 months, with Standard & Poor's index of 400 common stocks rising by almost 60 percent since 1953. In addition, installment indebtedness was moving forward toward the record rate of $2 billion reached in the second quarter of the year. During the course of these hearings, which received wide public attention, there was increasing evidence of unhealthy speculative activity in the stock market and an undesirable expansion of mortgage and installment credit.

At the time, there was vigorous objection to this focus of attention on these potentially dangerous developments. The Secretary of the Treasury, for example, emphasized instead the potential danger that any inquiry into the stock market might have on confidence. The Senator from Indiana [Mr. CAPEHART] characterized the inquiry as political. He said 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."

Both the administration and the Federal Reserve Board would have been in a more defensible position now if they had heeded the report of the Banking and Currency Committee issued in May 1955, 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.

The Federal Reserve Board did not raise the discount rate until April 1955 and then only from 1½ to 1¾ percent, and there was no attempt to change reserve requirements, which had been progressively lowered from 24 percent in mid-1953 to 20 percent in mid-1954. The great expansion of credit during this period was a major influence producing a bunching of expenditures on durable goods, which was a potent force in aggravating instability. The production of 8 million cars in 1955 and a volume of housing starts which was close to the postwar peak of 1950, was followed in the next year by a record rate of expansion in plant and equipment expenditures.

On Thursday, February 6, of this year Chairman Martin of the Federal Reserve Board blamed the current recession on inflationary excesses of 1956 to 1957. He said:

> The adjustment problems that the economy is confronting today are the aftermath of those excesses. In retrospect, none of us participating in economic decision-making adequately appraised the speed and force of inflationary boom. Consumer credit rose substantially in 1955. Businesses vastly increased their expenditures for plant and equipment in 1956 and 1957.

When Chairman Martin of the Federal Reserve Board appeared before the Committee on Banking and Currency on February 19, 1958, the following colloquy between Mr. Martin and me took place:

Senator FULBRIGHT. I would like to pursue a bit your last observation that you did not act soon enough or fast enough and your only criticism of your policy was you were not tough enough.

You recall this committee had a hearing in the spring of 1955, did it not, on this subject?

Mr. MARTIN. You did.

Senator FULBRIGHT. Did the committee not try to urge you and others to take note of the inflationary tendencies in our economy?

Mr. MARTIN. I think that hearing was very helpful, and we did take some action subsequently. We did not take as——

Senator FULBRIGHT. You took some, but did any other agencies in the Government? Did the Treasury take any note of it or do anything in respect to their policies?

Mr. MARTIN. Well, they did not do enough. Let's put it that way.

Senator FULBRIGHT. Would you not say that the tax bill of 1954 contributed to the overexpansion of the productive capacity?

Mr. MARTIN. As things developed; yes.

Senator FULBRIGHT. It was quite clear in 1955 that that would be the effect, was it not? That is what this committee—certain members at least—alleged; was it not?

Mr. MARTIN. Well, I am inclined to agree with you, but it is a matter of judgment there.

Senator FULBRIGHT. But it is not a matter of judgment now. The facts bore out the views of the committee at that time; did they not?

Mr. MARTIN. I think subsequent events did.

Senator FULBRIGHT. Is that not the proof that they were correct at the time?

Mr. MARTIN. Well, for that period; yes.

Senator FULBRIGHT. That hearing did not amount to shouting "fire" in a crowded theater and did not cause an undermining of the economy of the country; did it?

Mr. MARTIN. No.

Senator FULBRIGHT. You recall the committee was accused of doing that; do you not? You remember that; do you not?

Mr. MARTIN. I remember it very well.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the full text of the President's letter to the GOP chiefs, as published in the New York Times.

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

TEXT OF PRESIDENT'S LETTER TO GOP CHIEFS

(WASHINGTON, March 8.—Following is the text of President Eisenhower's antirecession letter today to the Senate Republican leader, WILLIAM F. KNOWLAND of California, and the House Republican leader, JOSEPH W. MARTIN, Jr., of Massachusetts:)

DEAR BILL:

DEAR JOE:

In recent press conferences I have stressed the point that in the current economic situation, certain kinds of governmental measures, including the acceleration of planned and needed public improvements, can be useful in promoting increased growth of the economy.

I have also stressed this point: The course of our huge, complex economy mainly depends upon what individual citizens do—upon their productivity, their initiative and enterprise, and the millions of economic decisions which they freely make each day. The proper relation of government to the growth and vigor of such an economy must necessarily be to stimulate private production and employment, not to substitute public spending for private spending, nor to extend public domination over private activity.

I am concerned over the sudden upsurge of pump-priming schemes, such as the setting up of huge Federal bureaucracies of the PWA (Public Works Administration) or WPA (Works Projects Administration). That kind of talk evidences lack of faith in the inherent vitality of our free economy and in the American as an individual. Schemes of that kind reflect the fallacy that economic progress is generated not by citizens wisely managing their own resources, but by the wholesale distribution of the people's money in dubious activities under Federal direction. Unsound programs of that kind would do great damage to America rather than contribute to our economic strength.

My February 12 economic statement emphasized a number of important considerations:

First, that current economic developments, including increased unemployment with its severe hardships for those individuals temporarily out of work, are of deep concern to us all;

Second, that the basic factors making for economic growth remain strong, justifying expectations of early economic improvement;

Third, that numerous governmental policies and programs already under way and projected will help achieve an early resumption of economic growth; and

Fourth, that should additional governmental measures be needed, they will be taken by the executive branch or proposed to the Congress.

In that statement I cited a number of governmental activities currently aiding the

economy. These include measures by the Federal Reserve authorities to ease credit, various steps to stimulate home building, a $600 million increase in Federal aid highway expenditures next fiscal year, sharply increased activity under the urban renewal program, and a more than $5 billion increase in defense procurement and construction during the first 6 months of this calendar year over the peceding 6 months.

RECOMMENDATIONS CITED

A number of administration recommendations for new legislation which could be of great help in stimulating the economy are already pending before the Congress. Again I urge the Congress to act promptly on such measures as (a) authority for additional insurance of FHA (Federal Housing Authority) mortgages of $3 billion per year for the next 5 fiscal years; (b) adjustment of those statutory interest rates which stifle private investment; (c) special assistance to areas of high and persistent unemployment; (d) tax relief for small business; (e) removal of the statutory limit on the life of the Small Business Administration and provision of new authority for loans to small business; (f) a $2 billion increase in the lending authority of the Export-Import Bank, and (g) a $2 billion year program to modernize post office buildings and equipment.

Since my February 12 statement the administration has been developing additional orderly accelerations of programs that are genuinely needed in the public interest, have long been planned, and are already approved. I cite here some of the additional actions I have directed since February 12:

1. The Director of the Bureau of the Budget, on my instruction, has directed the executive departments and agencies to accelerate where practicable the construction of projects for which appropriated funds are available. Acceleration of civil projects alone, many of which are already in planning and engineering stages, will result in the expenditure of nearly $200 million several months earlier than previously planned. This earlier expenditure will step up such construction programs as Corps of Engineer civil works, the improvement of roads and facilities in national parks, and the Bureau of Indian Affairs' road building and maintenance activities.

2. Additionally, certain water resource projects have been accelerated in the present fiscal year and the affected departments are submitting such amendments to the budget as are needed to continue this higher construction rate in 1959. Amendments, to be transmitted to the Congress next week, will involve increased appropriation requests as follows:

[In millions]

Department of the Interior, Bureau of Reclamation	$46
Department of the Army Corps of Engineers, rivers and harbors and flood control	125
Department of Agriculture (watershed protection and flood prevention projects)	15
Total	186

In addition, an amendment to the Department of the Interior budget will be presented to the Congress to allow an early start on small reclamation projects which were authorized by the 1956 Small Projects Act.

MORE HOUSING FUNDS

3. The Director of the Bureau of the Budget has just released an additional $200 million to the Administrator of the Housing and Home Finance Agency. These funds will be used by the Federal National Mortgage Association to stimulate construction of homes for citizens of modest means and to implement other authorized programs. They will provide additional employment throughout the country. Should experience establish a need for more of these funds, they will be requested of the Congress.

4. In the next few days the administration will ask the Congress to amend the highway act to suspend certain expenditure limitations for 3 years. If enacted this amendment will permit apportionments to the States of an additional $2,200,000,000 of Federal funds, all of which will be placed under contract during the calendar years 1958–61. Adoption of this amendment will permit the apportionment during each of these years of a total of $2,200,000,000 of Federal funds for Interstate Highway construction alone.

5. The military department, on my instruction, have in recent days acted to award more procurement contracts in labor surplus areas, with first priority to small business concerns in such areas. A new clause is being inserted in future contracts urging prime contractors to give preference to qualified subcontractors in labor surplus areas to the full extent permissible under existing law. The services are also reexamining their procurements to assure that the maximum number of contracts are available to small business generally as well as to labor surplus areas.

6. The Veterans' Administration has acted to make private funds more readily available to veterans for acquiring home ownership under the GI loan guaranty program, and the Federal Home Loan Bank Board has launched a program to increase the availability of funds for investment in home mortgages in areas that in recent months have experienced a shortage of such funds.

7. I deeply believe that we must move promptly to meet the needs of those wage earners who have exhausted their unemployment compensation benefits under State laws and have not yet found employment. I have requested the Secretary of Labor to present to me next week a proposal which, without intruding on present State obligations and prerogatives, would extend for a brief period the duration of benefits for these unemployed workers. This would enable eligible unemployed individuals to receive weekly benefits for a longer period than is now permitted under State laws and thus enable them to continue to seek jobs with a greater measure of security. I shall shortly place such a proposal before the Congress.

Finally, it should be understood that other programs and measures are under study and, as circumstances may require, will be administratively set in motion or proposed to the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

CONCENTRATION OF BUSINESS ACTIVITY

Mr. FULBRIGHT. Mr. President, I call the attention of the Senate to a most interesting article written by Sylvia Porter and published in the Washington Evening Star, of March 11, 1958. The caption is "Triumph of Giantism." The article relates events which indicate a trend toward a larger concentration of business activity in this country.

Mr. President, I ask unanimous consent that the article written by Miss Porter be printed at this point in the RECORD.

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

TRIUMPH OF GIANTISM

(By Sylvia Porter)

"Within 18 years, all manufacturing business and most of the distribution and service business of the Nation will be controlled by corporations having more than $100 million of assets."

So predicted the House Small Business Committee in January 1957. It qualified its forecast with only one "if"—"if small business failures and big business expansions continue at the rate of the past 5 years."

Today I can report that the committee's timing for the triumph of industrial giantism is beginning to appear conservative.

The rate of small business failures is intensifying by the week. So far in 1958, businesses are failing at the pace of 306 a week, close to 16,000 a year.

At the same time, the business birth rate is slowing down. In January new business incorporations were 2.3 percent below the number of new formations in January a year ago. In 1957 business births were below both 1956 and 1955.

Meanwhile, the merger trend is as strong as ever.

Voluntarily or involuntarily, dozens of medium-big firms merge and consolidate every day. In addition, the number of companies which do not fail but which disappear nevertheless through merger with stronger firms or through just simple dissolution runs from 350,000 to 400,000 a year now, authorative sources estimate.

There's no missing the trend or the reasons behind it.

The squeeze of rising costs of materials and manpower is a major force. While this cost squeeze may pinch a big corporation, it often strangles a smaller one.

The difficulty of getting loans and capital is an immense factor. While stiff credit requirements may annoy a large corporation, they frequently destroy a smaller one which can't get the cash it must have in time and at a price it can afford to pay.

Taxes are a brutal killer. In prosperous periods the tax burden doesn't permit a smaller firm to accumulate a nestegg to carry it through rougher times. Again, while the tax load may slash a big company's net profits, it often wipes out a smaller one.

And this era of fierce competition is proving the final blow to painful numbers of little businesses. The price wars which have followed the abandoning of fair trade on small appliances may be building plenty of business for the big stores, and they're certainly giving consumers a chance to grab some bargains, but the wars also are dooming small appliance retailers the Nation over.

There's nothing new about the plight of small business. The only news is that the plight is getting steadily worse.

What, then, did the first session of the 85th Congress, and what did the administration do about it last year?

Nothing.

Oh, there was plenty of talk. There were lots of proposals, promises, speeches, pledges, hearings, tidbits of assistance. But when you ask what important and practical moves were made, the answer must be: Nothing significant was done.

What, then, is the outlook for 1958?

Because of the business recession, because this is an election year, because some leaders in Congress really seem to care about preserving our system of free, competitive enterprise, there may be some tax-relief measures, a few other moves.

But there still is no convincing evidence of a major effort to solve the problems of financing and taxation of small business. And until this effort is made, the industrial giants will dominate the economy more and more. And our economic system will continue to die—fast.

Mr. FULBRIGHT. Mr. President, I agree completely with Miss Porter's view that small businesses in this country can survive and grow only if more adequate sources of capital are open to them, and

if the tax laws are revised to compensate for the many economic advantages enjoyed by our great corporations. I believe, however, that some word must be said to point out efforts made in the Senate to achieve these objectives.

My first effort to provide tax relief for small businesses was made in 1948, when I offered an amendment to H. R. 4790, which amendment would have exempted from taxation the first $15,000 of corporate income. In 1955, I again introduced a bill, S. 2673, to exempt the first $15,000 of corporate income. Early in 1956, it became obvious to me that this proposal was not receiving the support it deserved, primarily because it entailed a revenue loss. In order to overcome this objection, in 1956, I introduced a bill, S. 3129, which would have cut taxes for small corporations and which would have increased Federal revenue. I offered the bill as an amendment to two bills in 1956, H. R. 9166 and H. R. 10660. In 1957, I introduced S. 150 and offered it as an amendment to H. R. 4090. This amendment would have reduced taxes for small corporations and would have increased Federal revenue by an estimated $20 million.

My amendment was debated in the Senate on March 26 and 27, 1957. It was defeated by a vote of 52 to 33. Forty-one members of the President's party voted on this amendment—36 against it and only 5 for it. The administration actively lobbied against me and sent word to the Senate that members of the President's party should vote against the Fulbright amendment. I honestly believe that this amendment would have carried the Senate on March 27, 1957, if the President of the United States had been willing to leave the members of his party free from his influence.

Since membership in the Senate is substantially the same in 1958 as it was in 1957, and since there has been no indication that the White House has changed its position on corporate tax rates, I have concluded that another attempt to revise these rates would be futile. I have some hope, however, that proposals made by the Senator from Alabama [Mr. SPARKMAN] and other members of the Senate Select Committee on Small Business will be sympathetically considered by the Finance Committee and will be enacted during this session of Congress.

The second major problem mentioned by Miss Porter concerns the credit and capital needs of small businesses. This is a subject within the legislative jurisdiction of the Committee on Banking and Currency, of which I am chairman. The committee had lengthy hearings last year and was largely responsible for a research project being undertaken by the Federal Reserve System to identify a gap in our credit structure and to suggest means of closing this gap. The Committee on Banking and Currency will continue its hearings within the next 6 weeks, with particular emphasis being given to Senator SPARKMAN'S bill, S. 2160; Senator JOHNSON'S bill, S. 3191; and to any proposals growing out of the Federal Reserve study.

I am confident that some workable program can be established to provide capital and long-term credit at reasonable rates for small businesses. This subject is one of the primary goals of the Committee on Banking and Currency during this session of Congress. I regret that to date the committee has received no encouragement whatsoever from the executive branch of the Government. I believe that, in spite of this apathy in the executive branch, the Committee on Banking and Currency can produce a bill which will command the support of the Senate and which can offer some solution to the financing problems of small businesses.

Mr. CAPEHART. Mr. President——

Mr. DOUGLAS. Mr. President, may I inquire who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. DOUGLAS. For what purpose does the distinguished Senator from Indiana request the floor?

Mr. CAPEHART. I should like to have 2 or 3 minutes in which to answer the able Senator from Arkansas.

Mr. FULBRIGHT. I will yield to the Senator from Indiana, if he wishes.

Mr. DOUGLAS. Mr. President, I have the floor. I shall be glad to yield 3 minutes to the Senator from Indiana in order that he may reply to the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, the Senator from Illinois yields to the Senator from Indiana.

Mr. DOUGLAS. Three minutes.

Mr. CAPEHART. Mr. President, my observation has been that ever since Mr. Eisenhower has been President, the opposition has been viewing with alarm what would happen or what might happen. I think the record shows that when there were so-called tight money and high interest rates, and when the Treasury Department and the Federal Reserve System were operating as they were in trying to move the public debt into long-term debt, there was full employment in the United States, and we had prosperity.

About 9 months ago the opposition started to snipe at the President of the United States with respect to high interest rates and tight money. They were marshaling the people of the Nation and trying to frighten them into thinking something would happen. I think the opposition has done a fairly good job in taking the Nation into a slight recession. I do not think the recession will go much beyond where it is.

I call the attention of the able Senator from Arkansas and other Senators to the fact that when there is again full employment and prosperity in the United States, there will be higher interest rates and tight money, because the very fact of full employment means that large quantities of goods are being manufactured and services rendered. It takes money to finance those goods and services. There will be pressure and competition for the use of money.

I feel quite certain that the carpenters and other craftsmen who are walking the streets today without jobs would prefer that the economy be back where it was a year ago, when so-called tight money and higher interest rates prevailed. Then the Nation was very prosperous. I am certain they would much prefer the good jobs they had then to the unemployment which they are now experiencing.

When Americans are discouraged from saving money, jobs are eliminated or the possibility of having jobs is reduced, because it is the money which is invested in industry which creates jobs.

When the people America believe they will not earn a fair return on their savings; when they are told that financial institutions act as shysters and are getting more than they deserve and should not have it, and they are attacked from every conceivable angle, as I have listened to the attacks in the Senate for the past 12 months; people are discouraged from saving and investing. The result is that men are thrown out of work, and there is unemployment.

Just as certainly as the sun rises in the East and sets in the West, when there is full employment in America, there will be pressure upon those who have money to lend, because money is required to create jobs and to maintain full employment in order to have prosperity in the United States.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. Mr. President, I yielded only a limited amount of time to the Senator from Indiana. I should be glad to yield to the Senator from Arkansas, but the pending business is the amendment. I do not desire to shut off——

Mr. CAPEHART. Mr. President, have I used my 3 minutes?

Mr. DOUGLAS. Oh, yes; and many multiples of 3 minutes.

Mr. CAPEHART. Have I used more than 3 minutes?

The PRESIDING OFFICER. In the opinion of the Chair, the Senator from Indiana has used 3 minutes.

Mr. CAPEHART. Is that the Chair's opinion, or is it the fact?

The PRESIDING OFFICER. The Chair was being liberal to the Senator from Indiana.

Mr. CAPEHART. I appreciate that.

Mr. DOUGLAS. I shall be glad to yield an additional minute to the Senator from Indiana. I hope that sometime soon we may proceed with the business of the Senate.

Mr. FULBRIGHT. Mr. President, will the Senator yield for one question?

Mr. DOUGLAS. I yield for 30 seconds to the Senator from Arkansas; then I shall yield an additional minute and a half to the Senator from Indiana to reply.

Mr. FULBRIGHT. Mr. President, I do not clearly have in mind the thesis of the Senator from Indiana. Is it his thesis that high interest rates are a cause and a contributing factor to prosperity; or is it his thesis that they are a result?

Mr. CAPEHART. My thesis is as follows: When there is full employment, large amounts of manufactured goods are produced and large amounts of services are performed, and money is required for those operations. That creates a demand for money, and of course

in the United States money is free either to be loaned or not to be loaned. There will always be higher interest rates and a pressure on money when there is full prosperity.

As I said, I much prefer full employment and prosperity, rather than low interest rates.

Whenever there is a depression or a recession, there will be unemployment, low prices, low interest rates, and little or no demand for money. That is just as certain as it is certain that we are standing on this floor.

Mr. FULBRIGHT. Will the Senator from Indiana suggest how he thinks that would be brought about?

Mr. CAPEHART. Yes: Quit discouraging people by making, on the floor of the Senate, speeches attacking high interest rates. Talk practical, common horsesense, and encourage the people of the United States to save their money. And talk about a little higher interest rate for those who are willing to save their money, and thus create jobs. Those are the things I would do.

Mr. FULBRIGHT. I thought the speeches made on the floor in the last few days were on the subject of how to get the people to spend money.

Mr. CAPEHART. But it is necessary to save money, before it can be spent or invested. Someone has to accumulate money, in order to create a job, under our private-enterprise system. The more savings there are and the more willing people are to invest their savings, the more jobs will be created, the more mortgages will be purchased, and the more homes will be built. It is as simple as that.

Let us get away from politics. Let the politicians stop trying to run the economy of the Nation because my best judgment is that they have not done a very good job of it, up to now.

FORMULA FOR TAXING OF LIFE INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

Mr. DOUGLAS. Mr. President, the amendment which has been read, and which now is before the Senate, would put into effect one-half of the tax cut called for by the amendment I proposed last night.

I ask unanimous consent that a table I have prepared giving the provisions of my amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

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

Excise provisions of Douglas tax cut amendment

Item	Present rate	How collected at present	New proposed rate	Revenue loss as estimated in fiscal year 1959 budget
			Percent	*Million*
1. Retailer's excises:				
Sec. 4001: Watches and clocks below $100	10 percent of selling price	Paid by consumer to retailer	0	[1] $10.0
Sec. 4021: Toilet preparations	10 percent	Retailer	0	102.0
Sec. 4031: Luggage, handbags, wallets, etc	do	do	0	60.0
2. Manufacturer's excises:				
Sec. 4061 (a) (2): Passenger automobiles	10 percent (permanent rate 7 percent).	Paid by manufacturer to Government	5	500.0
Sec. 4061 (b): Auto parts and accessories (includes parts for trucks).	8 percent (permanent rate 5 percent).	do	4	57.0
Sec. 4111:				
1. Refrigeration equipment, household type	5 percent	Paid by manufacturer	0	44.0
2. Air conditioners	10 percent	do	0	
Sec. 4121: Electrical, gas, and oil appliances	5 percent	do	0	75.0
Sec. 4131: Light bulbs	10 percent	do	0	28.0
Sec. 4141: Radio and TV, phonographs, etc	do	do	0	179.0
Sec. 4151: Musical instruments	do	do		
Sec. 4161: Sporting goods (except fishing equipment)	do	do	0	[1] 10.0
Sec. 4171:				
1. Cameras and films	do	do	0	22.0
2. Projectors, still and motion, of household type	5 percent	do	0	
Sec. 4181: Pistols and revolvers	10 percent	do	0	2.0
Sec. 4191: Business machines	do	do	0	93.0
Sec. 4201: Mechanical lighters, pencils, fountain and ballpoint pens.	do	do	0	10.0
Sec. 4211: Matches:				
1. Plain	2 cents per 1,000 but not more than 10 percent.	do	0	6.0
2. Fancy	5½ cents per 1,000	do	0	
3. Facilities and services:				
Sec. 4231 (1-6): Admissions of all kinds including musicians cabaret.	Various (20 percent cabaret)	Paid by person paying admission; collected from proprietors.	0	100.0
Communications:				
Sec. 4251:				
1. Tel and Tel, leased wires, etc	10 percent	Imposed on person paying for facility	5	330.0
2. Local telephone	do	do	5	
3. Wire and equipment service	8 percent	do	4	
Transportation:				
Sec. 4261: Persons	10 percent	Paid by person making purchase; collected by transportation company.	5	107.5
Sec. 4271 (a):				
1. Transportation of property other than coal	3 percent	Paid by person making purchase of transportation.	1½	238.0
2. Transportation of coal	4 cents per ton	do	(2)	
4. Miscellaneous:				
Sec. 4286: Safe-deposit boxes	10 percent	Paid by person paying for use of box	0	6.0
Sec. 4451: Playing cards	13 cents per pack	Manufacturer's excise tax	0	6.9
Sec. 4471: Occupation tax on bowling alleys and billiard tables, other minor provisions.	$20 per year per alley or table	Occupational tax paid by person owning or leasing item.	0	1.0

[1] Estimated. [2] 2 cents per ton.

Mr. DOUGLAS. Mr. President, last night, I proposed an amendment which called for a tax cut of approximately $5.2 billion for the current, calendar year. It consisted of 2 parts: an income-tax cut of $3 billion, and an excise-tax cut of $2.2 billion. On the final vote, we certainly were clobbered by the leadership on both sides of the aisle. I am not criticizing that action; it is simply a fact that a bipartisan coalition of the leadership of both groups turned down my proposal for a tax cut of $5.2 billion.

I believe there were many Members of the Senate who in their hearts wanted to have a tax cut made, but felt that possibly a cut of $5.2 billion would be excessive, in view of the public-works programs which they wish to have inaugurated, and in view of the increased defense expenditures which may well be necessary, and in view of the decline in revenues which probably will occur.

I believe there are many Members of the Senate who—and I say this on the basis of private opinions which have been expressed to me—would vote for a reduction in the excise taxes, although they would not vote for a combined income-tax and excise-tax reduction.

So today I propose, not to cut taxes by $5.2 billion, but to cut them by $2.2 billion, or by the amount of the excise provisions in my amendment of last night.

Therefore, Mr. President, I am proposing that the second part of my amendment of last night be put into effect—modified, as it has been, by the amendment suggested by the very able Senator from Rhode Island [Mr. PASTORE].

Mr. President, last night I made the case, at some length, for a tax cut. That case has been printed in the CONGRESSIONAL RECORD; therefore, I do not believe there is need for me to repeat it at length today, and I shall not do so.

However, I should like to point out that another prediction I made about the extent of unemployment has come true. It was not a prediction of gloom but a prediction of fact and reality. Last night I said that, on the basis of fragmentary reports which I had received, it was my estimate that the total number of insured unemployed for the week ending March 1 was between 3,500,000 and 3,505,000. Ten minutes ago, I received from the Department of Labor the final figures on insured unemployment. For March 1, they show the total to be 3,503,-300. So, Mr. President, once again I have hit the bull's eye, so to speak, in predicting the total amount of unemployment for the final figure is precisely in the center of the range which I estimated last night.

The significance of these figures lies, not merely in their total, but also in what has happened since February 15, when the Bureau of the Census published its estimate. The increase has been from 3,337,800 of insured unemployment, on February 15, to 3,503,300 on March 1, or an increase of approximately 166,000 persons. In other words, instead of a pickup from the 15th of February to the 1st of March, there has been a decrease of approximately 166,000 in insured employment, or an increase of approximately 166,000 in insured unemployment.

As I have pointed out again and again, the insured unemployment is very appreciably less than the total unemployment, because the former does not include those who are not eligible to receive benefits—those who have not completed the waiting period of 1 week; those who have been unemployed for so long a period of time that they have exhausted their claims for unemployment benefits; and those who are in wage and salary relationships in occupations not covered by the State unemployment-insurance laws.

I have pointed out that, in times past or months past, the percentage of insured unemployment to the total unemployment has been approximately 63 percent. On that basis, the increase in total unemployment as compared to insured unemployment from February 15 to March 1 would have been 263,000. In other words, instead of a decrease in unemployment—as normally happens during this period—unemployment has increased by more than one-quarter of a million; and there will have to be a very decided pickup in the 2 weeks between March 1 and March 15, tomorrow, in order to have the Bureau of the Census figure—when it appears almost a month from now, for the period ending March 15—even show that we are holding our own, let alone making the seasonal gain which normally occurs.

I mention all this, Mr. President, to reinforce the argument I made last night that we should not be deluded by false optimism, but should look the facts in the face, and the facts overwhelmingly point to a need for action now.

I know there is a tendency to say, "Let us wait." That is apparently the decision which has been reached by the leaders of both political parties. I do not question the good faith of these gentlemen. I merely say the results of that decision may be disastrous to the American people. Therefore, I am taking this last opportunity to urge that, if they will not accept a $5.2 billion tax cut, they accept a tax cut of $2.2 billion.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes, I am very glad to yield to my good friend from Michigan, who has given such stalwart help to this cause.

Mr. POTTER. I thought it might be well to read a statement from a speech made by the junior Senator from Kansas [Mr. CARLSON] on Tuesday, March 11, on this very question. With the Senator's indulgence, I should like to read it into the RECORD.

Mr. DOUGLAS. I shall be very glad to have the Senator do so.

Mr. POTTER. I am reading from the remarks of the Senator from Kansas, who is a member of the Committee on Finance. I think it worth while that the Senate have the information prior to voting on the amendment offered by the Senator from Illinois. The Senator from Kansas [Mr. CARLSON] said:

> I would remind the Senate and those who believe that this recession seems to follow the pattern of the 1949 and 1954 periods, that in both of those instances Congress acted with dispatch in dealing with the depression by giving a tax reduction.
>
> In 1949 taxes were reduced—and, I should mention, that was done over President Truman's veto. That tax reduction was a leading factor in bringing about a $21 billion increase in the gross national product within 6 months, and that occurred before the outbreak of the Korean war.

He stated further:

> In 1954 taxes were also reduced very sharply and the Federal Reserve Board made credit easier. Again there was an increase in the gross national product—one of $54 billion between 1954 and 1956.

I quote further from the Senator from Kansas:

> I think it is the obligation of Congress to give serious consideration to every proposal that is offered to halt this recession; but I suggest that if we base our actions on the history of depressions, we shall give every consideration to a tax cut. One sure way to stop the recession is to cut taxes.

I take the time of the Senator from Illinois to remind the Senate that in dealing with the question of taxes great harm can be done by constant talk about reduction of taxes as something we shall consider and provide for later. If we are to go into the tax-reduction field, we should act promptly. That is what the Senator from Illinois is trying to do.

We have no assurance when another tax bill will be before the Senate. It may be in 1 month, 2 months, or 3 months. We do not have any idea when we shall have another opportunity to act. Neither do we know what will happen to our economy in the meantime. I agree with the Senator that one of the best means of acting to halt the recession is by tax reduction. I wish to thank the Senator from Illinois for his valiant effort in that regard.

Mr. DOUGLAS. I appreciate the remarks of the Senator from Michigan. They come as balm to a somewhat bruised spirit, because after the yeas and nays last night it was pretty clear what the Senator from Michigan and what the Senator from Illinois were up against. We were up against a bipartisan coalition of the leadership of both political parties. Neither the Senator from Michigan nor the Senator from Illinois was under any delusions as to what we were facing.

Mr. POTTER. Will the Senator yield further?

Mr. DOUGLAS. Yes.

Mr. POTTER. I note from an article in the New York Times of this morning that the leadership of the administration and the leadership in Congress will consider the matter and work together before any action is taken. That coalition of the administration and the Congressional leadership has been opposing efforts to reduce taxes.

Mr. DOUGLAS. Would the Senator from Michigan like to include in the RECORD at this point the article from the New York Times?

Mr. POTTER. I should like to do so. I ask unanimous consent that the article may be printed at this point, Mr. President.

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

RAYBURN AND GOP AGREE TO CONFER ON TAX ACTION; DIP IN SPENDING FORECAST—COOPERATION SET—NEITHER PARTY TO ACT ON LEVY CUT BEFORE TALKING TO OTHER

(By John D. Morris)

WASHINGTON, March 13.—The Eisenhower administration and Democratic leaders of Congress have reached an understanding that may produce a bipartisan tax-relief bill to help stem the economic recession.

Robert B. Anderson, Secretary of the Treasury, and SAM RAYBURN, Speaker of the House of Representatives, have exchanged assurances that neither will move to reduce taxes without first consulting the other.

This was the first step in what may develop into an unusual gentlemen's agreement for two-party cooperation in drafting a tax bill if administration or Congressional policymakers should decide that a reduction is warranted.

A decision on such a bill is expected to be made in about a month, when statistics on March economic conditions become available. At the moment, according to the bulk of informed speculation, the outlook is for a tax cut that could take effect by May 1.

MILLS IN ON TALKS

The tax cutting truce between the administration and Democratic Congressional leaders resulted from a series of telephone calls in the last few days. Participants including Secretary Anderson for the administration and Speaker RAYBURN and Representative WILBUR D. MILLS, of Arkansas, for the Democrats. Mr. MILLS is chairman of the Ways and Means Committee.

Mr. Anderson, now a registered Republican, is a former Texas Democrat and an old friend of the Speaker, who is also a Texan.

He assured Mr. RAYBURN that he was the administration's tax spokesman—not Vice President RICHARD M. NIXON or James P. Mitchell, Secretary of Labor.

Mr. NIXON, in an interview Monday, and Mr. Mitchell, in a speech Tuesday, had led Democratic strategists to fear that the administration was on the verge of sending an antirecession tax-relief proposal to Congress.

The Rayburn-Anderson understanding became known today coincident with these other developments:

The American Federation of Labor and Congress of Industrial Organizations carried its case for immediate tax relief to President Eisenhower. Members of the organization's executive committee conferred with the President for half an hour with inconclusive results.

Acting without the administration's blessing, Representative RICHARD M. SIMPSON of Pennsylvania introduced a bill for $6.4 billion tax reduction. Mr. SIMPSON is chairman of the Republican Congressional campaign committee and a high-ranking member of the tax-writing House Ways and Means Committee.

President Eisenhower talked over the economic situation again at a conference with Secretary Anderson and other economic advisers. But the White House said the meeting had been devoted mainly to devising an administration plan for providing unemployment compensation for those who have exhausted benefits.

Their fears increased when they learned that taxes were among the topics to be discussed at President Eisenhower's regular Tuesday conference with Republican Congressional leaders.

As a consequence, Representative MILLS hastily began to draft a Democratic tax-relief formula for immediate introduction in the event that the administration proposed a reduction.

Secretary Anderson's diplomacy thus averted, at least for the time being, a sharply partisan battle that could have damaged either or both political parties.

As matters now stand, the groundwork has been laid for a possible bipartisan effort in which Republicans and Democrats would share the credit or responsibility for a tax cut that would put the Government deeply into the red.

PROPOSALS ARE SIMILAR

A striking similarity in still incomplete tax-cutting formulas independently drafted by administration officials and Democratic strategists in Congress give additional promise of a cooperative approach.

Both call for across-the-board cuts in individual income taxes, with emphasis on relief for low-income taxpayers; reduction of the corporation rate from 52 percent of taxable earnings to 50 percent and easing of excise taxes on such items as automobiles and transportation of property.

One of the main points of difference is over the treatment of individual income in the first bracket—up to $2,000 after deductions and exemptions. The Democratic plan would lower the 20-percent rate to 15 percent on the first $1,000. Administration officials favor an unspecified cut applying to the entire $2,000.

Taxes or income above $1,000, under the Democratic plan, would be reduced by a flat 5 percent. Administration officials are considering a similar cut on income above $2,000.

The 8-man AFL-CIO delegation, led by George Meany, president, left with President Eisenhower a memorandum urging an increase in unemployment insurance and a step-up in defense and public-works spending as well as tax reduction.

They told the President that there was no use to pin hopes on a quick economic recovery because all signs pointed to a deepening recession.

"We do not propose that the Government act in a mood of panic," the memorandum said. "Rather we believe that reasoned and considered actions taken now, without delay, will militate against any climate of panic in the near future."

Several of the union leaders expressed disappointment with President Eisenhower's noncommittal reaction. Mr. Meany and others said the President had agreed that "it was a serious situation" and promised to take the proposals "under consideration along with other things."

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Rhode Island.

Mr. PASTORE. Inasmuch as the article from the New York Times has been made a part of the RECORD, I should like to make a rejoinder and an observation. Nearly everyone is talking in terms of reducing taxes in order to create buying power to stimulate jobs. So it seems there is no longer a question whether we shall provide a tax cut or when we shall do it, but it strikes me the question is who wants to take credit for it.

The argument was made last night that a tax cut will not put money in the pockets of the unemployed tomorrow. We understand that; but we understand, too, if we can take some action to accelerate and emphasize the buying of goods on the part of the American people, we shall be laying the cornerstone of business activity which will create the jobs which are needed under our system of free enterprise.

I make another point. Excise taxes were instituted in a period of emergency. To do what? To discourage the American public from buying. There was full employment at that time and there was a very large gross national product; so it was felt that if we could do something to discourage buying of articles, we would stop inflation.

Only a short while ago, in a recent press conference, the President of the United States said what is needed is confidence on the part of the American public. If a person needs a refrigerator, he should buy it. If he needs an automobile, he should buy it. If he needs a television set, he should buy it. Do not be frightened. Go forth and buy, because if people buy, that will result in creating jobs. That is what we are trying to do. We are trying to encourage the American public to buy. We are saying to the American public, "Over and above words of sweet encouragement to induce you to buy merchandise, in order to create jobs, we are doing something to give you a real incentive to do so. We are removing the excise taxes which were imposed in order to discourage buying." The only way to encourage buying is to eliminate discouragement.

It is my understanding that the purpose of the amendment is to remove discouragement to buy on the part of the American people. The excise taxes were imposed so that buying would be discouraged. By removing them, I say we will be laying the cornerstone on which there will be built confidence, hope, and an incentive to the American consuming public to buy merchandise. That is my understanding of what the amendment proposes to do. For that reason, I shall support it.

Again I congratulate the distinguished Senator from Illinois for offering it.

Mr. DOUGLAS. I thank the Senator from Rhode Island. I am sure the Senator from Rhode Island and the Senator from Michigan would agree with me that if we obtained support for the amendment by withdrawing our names as sponsors and allowed someone else to serve as sponsors, we would be very glad to retire into the shadow and allow others to bask in the sunlight of promoting an economic recovery.

So let me say that I shall be very glad to withdraw my name as a sponsor. Anyone may substitute his name and get the glory. I am not seeking any glory, nor is the Senator from Michigan, nor is the Senator from Rhode Island. We are seeking economic recovery. Our political fates do not matter. Our prestige does not matter. The security of the country matters a great deal.

I hope this word can be carried to the cloakrooms and that in a due course of time more powerful and perhaps more respectable sponsors may appear to father this child which we have laid upon their doorstep.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Rhode Island.

Mr. PASTORE. We have been told, Mr. President, that the reason we are considering the pending legislation to give the relief to the insurance companies of America is that tomorrow is the deadline. Tomorrow is the deadline. Therefore, because tomorrow is the deadline to give this relief to the insurance companies of America, to the tune of about $124 million, we are working up a sweat in the Senate of the United States. We stayed last night until about 11 o'clock. We met this morning at 10 o'clock. We are going to come back tomorrow if need be, because tomorrow is the deadline to give this relief to the insurance companies of America.

Mr. President, how many more than 5 million people have to be unemployed before we will reach the deadline to do something for them? How many more than 5 million unemployed must we have? As I stand here 5 million and perhaps more American workers are out of employment, looking for jobs they would like to have but cannot find.

We are told the deadline for them has not gone by, that we may have to wait 6 weeks or 2 months. But the deadline to give this relief to the insurance companies is tomorrow. We are holding sessions day and night to meet such a deadline.

Mr. President, with the indulgence of the gracious Senator from Illinois I shall read what the President of the United States said about this matter. I am amazed I quoted him previously as substantially as I did. The President was asked a question, which he answered, and which was published in the New York Times of Thursday, March 6, 1958.

He was asked this question by William S. White, of the New York Times:

Mr. President, there is a visible difference and emphasis in Congress between the way the two parties are dealing with the recession. In a general way, the Democrats are arguing for the expenditure now of more money and having more Federal projects than the Republicans. Would you care to make any general comment about the philosophy of these two approaches, and indicate how you, yourself, look at it?

That is the question asked of the President of the United States. I now read the answer of the President of the United States to Mr. White:

I believe, of course, that the upturn in our economy will be the result of millions of citizens making their purchases, having greater confidence. In other words, the private economy has a way of steering its own course, and the Federal Government and the State governments are not themselves the most important factor in those dips and upturns of the economy.

However, it is undeniable that they can do many things. For example, the encouragement of more home building, which goes into so many areas of our country. There is the easing of credit which the Federal Reserve Board has done recently, been doing in the last 3 months. There are all sorts of things in the way of accelerating projects already approved, already in some instances appropriations made. That kind of thing is very good and should be done all the time.

And certainly should be terrifically interested in watching every statistic, every index that they can get a hold of, as to what the economy is going to do, and to do everything that seems to be reasonable.

Now, I do not believe that just spending Federal money is entirely the answer. We have spent an awful lot of money, the Federal Government, of Federal Government money, and that is, when we are doing that, it seems just of putting a few more dollars because they are a few dollars, relatively, compared to a $72 billion budget. That doesn't seem to be the whole answer.

I believe it is watching the situation, getting the best advice, seeing what is happening and doing everthing you can; but do not make Government, ever attempt to make the Government, the most important factor in the American economy.

The essence of the statement is that the President is asking the American purchasers to have confidence and to do the buying they must do, and not to be frightened by the talk we hear these days.

I say, Mr. President, that stronger than the words is the incentive and the encouragement to do such buying. That is precisely what the amendment would provide. The amendment proposes to remove the excise taxes which were imposed at a time when we wanted to discourage buying. If we adopt the amendment, Mr. President, we will give the American public the incentive and the confidence it needs to do the buying it must do in order to create jobs.

Let us not forget that while 5 million are unemployed, thank God we still have perhaps 60 million who are employed. If we can encourage the 60 million to spend their money, so as to buy the things they need, who knows what the result will be? We may be able to secure help for the unemployed in that way. Perhaps the purchases by 60 million will relieve the troubles of those who are unemployed.

That is the drive we are trying to make. Let us get cooperation from the 60 million. If we adopt the amendment, the 60 million will be encouraged to spend their money, to create jobs, in the hope, and with the prayer that the 5 million who today are out of work will be able to find employment.

Mr. POTTER. Mr. President, will the Senator from Illinois yield for a further observation?

Mr. DOUGLAS. I yield.

Mr. POTTER. I wish to concur in what the distinguished Senator from Rhode Island has said. By removing excise taxes we shall, in turn, create jobs. That is what is needed today. The people who are presently working will be purchasing the goods they need, and that, in turn, will cause employment of people who are now unemployed.

I should like to add that the amendment we are considering deals entirely with excise taxes. Those who have pet schemes for dealing with income taxes should not be afraid of the amendment. I can well imagine that nearly every Member of the Senate has gone back to his State and campaigned about the unfairness of excise taxes. The Vice President of the United States, the Honorable RICHARD NIXON, has stated that we should make a move in the tax field as a means of solving the recession. I agree with him. The Secretary of Labor, the Honorable Jim Mitchell, said the same thing. I agree with him.

Nearly every Member of Congress, when he goes back home, says, "We must cut taxes. That is one way to stop the recession." I agree with them.

However, when the time comes to act, we always say, "We must consider. We must study. We must have a proposal which is cleared all the way down the line."

I say to the Senate that our armies never would have invaded Normandy if it had been necessary for everyone, from the corporal to the commanding general, to agree that it was the right time, that the right ships were available, and that the weather was suitable at that particular time.

Mr. DOUGLAS. The Senator from Michigan knows that very well, because, although he is extremely modest, he is one of the great heroes of World War II. One thing I love about the Senator from Michigan is that he is not merely a great war hero, but he never talks about it.

Mr. POTTER. I thank the Senator.

We are considering a matter of great urgency. It is a little ironic, Mr. President, that we are today considering a bill which we have to use as a vehicle to which to attach the amendment. We are considering a bill to do what? We are considering a bill to give relief retroactively to some insurance companies. Yes, we can argue the merits of that bill, but the amendment, I feel, is something which will aid in the effort to secure jobs for those who are unemployed.

Mr. President, if this bill is an emergency measure and has priority—and it does, since it comes here on a velvet cushion, and we are told we must not touch it—I ask Senators which is the most important? I have not heard one Member of the Senate stand up to talk about the deficit in relation to this bill. I have not heard any statement about what the passage of this measure would do to the deficit, as a result of a tax rebate for the insurance companies. Nevertheless, every time we mention excise taxes, Senators stand up to say, "Yes, but we will thereby create a larger deficit."

Mr. President, I sincerely hope the amendment of the Senator from Illinois will be adopted.

Mr. DOUGLAS. I thank the Senator from Michigan. It is extraordinarily ironical that we are apparently about to pass a tax relief bill for the insurance companies in the amount of $124 million a year, but we cannot pass a tax relief bill for the American people in the amount of $5,200,000,000, $2,200,000,000, or even a lesser amount.

Mr. President, I am not always in favor of tax reductions. I believe that when we are faced with the danger of war or other great emergencies we should increase taxes. At the time of the Korean war I voted for an increase in taxes. I voted for an excess profits tax. I tried to plug some of the loopholes in the tax structure, and I brought down on my head the ire of the great oil industry. We got nine votes on the oil depletion amendment. Possibly we can return to that battle at some time in the future.

Mr. POTTER. It might be well to see if we can get the same type of leadership cooperation in reducing the oil depletion allowance as was successful in holding up proposals for the removal of excise taxes, or any tax reduction proposals now being submitted.

Mr. DOUGLAS. That is a consummation devoutly to be desired.

The Senator from Michigan was speaking about the contrast between the speeches of Senators and Representatives on the subject of the need for relief, and their votes against it. I am reminded of a saying by Goethe, that "Words are the daughters of earth, but acts are the sons of heaven."

I do not mean any reflection on the feminine sex by identifying men with heaven and women with the earth.

Mr. POTTER. It is much easier to talk about tax reduction than to bring it about.

Mr. DOUGLAS. Mr. President, I do not intend to detain the Senate long.

The decline in business has been particularly marked with respect to consumer durable goods. Last night both Senators from Michigan placed in the RECORD figures relative to the decrease in production of automobiles, which I believe is about 26 percent below that for the corresponding period last year.

I should like to place in the RECORD some statistics with regard to other consumer durable goods. These statistics have been furnished to me by the Institute of Appliance Manufacturers. They show that for the first 2 months of 1958, compared with the first 2 months of 1957, the factory sales of electric ranges is down 20 percent; the production of gas ranges is down 15 percent; the production of freezers is down 16 percent;

dishwashers, down 17 percent; food waste disposers, down 11 percent; electric water heaters, down 13 percent; electric refrigerators, down 31 percent, and so forth. Of course, 1957 itself was a much poorer year in this industry than 1956.

As has been pointed out, these excise taxes were originally placed in the tax structure in a situation which was different from that which exists today, as has been testified to by many representatives of various industries before the House Ways and Means Committee and the Senate Finance Committee. In fact, the representative of the Institute of Appliance Manufacturers has appeared 4 times before the House Ways and Means Committee and 3 times before the Senate Finance Committee on this issue since 1948. The facts are well known.

Mr. President, I wish to conclude.

I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, an editorial from the Journal of Commerce of March 3, 1958, dealing with the President's Economic Report.

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

THEY DON'T KNOW, EITHER

The Joint Economic Committee of Congress, after several weeks of hearings on the President's Economic Report, and intensive study, agrees that public policies are needed if the business decline is to be halted, renewed, and vigorous economic growth is to be set in motion, and the revenues needed to discharge our national responsibilities are to be produced.

But here the agreement apparently stops.

Considerable differences of opinion showed up among the committee members as soon as it came to the choice of antirecession weapons and the timing or their use.

Nevertheless, the tone of the Congressional report is less arbitrary in its conclusions and recommendations than in previous years, even though Senator PAUL H. DOUGLAS issued a rather vigorous dissent, and Representative THOMAS B. CURTIS added some supplemental views. This, to us, is an encouraging sign of progress.

The committee's report on the economic outlook for 1958 did not go beyond a summary of the economic views on which the President's Economic Report and his budget message were based and the composite views of the witnesses who testified before the committee.

No attempt was made to arbitrate or reconcile the apparent $15 billion spread in the prospective gross national product for 1958 that opened up between these two views.

This fact obviously dampened the committee's willingness to go very far out on a limb in developing a specific legislative program.

The committee majority apparently would feel quite satisfied if the long-term rate of growth could be reestablished this year from the current business level, even if none of the ground were to be regained that has been lost during the past few boom years. This constant lament by the more radical economists of the opposition party is rapidly getting rather monotonous.

Even so, the joint committee's report serves the valuable purpose of bringing the complex controversy between higher Government spending and an immediate tax cut into still sharper focus.

The majority report is opposed to a tax cut at this time. It proposes to reserve this weapon for use "if monetary action, expenditure measures, and other actions, public and private, fall short in stemming recession and promoting recovery."

Senator DOUGLAS, on the other hand, argues that the time to use a substantial tax cut—and he now seems to think in terms of something like $4 billion to $5 billion—is "now," meaning before a real downward spiral develops.

He definitely sees the danger of such a spiral, and warns that "a cumulative downturn is almost impossible to turn around once the impetuous forces behind it have gained real momentum."

We are inclined to go along with Senator DOUGLAS in this controversy rather than with the committee majority.

Even a tax cut is, of course, not a magic wand. It can accomplish certain things, but its effectiveness depends largely on how massive its impact on the public's buying habits is. For this reason, a moderate reduction in the withholding tax schedules, or even on the first $1,000 of income, probably would be less effective than a 1-month moratorium on withholding-tax payments, coupled with some liberalization of unemployment benefits.

Above all, it now seems to have become a rather well-established doctrine, however, that the best antirecession program would consist of a combination of monetary actions, higher Government expenditures, and a tax cut. It seems rather hopeless to establish a system of priorities within such a program and to relate it to the level of unemployment or industrial activity.

Simultaneous action on all three available fronts means that not all eggs are being put in one basket. Such an approach would try to give a lift to all three major economic sectors making up the gross national product: consumer, Government, and business spending. And, indirectly, it probably would also benefit net foreign investment.

We were quite impressed to see how much emphasis the joint committee placed on the international implications of a protracted recession in this country at this time. Pointing out that the interrelationship between this Nation's economy and world economic conditions was well demonstrated by last year's experiences, the committee report concluded that the current recession in this country assumes an importance beyond that of purely domestic concern and that "our economic superiority may be as important as military superiority, if indeed it is not more important, in assuring peace and the conditions for improved living standards for the entire world."

This observation completely corresponds with our thinking on the international implications or the current United States recession.

Mr. DOUGLAS. The editorial discusses what the Senator from Illinois is now trying to do, namely, to take simultaneous action on a program of public works, tax reduction, and monetary reform.

I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "Let Them Eat Pork," published in today's New York Times.

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

LET THEM EAT PORK

The thing that many Congressmen find it easiest to do is vote for rivers and harbors projects, otherwise known as pork-barrel bills; and now that they have a recession to spur them on, they find it easier than ever. That helps account for the 321 to 81 vote this week in the House for just such a measure, which was approved last session by the Senate; but it does not make it any the wiser or one whit the more effective in improving the national economy.

As an out-and-out rivers and harbors measure it is bad because it contains a number of projects that have not been properly considered and evaluated in the way that every such proposal should be weighed before it receives Congressional authorization. Representative KENNETH KEATING, of New York, vainly pointed out in House debate that "over $300 million worth of projects which would be authorized by this legislation (one-fifth of the total), have not been approved by the proper agencies of the Government."

As an antirecession measure an authorization such as this is surely one of the least effective devices that could be imagined. Senator DOUGLAS, of Illinois, a longtime and learned foe of pork barrels, observes that "even those projects which can begin early (and most of these cannot) will not necessarily be in the localities where the major portion of the unemployment exists. Navigation and flood-control projects * * * and reclamation projects * * * are not calculated to provide jobs for unemployed workers * * * in our industrial centers."

Although President Eisenhower has been taking a strong stand against "the sudden upsurge of pump-priming—public works—schemes," it is unfortunate that he himself has helped confuse this issue by recently sending up to Congress requests to accelerate a few hundred million dollars' worth of other reclamation, rivers and harbors, and construction projects as an antirecession measure.

Two years ago the President vetoed a rivers and harbors bill similar to this one because it contained poorly studied and unnecessary projects. We hope he will do so again. Inasmuch as an estimated $8 billion in authorized rivers and harbors proposals are already on the books, it is apparent that the need for this additional $1.5 billion is somewhat less than pressing, even if all the projects it contained were well advised, which is distinctly not the case.

Mr. DOUGLAS. We may find that, under the guise of what actually is a very severe recession, an attempt will be made to jam through a rivers and harbors appropriation bill, which will be of little aid to the unemployed in the great industrial centers of the country.

Last night I mentioned the fact that the morning newspapers for Friday carried a release showing that businessmen are planning to spend 13 percent less in new plant and equipment in 1958 than in 1957. I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks a release by the Securities and Exchange Commission which corroborates this point. The expectations have gone down from $37 billion in 1957 to $32 billion in 1958.

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

BUSINESS CAPITAL EXPENDITURES IN 1958

Businessmen plan to spend $32 billion on new plant and equipment in 1958 following last year's record $37 billion, a reduction of 13 percent, according to the latest survey conducted jointly between late January and early March by the Securities and Exchange Commission and the Department of Commerce. Except for public utilities, all major industries expect to reduce their outlays in 1958 as compared to 1957.

The survey indicates that the decline in plant and equipment expenditures, which began with the fourth quarter of 1957, will continue into the second half of 1958.

These programs mark the end of the recent boom in capital investment, which brought about a rise of almost 40 percent in plant and equipment expenditures from the $27 billion expenditure in 1954. The 1955–57 advance took place over a broad industrial front, with most industries in 1957 spending at record rates.

ANNUAL PROGRAMS

Manufacturing companies anticipate a reduction of one-sixth, while commercial companies expect to spend one-eighth less than last year, and the railroads are down by more than a third. Mining and nonrail transportation also show substantial declines, 15 percent and 19 percent, respectively.

The 4 percent rise in expenditures of public utilities reflects the continued expansion planned by the electric power industry. The 1958 programed expenditures for major groups, compared with 1957 actual spending, are shown below:

[Millions of dollars]

	Actual 1957	Anticipated 1958	Percent change
Manufacturing	15,959	13,196	−17
Durable-goods industries	8,022	6,225	−22
Non-durable-goods industries	7,937	6,971	−12
Mining	1,243	1,058	−15
Railroad	1,396	868	−38
Transportation, other than rail	1,771	1,440	−19
Public utilities	6,195	6,414	+4
Commercial and other	10,398	9,098	−13
Total	36,962	32,074	−13

REALIZATION OF 1957 PROGRAMS

Final figures for 1957 indicate expenditures at a record $37 billion total, a rise of 5 percent from 1956. This did not differ much from the 6½ percent increase that was projected by business for 1957 in the survey a year ago. Durable-goods manufacturers and railroads spent about 5 percent less than anticipated, while the investments by all other major industries were about in line with earlier projections.

QUARTERLY TRENDS

The quarterly survey shows that businessmen reduced their capital outlays from a seasonally adjusted annual rate of $37¾ billion in the third quarter of 1957 to $36¼ billion in the final 3 months of the year. The latter figure was below earlier reported expenditures. The survey indicates successive decreases in capital outlays in the first 2 quarters of 1958. Spending is expected to reach seasonally adjusted annual rates of $34 billion in the first quarter of this year and $32½ billion in the second quarter.

Thus capital outlays in the first half of this year are scheduled 10 percent below the rate for the last half of 1957, after seasonal adjustment. A comparison of the first half programs with those for the full year imply a somewhat lesser decline in the second half of 1958.

Railroads and other transportation companies expect their seasonally adjusted rate of outlay in the first half of this year to be approximately 30 percent and 20 percent, respectively, below the last half of 1957, while durable-goods manufacturers anticipate a reduction of 18 percent. Outlays by non-durable-goods manufacturers and mining companies for the first half of this year are expected to decline by slightly less than 10 percent, and utilities by less than 5 percent. Except for mining and commercial firms the percent decline implied from the first to second half of this year are smaller than in the previous 6 months. Utilities anticipate a higher rate of expenditures than in the first 6 months.

MANUFACTURING PROGRAMS

Capital expenditures by manufacturers are scheduled at $13.2 billion in 1958, compared with $16 billion in 1957 and $15 billion in 1956. Durable-goods producers are down more than the non-durable-goods companies.

Among durable-goods producers, the primary metals group and the motor vehicle industry expect the largest percentage declines. The nonferrous metal industry anticipates a decline of about 40 percent, while iron and steel companies have scheduled a reduction of one-fourth in 1958. It should be noted that both these industries had record expenditures in 1957, and that even with the substantial declines projected, outlays for 1958 will be about the same or higher than in 1956. Outlays by the motor vehicle industry are scheduled to be about one-fourth below 1957. Capital investment by this industry reached a peak in 1956 and has been declining since, so that the 1958 figure is the lowest since 1950. The machinery groups are projecting comparatively small relative declines for 1958, in the neighborhood of 7 percent.

Among the non-durable-goods industries for 1958 reductions anticipated by the textile and paper industries are 38 percent and 23 percent, respectively. The petroleum industry expects to cut its high rate of spending by 10 percent, the first decrease since 1950.

Chemical firms report continuing high investment programs, the 1958 total is scheduled off by 6 percent from 1957, which in turn was 18 percent higher than in 1956.

NONMANUFACTURING PROGRAMS

The public utilities in 1958 expect to invest $6.4 billion in new facilities, a 4-percent increase from last year's record outlay. All of the scheduled rise is attributable to electric power companies, which have programed an 8-percent increase. Gas companies expect to spend less in 1958 than in 1957.

The lower railroad spending—a decline of more than half a billion dollars from last year's $1.4 billion outlay—will be particularly evident in freight car procurement, which last year was at the highest rate since 1948. Most of the nonrail transport groups expect to spend less in 1958 than last year, with the largest reductions reported by trucking and oil pipeline companies.

Plant and equipment expenditures by the communications industry, which has risen rather steadily since early 1950, continue high, though off one-tenth in 1958 from the 1957 record total. Somewhat larger rates of decline are expected by commercial and mining companies from their near-record 1957 fixed investment rates.

SALES EXPECTATIONS IN 1958

The sales anticipations for 1958 reported by business show that manufacturing companies are thinking in terms of a reduction of about 2 percent from last year's record totals. Non-durable-goods producers expect a rise of about 1 percent, while producers of durable goods anticipate a decline of about 5 percent. Wholesale and retail trade firms, as a group, expect their sales to run slightly better than last year, while the public utilities have projected a 9 percent advance in their revenues.

In early 1958 sales in both manufacturing and trade were below the rates projected for the full year. Past experience with these sales data has shown that businessmen have usually correctly anticipated the direction of change in their sales, though the extent of change has on occasion shown significant deviations.

The analysis of plant and equipment expenditures is based on estimates by industry groups presented in the attached tables. The basic data were derived from reports submitted by corporations registered with the Securities and Exchange Commission; transportation companies under Interstate Commerce Commission jurisdiction; and a large sample of nonregistered companies, unincorporated as well as corporate, reporting to the Department of Commerce. The estimates presented are universe totals based on the sample data, and are compiled from reports on a company basis and not from separate reports for plants or establishments.

Expenditures on new plant and equipment by United States business, 1956–58 [1]

[Millions of dollars]

	1956	1957	1958 [2]	1956				1957				1958	
				January to March	April to June	July to September	October to December	January to March	April to June	July to September	October to December	January to March [2]	April to June [2]
Manufacturing	14,954	15,959	13,196	2,958	3,734	3,834	4,428	3,505	4,183	4,010	4,261	3,466	3,319
Durable-goods industries	7,625	8,022	6,225	1,462	1,862	1,960	2,339	1,759	2,120	1,995	2,148	1,707	1,575
Primary iron and steel	1,268	1,722	1,266	219	306	296	447	327	437	452	506	367	327
Primary nonferrous metals	412	814	470	69	88	103	152	147	217	223	227	177	122
Electrical machinery and equipment	603	599	563	104	162	158	199	126	152	145	176	129	144
Machinery except electrical	1,078	1,275	1,178	227	254	267	330	270	317	308	380	313	289
Motor vehicles and equipment	1,689	1,058	768	341	431	464	453	297	314	252	195	180	198
Transportation equipment, excluding motor vehicles	440	544	460	77	103	120	140	126	150	130	138	124	104
Stone, clay, and glass products	686	572	448	132	172	181	201	135	156	139	142	115	114
Other durable goods [3]	1,447	1,438	1,072	293	366	371	417	331	377	346	384	302	277

[1] Data exclude expenditures of agricultural business and outlays charged to current account.

[2] Estimates are based on anticipated capital expenditures as reported by business from late January to early March 1958.

[3] Includes fabricated metal products, lumber products, furniture and fixtures, instruments, ordnance, and miscellaneous manufactures.

Expenditures on new plant and equipment by United States business, 1956–58 [1]—Continued

[Millions of dollars]

	1956	1957	1958	1956				1957				1958	
				January to March	April to June	July to September	October to December	January to March	April to June	July to September	October to December	January to March	April to June
Manufacturing—Continued													
Non-durable-goods industries	7,331	7,937	6,971	1,496	1,872	1,874	2,089	1,746	2,063	2,015	2,113	1,759	1,744
Food and beverages	799	850	763	178	208	203	210	201	225	209	215	190	190
Textile mill products	465	408	252	108	126	110	121	111	114	93	90	72	60
Paper and allied products	801	811	622	155	203	206	237	192	216	206	197	170	156
Chemical and allied products	1,455	1,724	1,621	283	364	370	438	353	435	440	496	428	415
Petroleum and coal products	3,135	3,453	3,106	627	803	813	892	728	892	894	939	744	784
Rubber products	201	200	170	40	50	50	61	46	53	48	53	43	47
Other nondurable goods [4]	475	491	437	105	118	122	130	115	128	125	123	112	92
Mining	1,241	1,243	1,058	262	319	314	346	300	327	314	302	270	284
Railroad	1,231	1,396	868	297	325	277	332	342	362	358	334	298	225
Transportation other than rail	1,712	1,771	1,440	396	423	443	450	358	478	447	488	407	336
Public utilities	4,895	6,195	6,414	936	1,199	1,308	1,452	1,205	1,510	1,720	1,760	1,466	1,723
Communication	2,684	3,032	9,098	570	673	663	778	725	797	728	782	2,327	2,536
Commercial and other [5]	8,364	7,366		2,043	2,207	2,062	2,052	1,847	1,933	1,780	1,806		
Total	35,081	36,962	32,074	7,462	8,880	8,901	9,838	8,282	9,590	9,357	9,733	8,234	8,423

[4] Includes apparel and related products, tobacco, leather and leather products, and printing and publishing.
[5] Includes trade, service, finance, and construction.

NOTE.—Data for earlier years were published by the Department of Commerce in the June 1956 Survey of Current Business, p. 6.

Expenditures for new plant and equipment by United States business [1]*—Quarterly, 1956–58, seasonally adjusted at annual rates*

[Billions of dollars]

	1956				1957				1958	
	January to March	April to June	July to September	October to December	January to March	April to June	July to September	October to December	January to March [2]	April to June [2]
Manufacturing	13.45	14.65	15.78	15.81	16.12	16.25	16.37	15.27	14.17	13.23
Durable-goods industries	6.57	7.38	8.20	8.21	8.09	8.31	8.23	7.57	6.83	6.19
Non-durable-goods industries	6.88	7.27	7.58	7.60	8.03	7.94	8.14	7.70	7.34	7.04
Mining	1.13	1.28	1.26	1.28	1.35	1.28	1.24	1.15	1.09	1.11
Railroad	1.25	1.22	1.20	1.23	1.42	1.35	1.54	1.26	1.09	.84
Transportation other than rail	1.65	1.63	1.79	1.76	1.52	1.82	1.81	1.91	1.68	1.27
Public utilities	4.56	4.61	5.08	5.27	5.72	5.93	6.64	6.43	6.34	6.34
Commercial and other [3]	10.78	11.10	10.76	11.11	10.76	10.40	10.15	10.21	9.68	9.76
Total	32.82	34.49	35.87	36.46	36.89	37.03	37.75	36.23	34.05	32.55

[1] Data excludes expenditures of agricultural business and outlays charged to current account.
[2] Estimates are based on anticipated expenditures reported by business from late January to early March 1958. The seasonally adjusted data include, in addition to a seasonal correction, an adjustment, when necessary, for systematic tendencies in anticipatory data.
[3] Includes trade, service, finance, communication, and construction.

NOTE.—Data for earlier years were published by the Department of Commerce in the June 1956 Survey of Current Business, p. 6.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the RECORD certain statistics which I have given on the subject of insured unemployment, which, on the 1st of March, amounted to 3,503,300.

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

[In thousands]

Week ended—	Initial claims		Insured unemployment					
	State and UCFE	Veteran [1]	State and UCFE		Veteran [1]	Railroad [2]	Total	
			Number	Rate			Excluding railroad	Including railroad
				Percent				
1958—Feb. 1	442.1	7.8	2,939.4	7.1	63.9	134.0	3,003.3	3,137.3
8	456.8	7.7	2,971.8	7.1	66.3	135.0	3,038.1	3,173.1
15	425.3	7.1	3,130.2	7.5	70.5	137.0	3,200.8	3,337.8
22	459.2	7.4	3,268.0	7.9	73.6	145.0	3,341.6	3,486.6
Mar. 1	435.9	7.2	3,282.4	7.9	75.9	145.0	3,358.3	3,503.3
8	440.4	7.2						
COMPARABLE WEEKS A YEAR EARLIER								
1957—Feb. 2	289.1	6.4	1 768.4	4.4	48.0	66.0	1,816.4	1,882.4
9	280.7	6.4	1,743.7	4.4	48.5	61.0	1,792.1	1,853.1
16	237.0	5.4	1,758.6	4.4	49.4	67.0	1,808.0	1,875.0
23	228.3	5.1	1,700.4	4.3	49.4	73.0	1,749.8	1,822.8
Mar. 2	227.0	4.9	1,706.1	4.3	50.0	66.0	1,756.1	1,822.1
9	235.8	5.2						

[1] Veterans Readjustment Assistance Act of 1952. To avoid duplication excludes claims filed jointly with other programs.
[2] Source: Railroad Retirement Board.
Based on average coverage employment for 12 months ending March 1957.

Source: Office of Program Review and Analysis.

Mr. DOUGLAS. Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS], as modified by the suggestion made by the Senator from Rhode Island [Mr. PASTORE].

Mr. BYRD. Mr. President, this amendment, if adopted, would occasion a loss to the Treasury of $2,100,000,000. It has not received committee consideration. It is a complicated amendment. I believe a part of it was discussed last night. The amendment includes a part of the amendment which was defeated last night by the Senate.

This amendment should not be adopted. Certainly a tax proposal of the magnitude of this amendment should have the consideration of the Ways and Means Committee of the House and the Finance Committee of the Senate.

I hope the amendment will be rejected.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. What is the pending question before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. O'MAHONEY. Mr. President, I have been detained from the floor this morning by reason of official business which made it impossible for me to be present. I wished to ask the distinguished Senator from Illinois, the sponsor of the amendment——

Mr. DOUGLAS. Did the Senator say "distinguished Senator" or "extinguished Senator"?

Mr. O'MAHONEY. I hope the Senator will not be extinguished. I am quite confident, knowing him as I do, that he never will be extinguished. No force in the Senate Chamber or elsewhere with which I am familiar could extinguish him. I have tried it, but have not succeeded.

What I wanted to say is this: I understand that automobile manufacturers have agreed that if the excise tax on automobiles is cut to whatever extent it may be cut the saving will be passed on to the consumer. Is that correct?

Mr. DOUGLAS. They have given us written assurances that it will be passed on to the distributor. That is all the control the automobile manufacturer has.

Mr. O'MAHONEY. That is true.

Mr. DOUGLAS. They have pledged themselves to that. They have also pledged themselves to use their moral influence to have the distributor pass it on to the buyer. It is also true that the National Association of Automobile Dealers have pledged themselves to use their influence on the distributors to pass it on.

Mr. O'MAHONEY. I wish to make this fact clear. As a member of the Subcommittee on Antitrust and Monopoly Legislation of the Committee on the Judiciary, I had the privilege of presiding, as acting chairman, over hearings on the General Motors Corp. as a corporation. That hearing took place in 1955 or 1956. This year, only a few weeks ago, Mr. Harlow Curtice, president of General Motors, appeared before the committee, and was interrogated by the members of the committee, including myself.

I want every Senator to know the facts. In response to my inquiry, Mr. Harlow Curtice testified that in determining the prices at which automobiles are sold, it is the invariable policy of General Motors to compute its prices at a figure which will return from 15 to 20 percent of the net worth of the corporation.

Any businessman who can do that has a profitable business. The interesting comparison, however, is this: When the automobile manufacturer sells his automobiles to the distributor, the distributor must pay cash on delivery. Every dollar is paid on delivery. The trade-in of used cars, the time payments, and all those factors which go into the selling of an automobile by the distributor to the user are handled by the distributor.

Ever since I joined the Senator from Illinois in support of the amendment I have been receiving telegrams from automobile distributors all over the country, particularly from my own State, urging my support of the amendment. I have been happy to be able to tell them that I do support the amendment, just as I am happy to tell the railroad workers of the United States that I am supporting the reduction of the excise tax on transportation.

Let every Member of the Senate know that when he votes against the reduction of excise taxes he is voting against a stimulant for moving up the sales of automobiles and for promoting sales of other things. He is also voting against increasing the market for every item upon which the excise tax is proposed to be reduced.

Mr. DOUGLAS. Not only is the Senator from Wyoming a supporter of the amendment, he is a cosponsor of the amendment, and has been in the forefront of the fight.

Mr. O'MAHONEY. Unfortunately, because of an attack of the flu, I did not stay in the Senate last night. However, I read the RECORD with great disappointment on the yea-and-nay vote which was taken last evening on the other tax reduction amendments offered by the Senator. I can understand why it should have been defeated, although it is not too easy to understand it. Of course, we know that while the Government is necessarily engaged in deficit financing, there is a reluctance to reduce revenue. In that regard, I should like to point out that a reduction of the excise tax on automobiles and a reduction of the excise tax on transportation would not reduce the revenue. To the contrary, it would promote revenue. Automobiles are not being sold. The sale of automobiles produces jobs and produces profits for the dealers. Transportation by railroads is not taking place in the way it should. Who in the West would ever have thought that the day would come when the Atchison, Topeka & Santa Fe Railroad would abandon its passenger traffic to Atchison and Santa Fe and was the only Topeka railroad so far as the passenger traffic is concerned?

Mr. President, I am appealing to every Senator to consider this question realistically. Let us deal with the situation as it exists.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. DOUGLAS. The Senator has touched on the transportation question. The Wall Street Journal this morning, on its editorial page, page 8, gives the figures of freight carloadings. I read:

> Revenue freight carloadings of United States railroads for the week ended March 8 totaled 544,173. The Association of American Railroads reported this was a decrease of 128,000 cars, or 19.1 percent, below the like week for 1957.
>
> Loadings for the March 8 week were down 9,472 cars, or 1.7 percent, from the preceding week. The latest report was the 30th consecutive one in which carloadings were down from year-earlier levels.

Mr. President, I wonder if the Senator from Wyoming would permit me to have the entire article placed in the RECORD.

Mr. O'MAHONEY. I hope the Senator will place it in the RECORD.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Rail Freight Loadings in Latest Week Fell 19.1 Percent—Drop Is Thirtieth in Row," published in the Wall Street Journal of March 14, 1958.

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

RAIL FREIGHT LOADINGS IN LATEST WEEK FELL 19.1 PERCENT—DROP IS 30TH IN ROW

WASHINGTON.—Revenue freight carloadings of United States railroads for the week ended March 8 totaled 544,173. The Association of American Railroads reported this was a decrease of 128,190 cars, or 19.1 percent, below the like week for 1957.

Loadings for the March 8 week were down 9,472 cars, or 1.7 percent, from the preceding week. The latest report was the 30th consecutive one in which carloadings were down from year-earlier levels.

Loadings of commodities are as follows:

Commodity	Mar. 8	Mar. 1	1957 week
Coal	110,926	+7,500	−20,522
Miscellaneous freight	280,407	−1,362	−66,330
LCL	47,716	+337	−10,310
Grain	44,952	−2,739	−9,372
Livestock	4,447	−38	−1,289
Forest products	3,827	+1,799	−4,599
Ore	14,803	+694	−8,630
Coke	6,095	−643	−7,138

Mr. O'MAHONEY. Mr. President, I call attention to a recent publication which has come to the desk of every Senator, the monthly Economic Letter of the National City Bank of New York. The economic letter for March contains an extraordinary table, setting forth that the final returns for the fourth quarter of 1957 show that the net income of 610 corporations dropped 16 percent as compared with the last quarter of 1956.

In other words, in October, November, and December 1957, the storm flags of the recession were flying from many of the large manufacturing establishments in America, with the exception of those which distribute food or drugs. Production of all the others was falling; their incomes were falling; their employment was falling.

Yet we heard the assurance from the White House in Washington:

> This is a condition which will be over in a few months. By the time March comes, we will begin to see the upturn.

Mr. President, we will not see the upturn in March.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BUSH. I am overwhelmed by the amount of gloom which has been spread here this morning.

Mr. O'MAHONEY. Let me interrupt the Senator.

Mr. BUSH. I did not say the Senator from Wyoming was spreading it, necessarily, but it has been spread.

Mr. O'MAHONEY. Mr. President, I have the floor.

Mr. BUSH. Mr. President, the Senator has yielded to me. I was about to ask him a question.

Mr. O'MAHONEY. But the Senator has just stated—and I want to emphasize this—that he is not accusing the Senator from Wyoming of spreading gloom.

Mr. BUSH. I think it might brighten the RECORD a little if I read from an article in this morning's New York Times:

> Department-store sales in the week ended last Saturday were 7 percent above sales in the corresponding week last year.

Then it states the items on which sales are up in different sections of the country.

I simply wish to assure the Senator from Wyoming that all is not lost, and that some phases of the economy are showing some improvement over last year. I think that is very encouraging.

Mr. O'MAHONEY. I am glad the Senator from Connecticut has interrupted me to make this comment, because if he will call upon any member of the staff of the Joint Committee on the Economic Report he will get facts which will reveal to him that although the President's budget, which was sent to Congress in January, 1958, made an estimate of increased revenues for fiscal 1959, the records now available show that it would not be possible to achieve the income figures upon which the Government has been banking unless a tremendous upturn in the economy occurred in the last 6 months of this year, and there are no signs of that.

Only the other day, Mr. W. J. McNeil, the Comptroller of the Department of Defense, published a very well documented article upon the increasing cost of defense. I wish every Senator would read Mr. McNeil's statement. It shows that the cost of the weapons which are being built is steadily increasing, and that the effect upon employment is very slight.

So what we are saying now—and I hope the Senator from Connecticut will lead the battalions on his side—is: Let us cut the excise taxes which are preventing sales.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BUSH. I should like to observe, since the Senator addressed his remarks to me, that I share to some extent his apprehension about the income side of the budget. I think the Senator is correct. But I also suggest that it is because the income side looks a little shaky that we should move a little carefully and not too impetuously toward cutting income, as is so urgently requested of us by the amendment now pending. I think that type of cutback proposed by the amendment, in the face of the danger of recession, deserves very careful consideration.

Mr. O'MAHONEY. I shall conclude my remarks by asking the Senator from Connecticut, if he will be good enough, when he returns to his office today, to send to the Library for the reports of the Secretary of the Treasury during the last 2 years of the Hoover administration. I ask him to look at the tables which show how the income of the Federal Government went steadily downward, although the White House was promising that prosperity was just around the corner. The income of the Federal Government went down without any decrease in taxation.

When it is known that revenue is not being received from the type of tax with which we are now dealing, the realistic way to turn the corner is to cut the tax and relieve the burden of the people, which burden is preventing sales.

Mr. BUSH subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Seven Percent Gain Is Made by Store Sales." The article was published today in the New York Times. I wish to have the article printed in the RECORD following the comment made by the very able Senator from Wyoming [Mr. O'MAHONEY], because I believe it is desirable to have the RECORD occasionally show a note of good cheer.

Last year was a rather active business year; and at this time last year, business was fairly good. The fact that sales in stores throughout the country are up 7 percent, as compared with the same period last year, strikes a note of encouragement which I should like to have reflected in the RECORD.

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

SEVEN PERCENT GAIN IS MADE BY STORE SALES—VOLUME UP 16 PERCENT IN THIS AREA—EARLY EASTER THIS YEAR BELIEVED A FACTOR

WASHINGTON, March 13.—Department store sales in the week ended last Saturday were 7 percent above sales in the corresponding week of last year.

A possible reason for the rise in sales this year is the fact that Easter Sunday falls on April 6, a full 2 weeks earlier than it did in 1957.

This was reported today by the Federal Reserve Board which listed the following percentage changes in sales from like periods of 1957:

District	1 week ended—		4 weeks ended Mar. 8	Jan. 1 to Mar. 8
	Mar. 8	Mar. 1		
Boston	+2	+2	−7	−3
New York	+15	+8	−2	+1
Philadelphia	+22	[1]+12	−3	−2
Cleveland	+4	[1]+1	−5	−4
Richmond	+7	[1]+13	−5	−2
Atlanta	+18	0	−2	−4
Chicago	+1	−6	−7	−5
St. Louis	+3	0	−5	−4
Minneapolis	+13	−4	−4	−2
Kansas City	−1	−6	−4	−2
Dallas	+2	−8	−8	−5
San Francisco	0	[1]+1	−2	−3
United States total	+7	+1	−4	−2

[1] Revised.

The weekly index, without seasonal adjustment follows (1947–49 equals 100):

1958:	
Feb. 8	93
Feb. 15	96
Feb. 22	82
Mar. 1	100
Mar. 8	105
1957:	
Feb. 9	101
Feb. 16	102
Feb. 23	100
Mar. 2	99
Mar. 9	98
1956:	
Feb. 11	97
Feb. 18	95
Feb. 25	97
Mar. 3	104
Mar. 10	109

Mr. SMATHERS. Mr. President, I wish to comment on the remarks of the Senator from Wyoming about railroads.

Earlier today I placed in the body of the RECORD additional statistics which demonstrate the very serious situation in which the railroads find themselves today. The title of the article is "Rail Net Lags 1957 by 64 Percent in January."

The figures released by the Association of American railroads show that the revenue in January was 64 percent below that of January 1957.

I doubt that any other industry has suffered so drastic a loss in its operations as has the railroad industry. I wholly agree with the statement of the able Senator from Wyoming. It is the opinion of most of the members of the Subcommittee on Surface Transportation, who have been holding hearings for the past 3 or 4 weeks on the railroad situation, that we should endeavor to remove the 3-percent excise tax on freight transportation.

As a matter of fact, 13 Senators on the Committee on Interstate and Foreign Commerce have sponsored an amendment, not to the bill under consideration, but to another bill, providing for the repeal of the tax. So far as I am concerned, as chairman of the subcommittee, I am not certain whether the insurance-tax bill is the right vehicle in which to attempt to reduce the tax on freight transportation. But I am wholly in sympathy with the purpose of the amendment of the Senator from Illinois and with the statement of the Senator from Wyoming that something must be done about the reduction of the excise tax on transportation, as well as on many other items which have so far been discussed.

Mr. THYE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. THYE. When does the Senator from Florida expect to have such an amendment as he proposes come before the Senate? I am interested in tax relief, not only for the railroads, but also for all other forms of transportation. I believe such taxes are very burdensome.

Mr. SMATHERS. The Committee on Finance now has before it legislation designed to eliminate the inequities in the tax law.

It had been our hope and our expectation to offer this amendment with respect to reducing the excise taxes on transportation to that particular bill, rather than to this one. When the Senate will reach that bill, I am not certain, although the chairman of the committee has announced that the committee which has concluded hearings on it will meet in executive session next Tuesday. It was our intention at that time to offer this particular proposal for relief

from excise taxes, as well as for the other relief to which the able Senator from Illinois has already referred.

Mr. THYE. That interests me, because I have been following the hearings which have been conducted by the committee. Is it the advice or recommendation of the Senator that such tax relief not be considered in connection with the pending bill, but that it would be wiser for us to go before the committee and make such recommendations with respect to the tax bill presently being considered by the Finance Committee?

Mr. SMATHERS. I think that is a matter about which all Members should make up their own minds.

Most of us who are sponsoring a decrease in the excise tax on transportation had concluded that it would be better to offer the amendment to the next bill, rather than to the one now before the Senate which is temporary in nature.

However, I cannot help but be persuaded somewhat by the able Senator from Illinois, who is of the opinion that the time to do it is now.

On the other hand, our belief is that we should first have some expression from the Secretary of the Treasury. We do not believe there will be a delay of more than 2 weeks in this case. We also believe the other bill will be a more appropriate one, and that possibly a little later will be a more appropriate time, for the consideration of a reduction of that type.

Mr. THYE. I thank the Senator from Florida.

Mr. KNOWLAND. Mr. President, in view of the statements made earlier, I should like to call attention to the fact that there will be an excise-tax bill, and in the normal procedure it will have to come before the Senate before June 30, because certain of the excise taxes dealing with a variety of subjects otherwise will expire, or at least will revert to the previous levels, unless such affirmative legislation is passed by that time.

It seems to me that bill would be a more appropriate vehicle, rather than to attempt to make an omnibus tax bill of the bill now before the Senate, which was reported by the Finance Committee.

The other bill will, by the time it is considered by the Senate, have gone through the customary processes of originating in the House of Representatives—where, under the Constitution, revenue measures must originate—and of having received consideration by the Senate Finance Committee, a respected committee of this body; and that bill will deal with the subject of excise taxes.

So I hope the Senate will not make an omnibus tax bill out of the pending measure.

Mr. JAVITS. Mr. President, it seems to me that in the current discussion about the recession, particularly as that discussion has been hinging around the amendment now before the Senate and the amendment which was before the Senate last night, we have been missing one point which is indicated by the news published in the morning newspapers, namely, that in this situation the private economy of the country can contribute greatly if given dynamic leadership, and should be aroused sufficiently to do so. I believe the news of this morning bears that out.

In the New York Times, which I have before me at the moment, we find the following:

> Government reports projected today further downward pressure on the economy in two key sectors of demand.

A little later in the article we find the following:

> Today's key report, from the Commerce Department and the Securities and Exchange Commission, showed that business expected to spend $32 billion this year on plant and equipment, down 13 percent from the record of $37 billion last year. The 13-percent decline was nearly double the falling off in this key sector of the economy predicted in private surveys last fall.

Mr. President, it is now becoming clearer that the current recession is primarily attributable to the $5.4 billion inventory liquidation evidenced by the figures as having taken place between the third and fourth quarters of 1957, and, according to this morning's news, a $5 billion—13 percent reduction—in prospective investment in plant and equipment by business and industry during 1958, according to today's report from the Department of Commerce and the Securities Exchange Commission. These indications are accompanied by evidence of a 10-percent drop in exports between January 1958, and January 1957, again emphasizing the critical part in our economic health played by a strong foreign-trade picture. At one and the same time, the news tells us that the leaders of the AFL–CIO, George Meany and Walter Reuther, have approached the President with recommendations for antirecession action primarily acceleration and expansion of Government orders and construction and income-tax reduction. It is also appearing that beginning with 1956, productivity began to lag behind wage increases.

The twin keys for dealing with the recession appear to be credit and productivity. The current deep concern of leaders of organized labor with unemployment, and the corresponding concern of business with retrenchment, make possible the intermediation of the President, by calling a White House conference of management and of labor, joined with representatives of the consuming public and of farmers, in order to marshal a united front for the necessary measures which they can take, and which are outside the realm of Government, to provide credit and productivity for the purpose of starting the economy again on the upward march which the times and the conditions of the world demand. Every schoolchild knows that the unsatisfied and realizable demand of the Free World for goods and services is enough to keep our industrial plant busy, even when adding all the expansion of which it is capable, for 100 years. Let us remember that while the Government spends 73-plus billion dollars a year the private sector accounts for a turnover of more than $350 billion a year. It is vital to determine what will be its policy to help itself in the current recession.

This is the kind of a recession which can be turned around very quickly by a united national effort. It has not yet become psychological—witness the evidence, also reported today, of little change in the outlook of consumers as to their own incomes. About three-fourths of them say they expect to be earning as much, or more, early in 1959 as they are this year. Department store sales are holding up. It is sales of automobiles and homes that have suffered.

The opportunity is there. I urge the President to take advantage of it.

Mr. President, I believe that gives us the key: So far, effective antirecession is practicable at the management levels, both of trade and industry and labor, and that is where we have an opportunity to strike the strongest blow and to deal best with it right now.

I appreciate very much the coal that is being piled on, here, to have the Government take necessary measures; but I depreciate very much our seeming attitude that the only one that can do very much in this situation, to return the economy to the situation in which it should be, is the Government.

I believe that dynamic leadership in private enterprise can exercise its influence just as effectively, if not far more so, as compared with what can be done in governmental circles.

Mr. President, I see another danger in the present situation: Only 6 or 7 weeks ago, or perhaps less than that, the Senate was discussing the issue of national survival in terms of defense. That issue still confronts us; yet today we hardly hear it mentioned.

Of course, Mr. President, the Government can do a great deal in this situation, but certainly the private economy can also play a most important part in this connection.

Thus, Mr. President, it is most important that two things be done: First, have the Government take all possible steps to have assistance rendered at the governmental level, in this situation; second, give all possible encouragement to the private economy to do all within its power.

Hence my appeal to the President to take action at this juncture. I hope very much he will do so; hence, also, my appeal to my colleagues to help in connection with that effort.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article which was published in the New York Times of today.

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

RAYBURN AND GOP AGREE TO CONFER ON TAX ACTION—DIP IN SPENDING FORECAST—EXPORTS DECLINE—UNITED STATES FINDS CONSUMER AND BUSINESS ARE MORE PESSIMISTIC

(By Edwin L. Dale, Jr.)

WASHINGTON, March 13—Government reports projected today further downward pressure on the economy in two key sectors of demand.

One report showed a 13-percent decline in expected business investment in plant and equipment this year—a much steeper drop than earlier surveys had indicated. A second showed a rise of pessimism about the business outlook among consumers, and some reduction in their plans to spend on major items.

A third report revealed a sharp drop in exports in January, thus portraying more downward pressure.

The reports add up to a picture of continued sag in the economy this year, unless present spending plans change or a major new injection of demand is supplied by the Government.

A measure of one source of new demand from the Government was supplied in a White House statement giving full details of the plan to increase the rate of defense orders between now and June 30. The plan has been cited in past administration statements.

OTHER DEVELOPMENTS

Major procurement and construction orders from February through June will average $2,300,000,000 a month, compared with only $1,050,000,000 a month from last July through January. However, the big increase is mainly just a makeup for the extremely slow rate of ordering last summer and does not involve a large change in actual defense spending.

There were these other economic developments today:

The Eisenhower administration and Democratic leaders of Congress were reported to have reached agreement to make a bipartisan approach on both the nature and timing of a possible tax cut.

Highway legislation and resolutions urging a speed-up in public works spending made further headway in Congress.

Today's key report, from the Commerce Department and the Securities and Exchange Commission, showed that business expected to spend $32 billion this year on plant and equipment, down 13 percent from the record of $37 billion last year. The 13-percent decline was nearly double the falling off in this key sector of the economy predicted in private surveys last fall.

Today's report showed a peak spending rate of $37,750,000,000 reached in the third quarter of last year. It indicated it would decline to below $31 billion in the last half of this year. That would be a peak-to-trough decline in demand of about $6 billion, or far more than defense spending was expected to rise.

In a companion report, the Federal Reserve Board said its annual consumer survey had revealed a marked rise in pessimism about the general outlook and some curtailment of plans to buy major items, as compared with a year ago at this time. The survey was made in January and February.

Consumers reported the sharpest falling off in their plans to buy new cars, and also a notable decline in plans to buy houses. Their plans to buy used cars increased, and there was little change in their plans to buy furniture and major appliances and to repair and improve their homes.

Although the survey showed a big switch toward pessimism about the outlook for general business, the report said that very few consumers expected their own incomes to decline. About three-fourths said they expected to be earning as much or more early next year as early this year.

EXPORTS DECLINE 10 PERCENT

Today's third report showed a 10-percent decline in exports in January as compared with January 1957. The dip was 8 percent from December.

With military-aid shipments excluded, the January-to-January decline was $181 million, or 11.5 percent. From December it was $141 million.

Today's White House report showed that major defense procurement contracts are scheduled at a rate of $1,700,000,000 to $1,800,000,000 a month from February through June, compared to about $1 billion a month from last July through January. In the case of defense construction $1,700,000,000 will be placed under contract in the February–June period compared to only $327 million in the July–January period.

Amplifying on the construction side in testimony before the Senate Armed Services Committee, the Deputy Secretary of Defense, Donald A. Quarles, attributed the extremely slow pace of placing contracts in the last half of last year to a spending ceiling imposed by the limit on the national debt.

He conceded that the armed services still had spending objectives but would not accept the implication of several committee Democrats that ceilings were still in effect.

STORE SALES INCREASE

One note of cheer was sounded today in a Federal Reserve Board report that showed department-store sales in the first week of March 7 percent ahead of the same week a year earlier. However officials pointed out that the first week of March last year showed unusually low sales, largely because of bad weather. They also noted that Easter is earlier this year and that Easter buying may have helped the week's sales.

In another report the Association of American Railroads said freight carloadings in the week ended March 8 were down 1.7 percent from the preceding week and 19.1 percent below the corresponding week of 1957.

Today's major statistics were those on business and consumer intentions. The business report showed that the largest declines in expected plant-equipment spending will be in the manufacturing sector of the economy, but that every sector except public utilities will cut back somewhat.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois for himself and other Senators, as modified.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

COMPARISON OF POSTAL RATES IN H. R. 5836 WITH THOSE OF THE PRESENT LAW

Mr. CARLSON. Mr. President, 2 weeks ago the Senate acted on H. R. 5836, a bill relating to postal rates. Many Senators have made inquiries regarding the effect of that proposed legislation—both the House and Senate versions of that bill—on the present rates. The Legislative Counsel of the Senate and the House of Representatives and the staffs of the Senate Committee on Post Office and Civil Service and the House Committee on Post Office and Civil Service have prepared a very fine tabular summary of the provisions of H. R. 5836, giving the present rates, the House version rates, and the Senate version rates, and I ask unanimous consent that the table and statement be printed in the RECORD as a part of my remarks.

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

Tabular summary of major provisions of H. R. 5836 relating to postal rates as passed by House and Senate compared with present law

Mail classification	Unit	Present rates	Rates provided in House version				Rates provided in Senate version		
1st-class mail:		*Cents*	*Cents*						
Nonlocal letter mail	Ounce	3.0	4.0				5 cents July 1, 1958, 4 cents July 1, 1961.		
Local letter mail	do	3.0	4.0				4 cents.		
Drop letters	do	2.0	3.0				3 cents.		
Post and postal cards	Each	2.0	3.0				3 cents.[1]		
Domestic airmail:									
Letters	Ounce	6.0	7.0				8 cents.		
Post and postal cards	Each	4.0	5.0				5 cents.		
			Rates effective				Rates effective		
			Oct. 1, 1957	July 1, 1958	July 1, 1959	July 1, 1960	July 1, 1958	July 1, 1959	July 1, 1960
2d-class mail:[2]									
Publishers outside county:									
(a) Nonadvertising portion	Pound	1.95	2.2	2.5	2.8	3.1	2.1	2.3	2.5
(b) Advertising portion:									
Zones 1 and 2	do	1.95	2.2	2.5	2.8	3.1	2.2	2.6	3.0
Zone 3	do	2.6	3.0	3.4	3.8	4.2	3.0	3.5	4.0
Zone 4	do	3.9	4.5	5.1	5.7	6.2	4.5	5.2	6.0
Zone 5	do	5.2	6.0	6.8	7.5	8.3	6.0	7.0	8.0
Zone 6	do	6.5	7.5	8.4	9.4	10.4	7.7	8.7	10.0
Zone 7	do	7.8	9.0	10.1	11.3	12.5	9.2	11.0	12.0
Zone 8	do	9.1	10.5	11.8	13.2	14.6	11.0	12.5	14.0

[1] 2 cents if entirely handwritten.

[2] The present rate for 2d class mailings of nonprofit organizations is 1.5 cents per pound with a ½-cent minimum. The House version makes no change in these rates. The Senate version changes these rates to 50 percent of the regular rates.

The present rates for exempt classroom publications are those that were in effect for regular matter prior to the 30-percent increase in 1951. The House version makes no change in these rates. The Senate version provides that 2d class rates for classroom publications shall be 35 percent less than the scheduled 2d class rates.

The House version also exempts newspapers with a press run of 5,000 copies or less from all rate increases. The Senate version does not contain this exemption.

Tabular summary of major provisions of H. R. 5836 relating to postal rates as passed by House and Senate compared with present law—Continued

Mail classification	Unit	Present rates	Rates provided in House version	Rates provided in Senate version
		Cents	*Cents*	
2d-class mail—Continued				
Publishers outside county—Continued				
(c) Minimum per copy	Each	⅛	¼	¼ cent July 1, 1958, ⅜ cent July 1, 1959, ½ cent July 1, 1960.
Transient	1st 2 ounces	2.0	2.0	2 cents.
	Additional 2 ounces	1.0	1.5	
	Additional ounces			1 cent.
3d-class mail: [3]				
Piece:				
(a) Circulars, merchandise and miscellaneous	1st 2 ounces	2.0	3.0	3 cents.
	Additional ounce	[4] 1.0	[4] 1.5	1.5 cents to 16 ounces.
(b) Books and catalogs	1st 2 ounces	2.0	3.0	3 cents.
	Additional 2 ounces	[4] 1.5		
	Additional ounce		[4] 1.0	1.5 cents to 16 ounces.
Bulk:				
(a) Circulars, merchandise and miscellaneous	Pound	14.0	16.0	16 cents.
	Piece minimum	1.5	2.5	2 cents July 1, 1958, 2.5 cents July 1, 1959.
(b) Books and catalogs	Pound	10.0	12.0	10 cents.
	Piece minimum	1.5	2.5	2 cents July 1, 1958, 2.5 cents July 1, 1959.
Odd sizes	do	3.0	5.0	6 cents.
		Dollars	*Dollars*	
Annual bulk mailing fee	Year	10	20	$20.
4th-class mail,[5] books	1st pound	8.0	10.0	8 cents.
	Additional pound	4.0	5.0	4 cents.
Controlled circulation	Not over 8 ounces	10.0	12.0	12 cents per pound.
	Over 8 ounces	11.0	12.0	

[3] The Senate version provides that the weight limit on 3d-class mail is increased from 8 ounces up to but not including 16 ounces.

Matter sent by certain nonprofit organizations currently pay rates that were in existence prior to the rate adjustments in 1951, including a 1-cent-per-piece minimum. The organizations are exempt from all rate increases in the House version. In the Senate version the regular piece and pound rates would apply, except the per-piece minimum would be 50 percent of the regular minimum rate.

[4] To 8 ounces.

[5] Both the House and Senate versions add to the category of material which may be mailed by 4th class mail printed music (in bound or sheet form), school test materials, and manuscripts for books, periodical articles, and music. The Senate version also includes phonograph recordings.

Both the House and Senate versions also add to the material which may be mailed at the library book rate (4 cents for 1st pound and 1 cent for each additional pound) printed music (in bound or sheet form), bound volumes if academic theses and periodicals, and other library materials; Senate version also includes phonograph recordings. Schools, colleges, and universities are added to the category of organizations eligible for this rate in both House and Senate versions.

TAXATION OF LIFE INSURANCE COMPANIES—CLARIFICATION OF RULING BY THE CHAIR

Mr. MORTON. Mr. President, last night there was considerable confusion in the Chamber at various times. At one point the junior Senator from Kentucky was presiding, and he was asked by the senior Senator from Oregon [Mr. MORSE] to make a parliamentary ruling. The question was as follows, reading from page 4307 of the RECORD:

Was the Douglas amendment to the pending bill in order?

The PRESIDING OFFICER (Mr. MORTON in the chair). The Chair rules that the amendment was in order. A unanimous-consent agreement was reached as to germaneness, and the amendment was in order.

By that ruling, Mr. President, the Chair did not mean to imply that the unanimous-consent agreement as to germaneness applied in the case of the Douglas amendment. That agreement applied to amendments to the Douglas amendment. There was no question as to the Douglas amendment being germane to H. R. 10021, nor was there any question as to the amendment being in order, as is stated in the first sentence of the ruling of the Chair.

I wanted to make that matter clear.

TWO HUNDREDTH ANNIVERSARY OF BIRTH OF ALEXANDER HAMILTON

Mr. O'MAHONEY. Mr. President, I call attention to Calendar No. 1388, House Joint Resolution 483, which extends the date of the termination of the life of the Alexander Hamilton Commission. The life of the Commission will expire on March 15, tomorrow.

The joint resolution, having been passed by the House on February 28, was referred to the Senate Judiciary Committee. It was reported by the committee 2 days ago, extending the time of the life of the Commission to April 30. That is all there is to the joint resolution.

I therefore ask unanimous consent that the Senate proceed to the immediate consideration of the House joint resolution.

The PRESIDING OFFICER (Mr. MORTON in the chair). Is there objection to the request of the Senator from Wyoming?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 483) to amend the act of August 20, 1954, establishing a Commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 10, to strike out "March 15, 1958" and insert "April 30, 1958."

The amendment was agreed to.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time, and passed.

FORMULA FOR TAXING OF LIFE INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life insurance companies shall also apply to taxable years beginning in 1957.

Mr. POTTER. Mr. President, I call up the amendment which I have at the desk, identified as 3-13-58-E.

The PRESIDING OFFICER. Does the Senator desire to have the amendment read, or does he wish to have it printed in the RECORD without reading?

Mr. POTTER. It is satisfactory to have the amendment printed in the RECORD without reading.

The amendment offered by Mr. POTTER is as follows:

At the end of the bill, to add the following new section:

"SEC. 3. (a) Paragraph (1) of subsection (a) of section 4061 of the Internal Revenue Code of 1954 is amended by striking out 'July 1, 1972' and inserting in lieu thereof 'March 1, 1958.'

"(b) Paragraph (2) of subsection (a) of section 4061 of the Internal Revenue Code of 1954 is repealed effective as of March 1, 1958.

"(c) Subsection (b) of section 4061 of the Internal Revenue Code of 1954 is hereby repealed.

"(d) Section 6412 (a) of the Internal Revenue Code of 1954 is amended as follows:

"(1) In paragraph (1), strike out 'July 1, 1958' both places it appears and insert in lieu thereof 'March 1, 1958,' and add at the end thereof the following new sentence: 'This paragraph shall not apply in respect of an article sold by the dealer on or before the date of the enactment of this sentence unless on or before November 10, 1958, reimbursement has been made by such dealer to the purchaser from the dealer of the article for the tax elimination on such article or written consent has been obtained from such purchaser to allowance of the credit or refund.';

"(e) Section 6412 (a) (2) of said Code is amended by inserting '(i)' before 'Where,'

the first word in the paragraph, striking out '4061 (a) (1),' and adding the following sentences at the end of the paragraph:

"'(ii) Where before March 1, 1958, any article subject to the tax imposed by section 4061 (a) (1) has been sold by the manufacturer, producer, or importer and on such date is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the difference between the tax paid by such manufacturer, producer, or importer on his sale of the article and the amount of tax made applicable to such article on and after March 1, 1958, if claim for such credit or refund is filed with the Secretary or his delegate on or before November 10, 1958, based upon a request submitted to the manufacturer, producer, or importer before October 1, 1958, by the dealer who held the article in respect of which the credit or refund is claimed, and, on or before November 10, 1958, reimbursement has been made to such dealer by such manufacturer, producer, or importer for the tax reduction on such article or written consent has been obtained from such dealer to allowance of such credit or refund.

"'(iii) Paragraph (ii) shall not apply in respect of an article sold by the dealer on or before the date of enactment of this sentence unless on or before November 10, 1958, reimbursement has been made by the dealer to the purchaser from the dealer of the article for the tax reduction on such article or written consent has been obtained from such purchaser to allowance of the credit or refund.'

"(f) Subparagraph (C) of paragraph (1) of subsection (c) of section 209 of the Highway Revenue Act of 1956 is amended by inserting 'and before March 1, 1958, and 100 percent of the tax received on and after March 1, 1958' before the comma following '1957.'"

Mr. POTTER. Mr. President, my amendment is similar to the amendment offered by the Senator from New Mexico [Mr. ANDERSON] late last evening. It differs in one respect. The amendment offered by the Senator from New Mexico proposed to reduce excise taxes on automobiles from 10 to 5 percent, and on trucks from 8 to 5 percent. It also proposed to reduce the excise tax on automobile parts.

My amendment proposes to remove the excise tax on automobiles, and also to reduce the excise tax on trucks to 5 percent. The difference is that 100 percent of the 5 percent excise tax which would remain on trucks would go to the highway trust fund. Therefore the highway trust fund would lose no revenue as a result of the amendment.

As a result of the action taken yesterday afternoon and evening and this morning, it is evident that because of efforts by certain Members composing the leadership in the Senate, on both sides of the aisle, along with the leadership of the administration, any effort for tax relief in the insurance bill will be thwarted. However, I am reluctant to let this opportunity pass without bringing to the attention of the Senate again the necessity for serious consideration of the amendment. I hope administration officers downtown and the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate will recognize that this is not an unfair effort to put through a tax reduction measure. This is not a special favor to the automobile industry. The automobile industry is depressed. The companies themselves would gain nothing by the amendment. The excise tax is passed on to the consumers. It is a consumers' tax, pure and simple. I think that should be made perfectly clear, as was stated by the Senator from Wyoming [Mr. O'MAHONEY] a while ago.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. POTTER. I yield to the distinguished Senator from Vermont?

Mr. FLANDERS. I join with the Senator from Michigan in the expression of conviction that the question of the excise taxes on automobiles, trucks, and parts should have the early attention of the Senate. As the Senator from Michigan has stated, such action would not represent a favor to the automobile companies. I think it is very important so far as an increase in general production and an increase in employment is concerned.

In a real sense the automotive industry is the focus of such recession as we have had. I do not mean it is the only industry in which there has been a decrease in employment, because that is not the case. However, the automotive industry has experienced the largest decrease. The industry stands at the critical point mentioned earlier by the junior Senator from New York [Mr. JAVITS] when he referred to the decrease in capital investment and the decrease in general equipment expansion. Anything which can be done to revive automobile purchasing at a time when the conditions are not too unfavorable should be done.

I hope very much that we shall consider this question within the next few weeks. It has been a bit unfortunate that we have talked so much about it. I say "we," but I am not referring to the Senator from Michigan particularly. It is a somewhat difficult situation, in that the minute one begins to talk about reducing excise taxes there is danger of stopping the purchasing which would normally occur.

Mr. POTTER. If the Senator will permit me to comment, the fact he mentions, coupled with all the discussions as to the removal of excise taxes on automobiles, is the reason why I shall insist, in my small way, I can assure the Senator, that there be fixed a retroactive date to March 1.

Mr. FLANDERS. I join the Senator in that statement. As to any excise tax relaxation for the automotive industry which may occur, I also would insist on the use of the March 1 date.

Mr. POTTER. I know that the Senator, as a distinguished member of the Committee on Finance, will be in an ideal position to make sure the retroactive date is provided.

Knowing the temper of the Senate today, I feel the possibility of having this matter accepted as an amendment to the pending bill is not bright. I hope that as a result of its consideration possibly the Committee on Finance can give an expression as a committee, or the chairman of the committee himself can give an expression, as to the date. I do not ask that they express themselves as to whether they would favor or not favor repeal or reduction of excise taxes on automobiles, but possibly the chairman of the Senate Committee on Finance and the chairman of the House Committee on Ways and Means could, in a joint statement, simply say that if excise taxes on automobiles were reduced they would insist upon the retroactive date.

Mr. JAVITS. Mr. President, will the Senator yield

Mr. POTTER. I yield to the Senator from New York.

Mr. JAVITS. I wish to say to the Senator that regardless whether one voted with him last night or votes with him today, I, for one, am grateful for the Senator's spirit and initiative and desire to find ways and means by which—to use the phrase he pointed out—dynamic leadership can be translated into action. The spirited fight the Senator is making for the people of his State on all the issues before us demonstrates the Senator's high qualities.

Mr. POTTER. I thank the Senator from New York. I always appreciate his counsel on the many human problems which confront us.

Mr. President, there is a problem in the automobile industry in the State of Michigan. That is true not only of Michigan, but throughout the country.

It used to be true that when we thought of the automobile industry we thought of it primarily as a Michigan industry. Today automobiles are manufactured in all sections of the country, North, South, East, and West. The automobile industry affects all sections of the country, so far as employment either directly in the industry or with its suppliers is concerned. More important is the relationship to our constituents, irrespective of where we live, since they are automobile buyers. They are automobile consumers. They are the ones the tax reduction will benefit. They are the ones who will receive the purchasing power, which in turn will make it possible for them to buy automobiles, which will create jobs to relieve the unemployment problem.

I am not presenting this as legislation particularly for one industry. I wish to remind my colleagues that the automobile industry is one which has been really discriminated against in the field of taxation.

A report has been made from which I should like to quote quite extensively in my remarks this afternoon. It is covered in testimony by Robert Bryar, given before the Excise Taxes Subcommittee of the House Committee on Ways and Means. Mr. Bryar points out that there are five different basic reasons to remove the excise tax on automobiles.

First, the excise tax constitutes class legislation, bearing down heaviest on those most dependent on vehicles for necessary economic purposes and on those in the lower-income group.

Secondly, such taxes impede the free flow of commerce.

Third, such taxes are an extreme example of multiple taxation.

Fourth, the taxes constitute a handicap to demand and employment in the automotive and widely ramified related industries.

Fifth, in the face of these major considerations, automotive products today are virtually the only important items subjected to increased rates at the time of the Korean emergency which have not received subsequently either outright tax cancellation or at least substantial reduction.

The impact of automotive excise taxes in relation to economic necessity is highlighted by the fact that traffic surveys show that more than half of all passenger-car mileage is for necessary purposes and that 65 percent—and this includes shopping—of all automobile trips are connected directly with earning a living or with other basic, vital activity. In excess of 90 percent of the country's 54 million passenger cars are used wholly or in significant part every week for essential purposes.

Because motor vehicles—cars and trucks—are the only economic means for hauling seeds, feeds, fertilizers and other supplies to the farms, and the only means of hauling produce and livestock to market, the excise taxes are unfair to farm owners. Farmers, incidentally, are the largest class of truck owners, operating approximately 2.7 million of the Nation's 10 million trucks.

The automotive excise taxes are unfair to a large group of people who use automotive transportation not because of choice but literally because they must. They are the 5.6 million people who live in cities, towns, and villages where there are no streetcars, public buses, or rail service. Thus these people are subjected to a tax inequity purely by accident, because they happen to live where they do.

Automotive excise taxes are unfair to lower income groups. Those earning less than $4,000 a year comprise 44 percent of the passenger-car owners. They represent the 15.5 million families of relatively smaller resources, and are the group some political strategists have in mind when they say it is not feasible politically to impose either a general manufacturers excise tax or a sales tax. Yet members of this large group of motorists, through automotive excise taxes, bear an extra burden of taxation because necessity use looms so importantly in their motor-vehicle ownership.

It is true that a substantial number of the lower income group buy used cars, but the price paid nevertheless reflects the initial excise tax on the car when it was sold. In addition, those people continue to pay the tax on spare parts, tires, and so forth, which are needed increasingly to keep the aging cars in operation.

Another departure from the accepted tax policies of uniform treatment lies in the impact of the automotive excise taxes on the manufacturer. The taxes do not become less discriminatory in the automobile industry merely because they are passed along to the consumer as a higher cost of doing business. This industry competes with many others for the consumers' favor.

The current boom of the so-called discount stores and the comparative shopping in which buyers generally engage before making major purchases show the importance of prices in the market. To cite a few conspicuous examples of the relationship between this industry and other industries, streetcars, subway trains, railroad rolling stock, trolley coaches, and all other forms of transportation except automotive are free from manufacturers excise taxes.

Tractors, combines, hay loaders, and all other mechanized farm implements except the farm truck are free from the manufacturers excise tax.

Machine tools, conveyors, packaging machinery, and all other industrial equipment except the truck are exempt from the manufacturers excise tax.

Bulldozers, tractors, cranes, cement mixers, hoisting equipment, and all other mechanized construction equipment except the truck are exempt from the manufacturers' excise tax.

Because existing tax laws discriminate by singling out one type of transportation to carry a special burden, they automatically impede that part of commerce borne by the motortruck. In the whole transportation system, only one of several available means of hauling is subject to the Federal manufacturers' excise taxes. All other competing forms are relatively free from such taxes.

Carrying the Nation's essential goods and food over the highways, motortrucks and truck trailers, traveling more than 100 million miles a year, also continue, as long as they are in use, to carry a punitive taxload. As in the case of passenger cars, the Federal tax burden does not end with the purchase tax on the new unit. To maintain and operate a truck means a continuous round of additional payments of excise taxes on replacement parts.

In terms of transportation, there is no difference between automotive parts and aircraft parts. In terms of transportation, there is no difference between truck wheels and railroad wheels, between motor vehicle engines and those used for other forms of transportation. That is, there is no functional difference. However, there is another difference.

Only the automotive items are subject to a Federal excise tax. The Federal automotive excise taxes, superimposed as they are on top of a long list of State and local taxes, probably constitute one of the most extreme examples of multiple taxation ever brought to the attention of the Senate.

Exclusive of Federal excise taxes, motor vehicles are subject to more than 40 different taxes.

In the case of a car delivered to the consumer at an average price of $2,000, more than $500 of the purchase price consists of taxes—$146 being Federal excise taxes. This Federal excise tax segment is by far the largest piece of the total tax bill which the new car buyer must pay before he can take delivery.

In 1955, highway users—the owners and operators of motor vehicles—paid State, local, and Federal automotive taxes totaling more than $7 billion. Such taxes include registration fees, State gasoline taxes, city and county taxes, bridge, tunnel, ferry, and road tolls, and excise taxes. This is in addition to general taxes paid by owners, such as income and personal property taxes.

I think Senators will agree with me that these taxes not only represent a conspicuous multiplication, but also a burden of high proportions on a commodity which is universally essential in our daily lives.

Moreover, nearly 1 million workers are employed in the motor vehicle industry. Many of them are employed in various phases of industry which are related to the automobile industry—for example, steel, glass, rubber, and other industries. The "automotive economy" is no loose phrase when applied to the United States. In the United States more than one out of every seven employed persons worked in the manufacture, distribution, service, or use of motor vehicles. One of every six patents issued is automotive. One business in six is automotive. One of every four retail dollars spent is automotive. Aside from the direct employment in automobile industries, the motor vehicle is responsible for a large proportion of the economy in other industries, as I have mentioned. Manufacturers of motor vehicles and parts pay for 23 percent of all steel, 69 percent of all plate glass, 72 percent of all upholstery leather, 41 percent of all lead, 29 percent of all zinc, and 10 percent of all copper sold in the United States.

These statistics represent the extent to which the national prosperity and economic stability are dependent upon continued high automotive demand and production.

The automobile industry does not seek, and has never asked the Congress for, favored tax treatment. On the contrary, all it has sought, and all it now asks, is equitable treatment. Of all the products on which Federal excise tax rates were increased during the Korean war, those of the automobile industry are practically the only ones of major importance which have not been accorded a substantial reduction. A list of such relieved products is long but interesting—motorcycle taxes, once 10 percent, have been eliminated; the tax on golf clubs and sporting goods, once 15 percent, has been reduced one-third. The tax on cameras, once 20 percent, has been cut in half.

The taxes on refrigerators and freezers, once 10 percent, have been cut one-half. The taxes on perfumes, cosmetics, and toilet preparations, once 20 percent, have been cut in half. The taxes on mink and other fur coats, and diamond bracelets and other jewelry likewise have been cut in half.

In a very direct sense, the automobile industry competes with all these products for the consumers' favor, and certainly no one argues that mink capes or diamond bracelets or play equipment for adults is more important to the economy or to the individual than the passenger car and the truck. We do not believe that this discrimination is intended by Congress; more likely it is the result of legislative accident or oversight, or appeals to relieve temporary hardship conditions in other industries. Whatever the cause, the result appears difficult to justify.

I believe we can justly say that the automobile industry, when it comes to the question of taxation, has never brought pressure to bear upon Congress,

as have many of the other industries that have had tax relief.

My amendment is not a tax proposal for the benefit of manufacturers. It is a tax proposal which will bring about more consumer business, so that consumers, in turn, may buy more automobiles, which, in turn, will put men back to work. That is the purpose of the amendment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. POTTER. I yield.

Mr. CARLSON. I wish to commend the Senator from Michigan for his zeal and very determined fight for a reduction of the excise tax on motor cars and trucks. I stated last evening, when the first amendment was offered to H. R. 10021, providing an extension of the 1955 method of taxing insurance companies, that I would oppose—and did oppose—the amendment, not because I was not sympathetic with what it intended to do, but because I did not believe it should be added to the pending bill.

For that reason, I regret that I must say to the distinguished Senator from Michigan that I cannot support his amendment, much as I should like to. As a member of the Committee on Finance, I make this pledge to him. When we consider the revision and extension of the excise taxes, which we will have to do before June 30 of this year, I certainly will keep in mind the very forceful speech he has made in behalf of reductions, and sincerely hope that our financial situation will be such that we can reduce, at least, if not eliminate, not only the automobile excise tax, but many other excise taxes which we know are direct burdens on our people.

Again I commend the Senator from Michigan for the splendid fight he is putting forward today to secure action on such legislation. I sincerely regret that I cannot support the Senator, but I hope to do so in the future.

Mr. POTTER. I appreciate the remarks of the Senator from Kansas. He is one of the distinguished members of the Committee on Finance. The question of taxation has been under discussion on Capitol Hill and in the administration for the past few weeks. The automobile manufacturers and automobile dealers are confronted with a real problem. It is difficult to consider a situation in Washington without its becoming a matter of public knowledge. That is the reason why I—and I believe other Members of the Senate also—in proposing amendments and discussing legislation of this kind, have insisted on a March 1 retroactive date. In all fairness to automobile dealers and to prospective buyers, I say that when proposed legislation of this kind is considered, it is essential that they have the assurance that it contain a retroactive date so that an already depressed industry will not be further depressed.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. POTTER. I yield.

Mr. CARLSON. I am very happy the Senator from Michigan has brought up that point. Last evening, in a colloquy with another Member of the Senate, I mentioned the fact that I thought the discussion might render a disservice to automobile manufacturers and automobile retailers and salesmen all over the country because the impression might be created that we would pass a bill which would reduce excise taxes on motor cars and trucks. I said at that time that I did not believe we would, and I do not believe it at this time. I do say it is important to have a retroactive date in any such legislation. We want to do everything we can to assure the people that in any tax reductions we will give consideration to them on a retroactive basis. I can give that assurance to the Senator from Michigan.

Mr. POTTER. I appreciate the comments of the Senator from Kansas. It is very important to have that understood. Members of the administration have said that the administration is considering tax legislation. We have heard them say they were considering excise tax legislation. In addition, perhaps a dozen or more Members of Congress—at least it is true of Members of the House of Representatives—have spoken about excise taxes being reduced, not only on automobiles, but on many other commodities as well. We have also read news stories that committee hearings will be held to consider tax legislation. At times of full employment that would not assume the importance that it has assumed today.

Today, when there is a depressed market, it is particularly essential that we assure the American people that they need not stop buying in anticipation that something might happen in the future that will not give them protection. On the contrary, we should do everything possible to assure them that they will be protected.

Mr. CARLSON. The Senator has made a very pertinent statement with respect to any measure designed to reduce taxes, whether they be personal, corporation, or excise. Last year, 1957, in excess of 48½ million income tax statements were filed by our citizens. They were based on a total gross income of $275 billion. The tax collections were $36½ billion. Talk of tax reduction affects every citizen. Everything we do or say as Members of Congress, or that is said by people in important positions in the executive branch of Government, with respect to holding out any hope of such action, if it is only a pious hope without any chance of being carried into reality, not only has a psychological effect, but also a direct bearing on the Nation.

When the committee enters upon a consideration of tax matters I hope it will discuss it from that angle. We should either have a tax cut or not have one, and say so in either case.

Mr. POTTER. I will be very candid with the Senator. I have been extremely disappointed in the way the question of how to meet the recession is being handled by the administration. It has been most unfortunate that we should hold out the prospect that a tax reduction might happen or that it is being seriously considered. The longer the consideration of the subject and the longer the delay before a positive decision is made on the question of whether the answer will be yes or no, the more uncertainty there will be in the country, and public confidence will be lessened, instead of being bolstered. Therefore I plead with the administration and with the leadership to let us take some action one way or the other.

Either there will be some tax legislation passed to meet the recession, or there will not be. Let us make up our minds. Let us tell the public what we are going to do. Maintaining the status quo and having the question under advisement or having it under consideration for a week or 2 weeks or a month or 2 months, instead of bringing about economic recovery, will hamper it. This is the time for some dynamic action, and I sincerely hope the administration and the leadership on both sides of the aisle in Congress will make up their minds and will decide whether or not to meet the current recession by action in the form of tax relief.

If we are going to meet it by taxation relief, what kind of taxes will be considered? I think it is a great disservice for us to talk about tax reduction, sit back, and say it is under consideration, but keep the public in doubt about what the future might bring.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The bill is open to further amendment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

SENATOR JOHNSON OF TEXAS SPEEDS ACTION ON BILLS

Mr. NEUBERGER. Mr. President, one of the most astute observers in the National Capital, politically speaking, is Mr. Robert C. Albright, of the Washington Post and Times Herald. Today's issue of the Post contains a most illuminating and informative article written by Mr. Albright about the bills recently passed by Congress in general, but by the Senate particularly, in an effort to stem the current economic recession.

Mr. Albright gives full and complete credit to the distinguished majority leader of the Senate, Senator LYNDON B. JOHNSON of Texas, for exercising leadership on Capitol Hill in answer to the threat and possible peril of a major economic decline in the United States.

I know that the great hero of the distinguished senior Senator from Texas is Franklin Delano Roosevelt, the only person in our history to have been four times elected President of the United States.

In his never-to-be-forgotten inaugural address in March 1933, when the Nation was stricken by a great depression, President Roosevelt said to his fellow countrymen:

> This Nation wants action, and wants it now.

I think the distinguished Senator from Texas has been following that policy with respect to the current situation, although we rejoice that the conditions now are not nearly so serious as was the terrible economic crisis which President Franklin D. Roosevelt encountered.

Mr. President, I ask unanimous consent that the article entitled "Legislators Seize Upon Slump To Speed Bills," written by Robert C. Albright, and published in the Washington Post and Times Herald of March 14, 1958, be printed at this point in the RECORD.

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

LEGISLATORS SEIZE UPON SLUMP TO SPEED BILLS

(By Robert C. Albright)

With this session only 2 months old, Congress is streaking around the legislative curves with a full head of steam, for all the world like the adjournment end of an emergency legislature.

As one slightly awed Democrat put it, without even a wink: "There hasn't been anything like it since Roosevelt's hundred days."

Nearly everybody is agreed that there hasn't been.

By the time Congress recesses for Easter 3 weeks from today (from April 3 to April 14), about as many major measures will have cleared both Houses as once provided grist for a slow-poke normal session.

All of this isn't coincidental, of course. Senate Democratic Leader LYNDON B. JOHNSON, working hand in glove with House Speaker SAM RAYBURN, timed it that way as the Democratic 85th Congress' answer to the threat of a major recession.

Republicans were welcome aboard, of course, and many promptly availed themselves of the "nonpartisan" invitation. But there hasn't been a doubt, since Democrats grabbed the initiative at the start of this extremely busy Congress, that the sweeping Congressional attack on the business slump is primarily a Democratic show.

The timetable for the comprehensive list of antirecession measures wasn't hit or miss either.

The Easter recess, now the deadline for most of these economic bills, is normally the midseason breather when legislators go home, hold up a wet finger, and appraise the political weather.

In most normal sessions, nearly all of the really important legislative action comes between May and late July, after the inevitable Easter report from the people back home.

There's only one thing really different about this year's procedure. Legislators will go home, as they have in the past, for the full 10-day, pulse-taking checkup. But this time they know what the voters will ask. More than that, they've wrapped up their answers in a legislative package.

One highly placed Democrat expressed it this way:

"If we have our way about it, they are not going to pin a do-nothing label on us."

The clear implication is that the voters might very well pin it on the administration.

Actually, the Democratic strategy for combating the recession dovetails almost to a "t" with the list of Democratic legislative proposals already in being when this Congress assembled.

In fact, the urgent nature of the economic threat served as the catalyst Democrats needed to bring many of the bills out of committee.

Legislation like the housing bill, which zipped through the Senate on Wednesday, and the Senate-approved freeze of 1957 farm price supports, which followed on Thursday, under other conditions might have been tied up in committees for weeks.

The same goes for other antirecession measures on the way, like the Federal highway bill, the proposed capital credit for small business, the omnibus rivers and harbors bill, and others.

The only really new resolution thrown into the hopper by the Democratic leadership were two sense-of-Congress declarations prodding the administration to spend money Congress already has appropriated for public works.

The net effect of this composite, do-it-yourself program is a Democratic politician's dream.

For anyone running for reelection in November, there's only one missing ingredient—a tax cut.

Chances are even that will be placed on the program, at least tentatively, before Congress goes home for Easter.

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

Mr. NEUBERGER. I yield.

Mr. JOHNSON of Texas. I feel quite humble after the Senator's congratulation of me, and I am most grateful for the statement made about me by Mr. Albright.

Mr. NEUBERGER. I thank the Senator from Texas.

FORMULA FOR TAXING OF LIFE-INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

Mr. NEUBERGER. Mr. President, I have at the desk an amendment concerning the tax measure now pending before the Senate. I desire to ask the distinguished Chairman of the Committee on Finance [Mr. BYRD] to let me ask a few questions of him, but I should like to preface my remarks by describing my amendment.

I am particularly pleased also that one of the members of the Committee on Interstate and Foreign Commerce, the distinguished junior Senator from Florida [Mr. SMATHERS] is in the Chamber at this time, because, if I am not mistaken, he has been presiding over some important and urgently needed hearings in the field of transportation.

My amendment deals with the existing 3 percent Federal tax on all freight shipments in the United States, and with the 10 percent tax on ordinary travel.

It was declared last night in the Senate that the bill before the Senate, which deals with the taxable income of life insurance companies, was not an appropriate vehicle for major tax reform. I was in the Chamber when the Chairman of the Committee on Finance made that statement. In recognition of that fact, I shall not press my amendment today. However, I ask unanimous consent that it may be printed at this point in the RECORD, so that the Senate will know exactly what is being discussed.

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

At the appropriate place, insert the following:

"SECTION 1. (a) Parts I and II of subchapter C of chapter 33 of the Internal Revenue Code of 1954 (relating to the tax on the transportation of persons and the tax on the transportation of property) are hereby repealed.

"(b) The table of parts for subchapter C is amended by striking out the following:

" 'Part I. Persons.

" 'Part II. Property.'"

"SEC. 2. (a) Section 4291 of the Internal Revenue Code of 1954 (relating to cases where persons receiving payment must collect tax) is amended by striking out 'Except as provided in section 4264 (a) every' and inserting in lieu thereof 'Every.'

"(b) Section 4292 of such code (relating to State and local governmental exemption) is amended to read as follows:

" 'SEC. 4292. State and local governmental exemption

" 'Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4251 on any payment received for services or facilities furnished to the government of any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia.'

"(c) Section 6415 of such code (relating to credits or refunds to persons who collected certain taxes) is amended by striking out '4261, 4271,' each place it appears therein.

"(d) Section 6416 (b) (2) (L) of such code (relating to credits or refunds in the case of certain taxes on sales and services) is amended—

"(1) by striking out 'tax-exempt passenger fare revenue' and inserting in lieu thereof 'commutation fare revenue'; and

"(2) by striking out '(not including the tax imposed by section 4261, relating to the tax on transportation of persons.)'

"(e) Section 6421 (b) of such code (relating to gasoline used for certain nonhighway purposes or by local transit systems) is amended—

"(1) by striking out 'not including the tax imposed by section 4261, relating to the tax on transportation of persons)' each place it appears therein, and

"(2) by striking out 'tax-exempt passenger fare revenue' and inserting in lieu thereof 'commutation fare revenue' each place it appears therein.

"(f) Section 6421 (d) (2) of such code (defining tax-exempt passenger fare revenue) is amended to read as follows:

" '(2) Commutation fare revenue: The term "commutation fare revenue" means revenue attributable to the transportation of persons and attributable to—

" '(A) Amounts paid for transportation which do not exceed 60 cents.

" '(B) amounts paid for commutation or season tickets for single trips of less than 30 miles, or

" '(C) amounts paid for commutation tickets for 1 month or less.'

"(g) Section 7012 of such code (relating to cross references) is amended by striking out subsection (i) and by redesignating subsection (j) as subsection (i).

"(h) Section 7272 (b) of such code (relating to penalty for failure to register) is amended by striking out '4273,'.

"SEC. 3. The amendments made by the preceding two sections shall apply only with respect to amounts paid, on or after the first day of the first month which begins more than 10 days after the date of the enactment of this act, for transportation which begins on or after such first day."

Mr. NEUBERGER. Mr. President, I call the attention of the chairman of the Committee on Finance and the chairman of the Subcommittee on Surface Transportation of the Committee on Interstate and Foreign Commerce, to how much the existing Federal taxes on freight shipments and travel discriminate against the Western States.

We live in a country where the population is very disproportionately located. It is my understanding that between 55 and 60 percent of all the people in the United States live within a radius of about 500 miles of Pittsburgh, Pa. That means, as to farm commodities grown in the West or South, or as to manufacturing which takes place in the industrial factories of the South and the Pacific Northwest, for example, that those particular regions are at a serious economic disadvantage in shipping their products to the major markets of the country, which are in the Eastern States.

For example, I shall show the difference in the Federal transportation tax on a carload of canned fruit shipped to the Pittsburgh area from the Pacific coast and from the Middle West. The Federal transportation tax on a carload of canned fruit shipped to Pittsburgh from the Middle West is $7.92, but on a carload of canned fruit shipped from the Pacific seaboard areas to Pittsburgh, the tax is $30.96.

The chairman of the Committee on Finance [Mr. BYRD], who is not only a distinguished Member of the Senate, but is also a commercial grower of apples, knows of the great orchard areas scattered along the Pacific seaboard, from Wenatchee, Wash., all the way to the San Joaquin Valley, in California.

I could cite many other examples of differences which affect our particular region and also the South, which likewise is relatively remote from the major population section of the Nation.

For example, the excise tax on a carload of grain from the ranches of my State of Oregon will be more than 3½ times the amount of the tax on grain which is shipped from the prairie or Great Plains sections of the United States.

Furthermore, I emphasize that this discrimination works the other way, too. For example—and I regret to say this—most of the manufacturing in the United States takes place in the few States located around Pittsburgh, Pa. That is unfair. It has resulted in the concentration of wealth in a comparatively few States of the East, to the detriment of many States in the South and West. When manufactured products are shipped to consumers in the States of the South and West, those consumers also have to bear the Federal freight tax for the shipments moving in the other direction.

I understand it costs $10 to ship an automatic washing machine from one of the great manufacturing centers of the East to Portland, Oreg., where I was born and raised. That is about 4 times as much as it costs to ship the same appliance to a relatively nearby city, Terre Haute, Ind. Thus, the housewife in Oregon is taxed 4 times as much by her Government as is her sister housewife in Terre Haute. This is a tax which seems to me to be especially iniquitous.

We have heard recent statements in the Senate that this or that tax is unjust. Still, it seems to me that no other tax discriminates so greatly against particular regions of the Nation as does the Federal freight tax and the Federal travel tax.

It is my opinion that, if any tax is to be removed at this time, the first one to be removed should be the tax on freight and travel. Furthermore, this tax enters into the cost of everything.

We have just heard the distinguished Senator from Michigan urge very ably the repeal of the automotive tax. There is no doubt that he has a valid case. Certainly a very large number of the families in the United States will be affected in that way—perhaps 6,500,000 who purchase automobiles.

On the other hand, from 55 million to 60 million of the families of this country every day of their lives pay this Federal freight tax. Whenever an American drinks milk, or eats apples which have been produced in Virginia or in the Hood River Valley of Oregon, or puts on a suit of clothes made of cotton or wool or any other fabric, he has—consciously or unconsciously—paid the Federal freight tax. It is also paid whenever an American buys toys for his children at Christmas time or purchases any other commodity—for instance, drugs and home remedies, when the members of his family become ill.

I have followed closely the exhaustive hearings being conducted by the able Senator from Florida [Mr. SMATHERS] into the plight of transportation in general in the United States and, in particular, into the plight of the railroads. If I am not mistaken, the railroad executives and the heads of the railroad brotherhoods and many of the shippers who must use railroad facilities, have emphasized—all of them have—the injustice of the Federal freight tax.

One of the reasons why, last night, I voted against the amendment which was offered by my very warm, personal friend, the Senator from Illinois [Mr. DOUGLAS], was that I felt that his amendment, although undoubtedly possessing great merit, did not go to the heart of the greatest tax injustice existing at this time in the Nation. His amendment proposed the repeal of only 50 percent of the Federal tax on transportation and travel, whereas I believe that tax should be removed and repealed in its entirety.

Mr. President, I should like to ask several questions of the chairman of the Finance Committee; I desire to learn his opinion about our opportunities to have the Senate in the comparatively near future provide some relief from the inequitable tax I have been discussing briefly this afternoon.

Mr. BYRD. Mr. President, the Senator from Oregon [Mr. NEUBERGER] has made a very impressive statement, and I appreciate the force of what he has said.

Of course, the proper procedure would be for such a tax reduction measure to originate in the House of Representatives.

Mr. NEUBERGER. I so understand.

Mr. BYRD. Then the measure could come to the Senate. I can assure the Senator from Oregon—and also the Senator from Florida [Mr. SMATHERS], who likewise is very much interested in this matter—that if that occurs, proper consideration will be given by the Senate Finance Committee.

I am glad the Senator has decided that it would be better not to offer this provision to the pending bill, inasmuch as the pending bill deals with an entirely different proposition.

But I shall be cooperative, as chairman of the committee, and in connection with either hearings or anything else; I shall do all I can to be helpful along that line.

However, as is customary, such a proposal should originate in the House of Representatives, and then come to the Senate, and then be referred to the Senate Finance Committee.

Mr. NEUBERGER. I appreciate that.

Does the chairman of the committee expect that some proposed legislation to grant relief from the Federal freight and travel tax may originate in the House of Representatives in the not-too-distant future?

Mr. BYRD. I know it is being considered by the Ways and Means Committee, along with other tax-reduction proposals. The proposal to which the Senator from Oregon has referred holds a position perhaps a little superior to that of other tax-reduction proposals which have been advanced.

So far as the chairman of the Finance Committee is concerned, he would be very glad to see action taken by the House of Representatives.

Mr. NEUBERGER. If such a bill is passed by the House of Representatives and comes to the Senate, will the chairman of the Finance Committee be glad to consider it and to hold hearings on it as soon as possible?

Mr. BYRD. Yes.

Mr. NEUBERGER. I thank the Senator from Virginia.

Mr. SMATHERS. Mr. President, will the Senator from Oregon yield, to permit me to make an observation?

Mr. NEUBERGER. I am glad to yield.

Mr. SMATHERS. First, Mr. President, I should like to congratulate the very able junior Senator from Oregon on his statements and arguments in behalf of the need for the removal of the 3 percent excise tax on freight. Not only do I agree completely that it is the most discriminatory tax now on the statute books—because of its adverse effect on certain areas, whereas other areas are not subjected to the same treatment—but I also agree with his argument that this tax is highly restrictive in so far as the business community is concerned. After all, that was the objective of the tax—namely, to stop or diminish business activity, particularly with respect to the use of the railroads and other means of transportation during the war effort. So it originated as a measure to restrict transportation activities. Certainly this tax should be removed now not only because it has already served

its purpose but because a real need now exists to stimulate business activity.

I may say that endorsements of this proposal have been received from the National Association of Small Business, which has asked that this tax be removed. Likewise, by resolution, the Homebuilders Association has asked for removal of the tax, inasmuch as every piece of 2-by-4 lumber, every carload of cement, every barrel of nails, and other materials used for the construction of houses is subjected to this tax. Likewise, the Food Brokers of America have urged, by resolution, the removal of the tax.

Thirteen Members of the Senate have themselves gone on record as favoring elimination of this tax. In that connection, they have sponsored such proposed legislation by means of an amendment to legislation presently pending before the Senate Finance Committee.

Although we have complete sympathy with the purposes stated by the Senator from Oregon, the reason why we do not think it is appropriate to submit the amendment to the bill now before the Senate is that if that were to be done, and the amendment be adopted, many Members of Congress who are not in favor of the basic bill—namely, the bill dealing with the tax on the insurance companies—a temporary measure, would find themselves in the anomalous situation of favoring the amendment, but not favoring the basic bill. Therefore, we did not think the amendment should be attached to the pending bill.

But I wish the Senator from Oregon to know that we are very much in sympathy with what he has stated. I believe all his arguments are completely sound. Those of us on the Finance Committee who are primarily interested in this proposal expect to make a full presentation of the problem to the committee, in executive session, and hope the committee will recognize the need and importance of the removal of this tax and report legislation embodying the proposal to the floor.

Mr. NEUBERGER. Mr. President, as always, the observations the Senator from Florida has made are very helpful.

Let me say that one of the reasons why I am not pressing for the consideration of the amendment in connection with the pending bill arises from the fact that I have learned that the Senator from Florida and other members of the Finance Committee, and also certain members of the Committee on Interstate and Foreign Commerce, believe there is a more appropriate avenue for the accomplishment of this particular purpose.

I am glad the Senator from Florida has emphasized the point that this tax originated at a time when the Government wished to discourage travel on various common carriers and also wished to discourage shipments of freight which would conflict or compete with military transportation requirements.

How ironic it is that that tax has continued to the present time, when the country is on the brink of an economic recession. The Senator from Florida knows what a restriction that tax is on shipments from his State, which is a substantial distance from the centers of population, and also on shipments from Oregon, which is even farther away.

Oregon is the principal lumber-producing State. Approximately 75 percent of the lumber produced in Oregon is used for the construction of housing; and the 3 percent Federal freight tax on those shipments adds to the cost of nearly every residential dwelling erected in the Nation.

Mr. SMATHERS. Mr. President, will the Senator from Oregon yield again to me?

Mr. NEUBERGER. I am glad to yield.

Mr. SMATHERS. We have had some interesting illustrations of how this tax pyramids. It is unquestionably a cumulative tax. For instance, it is quite possible that the 3-percent tax on freight has been paid several times over in connection with the suit the Senator from Oregon is wearing at this time. When it came, let us say, out of the raw state of cotton or wool, there was no tax, because those commodities were exempt by law, but when it got to the first stage of the fabric, then a 3-percent transportation tax was put on it. If it went to the mill and was put together with another fabric, another 3 percent transportation tax was put on it. When it was sent to the store where the Senator bought the suit, another 3-percent transportation tax was added. We see that the transportation tax creates a false value which in fact does not exist. If we could take that tax off, it would be reasonable to expect that many items which are so-called consumer items would be reduced in price because the transportation tax was taken off. That would be a great stimulant to the general economy. Removal of the tax would do much toward that particular objective.

Mr. NEUBERGER. Along the very line the Senator from Florida has emphasized, I was impressed by the speech made last night by the senior Senator from Washington, who is chairman of the Committee on Interstate and Foreign Commerce. He said at a time when various depressed industries were being mentioned, in his opinion, if there was any No. 1 depressed industry anywhere, it was probably the railroad industry. I am sure he based his statement on the facts collected by the subcommittee headed by the Senator from Florida. The railroad industry and all other forms of transportation are made more costly because of the transportation tax.

When the Senator mentioned the way the transportation tax adds to the cost of goods, I remembered a survey once made in the seacoast lumber town of Coos Bay, Oreg. It was found that lumber cut in Oregon is occasionally shipped all the way across the country to Michigan or New York, and manufactured into furniture. Then that furniture is shipped 3,000 miles westward back to Coos Bay, Oreg. When the housewife there buys the resulting cabinet, or chair, or bed, or sofa, she has paid a 3-percent Federal transportation tax for a total of 6,000 miles.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am glad to yield to the Senator from Kansas.

Mr. CARLSON. I wish to commend the Senator from Oregon for offering the amendment and discussing it very frankly on the floor of the Senate. Those of us who live in the Far West—and I happen to live in the Middle West—carry a very heavy burden in the form of transportation tax. There is no doubt that our areas suffer more, on the basis of the transportation tax, than do other areas. It cost $700 million last year for such a tax, which is a substantial burden to carry.

As a member of the Committee on Finance, I hope this is one tax we can remove when we get to the point of removing excise taxes.

I stated very frankly last night I opposed the amendment of the Senator from Illinois, not because of the merits of the amendment, but because I was opposed to any amendment to the pending bill. I hope we can pass the bill for the life-insurance companies without any amendment, so it can become effective by the 15th of March.

So while I would support the Senator in getting consideration of the amendment, I think this is an inopportune time to do it. I believe the Senator is going to withdraw his amendment.

Mr. NEUBERGER. I thank the Senator from Kansas. He is correct. I am not going to press the amendment at this time, for reasons he has cited and which were also cited by the Senator from Virginia. The Senator from Kansas is rightly known all over the country as a great champion of the farmers. I may say there are few realms to which this tax is more generally restrictive than American agriculture.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the senior Senator from Oregon.

Mr. MORSE. I commend my colleague for calling the attention of the Senate today to this very unfair freight discrimination that exists as against the people of the West, particularly the people of our State, as well as people of other western States.

As the Senator well knows, he is the author and I am of cosponsor, of a bill that was introduced earlier this session which seeks to accomplish the same purpose as the amendment, by way of direct legislation. I suppose we are in a parliamentary position that my colleague seems to recognize in the position the majority of the Senate has taken with regard to adding tax-cutting legislation to this particular bill, which I happen to think is a bill to which such a proposal should be added. If we are going to cut taxes for one group, I see no reason why we should not include cutting of taxes for other groups that we think deserve it. I suppose, in view of the situation which confronts us parliamentarily, my colleague is not going to go through the motions of pressing his amendment now, because neither he nor the senior Senator from Oregon believes in going through motions merely for the sake of doing so.

Mr. NEUBERGER. Furthermore, I do not want to compromise any chance of success which the Senator from Florida and his associates may have a little later

on, when they believe they will have a better vehicle to accomplish the purpose.

Mr. MORSE. That was the next point I wanted to make. My colleague has served a useful purpose in this discussion by focusing attention on the amendment, and he does have the assurance of the Senator from Florida and other Senators, that the principle of our bill will be pressed for action at a later time.

Nevertheless, I want the RECORD to show that I share with equal concern the viewpoint of my colleague with regard to the need for eliminating the unfair freight differential which now exists against the people of the West.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am glad to yield to the Senator from South Carolina.

Mr. THURMOND. I should like to associate myself with the position taken by the distinguished Senator from Oregon on this important question, and to commend him for his remarks on this subject. I am a member of the Committee on Interstate and Foreign Commerce, and have had the pleasure of joining with the distinguished chairman of that subcommittee [Mr. SMATHERS] in introducing a bill to accomplish the objective that has been stated by the Senator from Oregon. I feel the objective of the amendment should be accomplished for the good of the people of this Nation. Our farmers especially would benefit greatly from the passage of a bill to accomplish that objective. I am pleased to associate myself with the position of the able Senator from Oregon.

Mr. NEUBERGER. I thank the distinguished Senator from South Carolina. As a foremost spokesman for the South, he realizes this tax has been particularly discriminatory, not only against the West and the Middle West, but also against the Southern States. I thank him for his assistance this afternoon.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am happy to yield to the able Senator from North Dakota.

Mr. LANGER. I just wish to say to my distinguished colleague from Oregon that I have had hundreds of letters during the last 5 or 6 months dealing with this subject. I have had telegrams from various associations in North Dakota. I desire to associate myself completely with the remarks of the distinguished Senator from Oregon. I might add I am not going to wait for any future time, but if the amendment is offered now, I shall vote for it.

Mr. NEUBERGER. I thank the Senator from North Dakota for his helpful contribution. I trust the pledge of allegiance he gives me will carry over if the Senator from Florida, the Senator from South Carolina, and other members of the Committee on Interstate and Foreign Commerce and the Committee on Finance press this issue at what they believe may be a more suitable and appropriate time.

I just want to call one more matter to the attention of the Senator from Florida, which I know he will be interested in as chairman of the Surface Transportation Subcommittee. In my researches into the injustices of this tax, I discovered one situation prevailing in the Pacific Northwest which I believe is of interest. We found that a good many shippers in the extreme upper left hand corner of our country, because of this oppressive 3 percent freight tax, sent their commodities into Canada and shipped them all the way across the North American Continent on the very efficient railroads of our neighbor to the north, either the Canadian Pacific or the Canadian National Railroad.

Those railroads are not burdened with the 3-percent tax. As a result, we observe what happens. The shipper, so as to avoid the payment of the American freight tax, gives his business, which should go to the railroads of America—which would help stabilize the precarious financial condition of those railroads, and which would provide jobs for the members of the American railroad brotherhoods—to the Canadian railroads, and the members of the railroad brotherhoods of Canada are employed rather than the railroad workers who are in our own country. Is this fair?

Of course, when a shipper has a long haul to market of 3,000 miles—and it is even more than 3,000 miles from the Far West to the New England States—one can see how such a tax not only discriminates against American regions and against American commodities, but actually discriminates against the United States as a country.

We have a long, unfortified border, over which pass many commodities with no tariffs. We share the border with a country which has two highly efficient transcontinental railroad transportation systems, a great many truck operations, and the Canadian Pacific and Trans-Canada Airlines for shipments by airfreight. The tax we are discussing is not only bad for the East or the West as a region, but it is bad for the United States of America, per se, as a country.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Florida.

Mr. SMATHERS. I thank the Senator very much for his observations. That matter had been pointed out to us previously, but not with the same clarity presented by the junior Senator from Oregon.

If I may, I should like to add one observation to the statement. Under the present law there is no tax levied against a person who transports his own goods.

Mr. NEUBERGER. The Senator is correct.

Mr. SMATHERS. Small business in particular is penalized by the tax, because the small-business men do not have a backlog of currency or financial ability, so that they may buy for themselves a fleet of trucks.

Mr. NEUBERGER. Those small-business men must rely on the common carriers.

Mr. SMATHERS. They must rely on common carriage. Everything they manufacture and ship is subject to the 3-percent excise tax. The tax is cumulative and may be applied several times.

A large company, which has its own fleet of trucks, however, can send the items it manufactures to the various distribution points without paying the tax. Therefore, the large company starts off in this highly competitive economic field with a 3 percent advantage over the small-business man. It is no wonder that the small-business man is disappearing from the American community today.

Among other taxes, this tax in particular hits the small-business man hard, and is another reason why the tax should be repealed.

Mr. NEUBERGER. That is certainly true. The 3-percent tax pyramids, as the Senator from Florida has emphasized. Such a tax could well be the difference between insolvency or success for small shippers in these highly competitve times.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Wyoming.

Mr. BARRETT. Mr. President, I wish to associate myself with the remarks made by the distinguished Senator from Oregon. I have felt for a long time that before we enact a general tax reduction bill that we ought first to give tax relief to small business and to reduce the transportation excise tax. The present transportation tax on persons and property discriminates against the people in all States in the western empire. Such a tax, in my opinion, violates the ordinary rule of law with reference to taxes that they should be imposed uniformly on everyone. The particular tax imposes a much heavier burden on the people of the Western States than is imposed on the people of the central and eastern part of the country and particularly in the congested areas.

For example, if the people from our section of the country wish to go to a convention in the East, they must pay as much as 10 times the tax paid by people in Chicago or in Pittsburgh or any other city located in the eastern section of the country.

The same result occurs with regard to the transportation of goods and supplies in the opposite direction. Our consumers in the West have to pay considerably more in taxes for the goods shipped from the East to the West. Transportation costs represent a higher percentage of overall costs of goods sold in the Western States than in other sections of the country because of the great distances from metropolitan centers where the great bulk of durable goods are processed and manufactured. Conversely, because the average Wyoming producer must ship his products great distances to market, the transportation tax takes a higher percentage of his sales receipts than for producers located closer to markets.

Under the constitution of Wyoming, taxes must be levied against everyone on a fair and uniform basis. Ten percent tax on passenger fares discriminates against many Wyoming people who attend conventions 1,000 miles away from home. They pay 10 times the transportation tax that is charged to the person

who has only 100 miles to travel to attend the same convention. The transportation tax likewise has an adverse effect on the tourist business in Wyoming, which is an important part of the economy of our State. Wyoming is a wonderful vacation land but when 10 percent is added to the cost of a ticket for a long journey to Wyoming it tends to discourage tourist travel to our State. People can travel to Europe without paying this Federal transportation tax.

In my estimation, Mr. President, the Senator from Oregon is entirely correct. It is high time that we took another look at the taxes which were imposed for the purpose of discouraging travel during a time of war. It was definitely understood the transportation excise taxes were a wartime measure to be repealed when the emergency was over.

The cattle and sheep industries are basic industries in Wyoming. The excise on transportation places the cattle grower and sheep grower in a very undesirable position with other cattle and sheep growers in neighboring States to the east. For instance, a cattle grower shipping a carload of fat cattle from Laramie, Wyo., to Omaha, Nebr., must pay out $235.20 to ship the cattle plus $7.50 excise tax. This is almost twice as much as a cattleman in Grand Island, Nebr., who pays $103.40 to ship the same grade of cattle to Omaha but only pays an excise tax of $3.10.

Now let's take the sheep grower. A Wyoming woolgrower must pay Uncle Sam $28 tax on a minimum car of 30,000 pounds of wool from Rawlins or Casper, Wyo., to Boston. Then he must sell his wool in Boston in competition with Australian wool producers who bring their wool in transportation tax free.

Now Mr. President, let us take the transportation tax on processed sugar. The tax on a minimum carload shipment from Wyoming's three sugar factories to Chicago will average around $25.48. However, the sugar beet processor shipping his sugar from Saginaw, Mich., to Chicago pays only $11.04. This means that Wyoming shippers pay more than twice as much tax.

Mr. NEUBERGER. The Senator from Wyoming has made a very helpful contribution to the discussion. His State is about 800 miles east of the State of Oregon, the State from which I come, yet Wyoming and Oregon share one major characteristic. Both States are a very long distance from the major centers of population in the United States. They are remote from the major centers of manufacture. They are distant from the areas where the Wyoming mineral products and the products of the farms and ranches of Wyoming have to be sold. Oregon is far distant from the places where its lumber and sawmill and pulp and plywood products have to be sold.

The people who are penalized by the 3-percent tax when they try to sell their own products are then penalized by taxes imposed for transportation in the other direction, when they wish to buy the manufactured products from the East. They must pay the tax both ways.

Mr. BARRETT. The Senator is eminently correct. I think in this particular instance we could well emulate the people of Canada. The Canadians had the same type of tax during World War II, but they saw fit 8 years ago to repeal the wartime taxes as to transportation of persons and property.

Mr. NEUBERGER. As a result the Canadians have secured the transportation of a good many American products, which are shipped in that manner simply to avoid the 3 percent tax. I dare say the result has been the taking away of jobs of railroad men whose homes are in Portland, Oreg.; Green River, Wyo.; or even Denver, Colo.; as a result of the inequity in the form of a tax we impose on ourselves.

Mr. BARRETT. I have visited in the Senator's State on several occasions. I have found that a good many people—even people from the great State of New York—go into Canada and travel across country on the Canadian railways in order to avoid the tax applied to transportation.

Mr. NEUBERGER. The Senator is correct. The shippers avoid the freight tax, also, by using the Canadian railroads.

Mr. BARRETT. I thank the Senator.

Mr. NEUBERGER. I thank the Senator from Wyoming for his helpful contribution.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to my friend from Colorado.

Mr. ALLOTT. Mr. President, I wish to join with the Senator from Oregon and the Senator from Wyoming in the remarks about the effect of the transportation tax, as to which I have been unsympathetic for a long time.

I should particularly like to join myself with that part of the remarks of the Senators which illustrates so graphically how the tax discriminates against free commerce and free trade in the West and discriminates against really competitive business transactions in the East.

We who come from the West are used to traveling long distances. As the Senator has pointed out, Wyoming is 800 miles east of Oregon, as is my own State. Traveling from Oregon, when one gets to Colorado he has only made a small start on his way to the eastern seaboard, where the great bulk of our population is found and where so many of our governmental functions and manufacturing centers are also located.

I do not think there is any question about the fact that the entire tax area should be studied. It seems to me while the financial need for the tax is undoubtedly present, this is a form of tax discrimination which should be studied and should be eliminated, if we in the West are ever to be able to compete, transportationwise, with the rest of the country.

I think both the Senator from Oregon and the Senator from Wyoming have made a valuable contribution today. It is my sincere hope that the Committee on Finance will give the matter continued and diligent study this spring, with the thought that we will be able to accomplish something in this area.

Mr. NEUBERGER. I thank the Senator from Colorado.

Only recently I read a very thoughtful editorial which was published in one of the great newspapers of the State from which the Senator comes, the Denver Post, which urged the action he and I have supported in the Senate Chamber today.

While I realize that comparisons are dangerous, and sometimes invidious, I think this tax is the most unfair, inequitable, and regressive tax on our statute books today. I believe that one of the demonstrations of that is this fact: the part of our country which has the highest rate of unemployment of any section of the United States is the Pacific Northwest. In addition, there is widespread unemployment in the Intermountain States. I believe that the adverse and backward influence of the Federal transportation tax is a factor in this very grave and troublesome situation.

Mr. President, before I yield the floor, I ask unanimous consent that I may have printed in the CONGRESSIONAL RECORD an article I wrote, entitled "The Tax That Chokes the West," published in the August 1957 issue of Railway Progress, relating to the entire field of the transportation excise tax.

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

THE TAX THAT CHOKES THE WEST

(By RICHARD L. NEUBERGER)

Nearly all excise taxes are paid equally by people in every section of the Nation. Such levy-laden items as tobacco, lipstick, leather goods, and diamond brooches are generally purchased in about the same ratio in San Francisco as in New York. Luggage, after all, is indispensable whether one travels in the wide open spaces of the West or through the crowded metropolises of the East. And the females of my acquaintance seem to regard facial makeup as of equal necessity, though some of them may live on teeming Park Avenue and others along the lonely reaches of the Columbia River.

But there is one Federal excise tax in which every region does not share and share alike. That is the 3-percent levy on all freight shipments. This tax weighs down the economy of the area which I help to represent in the United States Senate, as the Old Man of the Sea crouched oppressively on the shoulders of Sindbad the Sailor. The Federal transportation tax is detrimental to all the States in general, but to the States of the West and Pacific Northwest in particular.

Why is this levy, in contrast to other excise taxes, worse for one part of the Nation than another?

The reason is not hard to find; it lies in the peculiar geographical distribution of the population of the United States. The 11 States of the Far West—those which sprawl from the Continental Divide to the shores of the Pacific Ocean—contain 36 percent of the land area of our country but only about 16 percent of the people. This means, of course, that products grown or manufactured in the Western States must be hauled 2,000 or 3,000 miles eastward in order to find major markets. All this pilgrimaging is subject to the 3-percent transportation tax. Ergo, the levy falls most heavily on the West and especially on the Pacific Northwest, because this region is farther than any other from the population centers of the East.

That is why the excise taxes on freight must be repealed if the West is to enjoy a

fair and uninhibited opportunity for economic development. Many eminent Americans, such as Prof. Walter Prescott Webb and Senator PAUL H. DOUGLAS, have complained recently that the West has no destiny other than to be a dragging satellite of the populous States of the East. But can easterners complain of this in good faith, when they tolerate Federal taxing policies which deem the West to such a fate?

Look at the map of the United States on your library wall or in your schoolchild's atlas. Note how close Pittsburgh is located to the Atlantic seaboard. Within 500 miles of Pittsburgh are found more than 55 percent of the Nation's population and the overwhelmingly greater portion of its industrial and consumer markets. Portland, Oreg., where I was born and raised, is situated from 2,000 to 3,000 miles distant from points within this circle around Pittsburgh.

A carload of Oregon lumber, processed at sawmills relatively near Portland, will be assessed freight charges of $675 for shipment from Portland to Pittsburgh. Transportation charges for the same carload of pine lumber from the woods of Georgia are $410. The Federal excise tax on transportation collected from the Oregon lumberman is 40 percent larger than that paid by the Georgia lumber dealer. I do not object to the fact that Georgia's forests grow closer to the centers of American population than are the great timbered uplands of my own State. As a Senator, I can help enact laws but I cannot change geography. I realize it may be many decades before the population of the United States is distributed more equitably between East and West. But I do object, and strenuously, to a Federal tax which falls disproportionately heavier on my region than any other—simply because the Pacific Northwest is separated by nearly the breadth of a continent from its principal markets.

Agriculture in my State is burdened and hampered with similar unfairness by this tax. Oregon canners who process fruits, vegetables and fish will pay freight tolls of $1,032 per carload to the Pittsburgh area, as compared with approximately $264 per carload by a midwestern processor of canned foods. The midwestern shipper will pay to the Treasury a transportation tax of $7.92 on his shipment, but the Federal Government will assess the Oregon canner a transportation tax of $30.96—almost 4 times greater.

I could cite this inequity with respect to innumerable commodities. The Federal excise tax on transportation of a carload of grain from Oregon's ranches will be over 3½ times the tax on grain from the central portions of the United States, that on Oregon livestock 3.8 times the tax by Prairie Belt shippers—if these products are to be sold in the great consumer markets of the eastern population centers. The imbalance means that Federal taxing policy contributes to the competitive difficulties of Oregon timber and agricultural products in the principal markets of the Nation.

Nor is this inequality confined only to the producers and processors in my part of the country. Consumers in the West also are saddled unfairly by the transportation tax. Just as the East contains the Nation's dominant markets, so does it include most of the great factories which produce manufactured goods—automobiles and electrical appliances, to cite only a few. It costs $10 to ship an automatic washing machine from a typical eastern manufacturing center to Portland. This is about 4 times as much as it costs to ship the same appliance to Terre Haute, Ind. The Portland housewife is taxed 4 times as much by her Government as her sister housewife in Terre Haute, because the cost of transporting a washing machine to Terre Haute from Pittsburgh is only about $2.61.

Agriculture today is in crisis. Few economists dispute the fact that the prices received by farmers for their produce have been steadily declining, although the costs which they pay for equipment, labor, medical care and clothing have been rising with equal inexorability. Such a squeeze cannot continue indefinitely without causing the disappearance of the family-sized farm operation. Yet the policy of levying a 3 percent excise tax on every freight shipment is bad for agriculture in general and for western farmers in particular. It is estimated that shippers of farm produce pay almost one-fourth of the annual $480 million yield from the transportation tax. I remember the turkey warehouse which closed down in an Oregon town because Oregon turkeys had to compete at a 5-cent-per-pound disadvantage with those from West Virginia and Texas for sales in the strategic Chicago poultry market—and this situation was of course compounded by the Federal freight tax.

I can understand an excise levy which singles out such commodities as tobacco and liquor as special targets. After all, these are far from necessities—indeed, many regard them as deleterious to health. But freight is a basic essential. If goods cannot move, we do not have an integrated Nation. We become, instead, a mosaic of Balkan principalities, each surrounded by insurmountable customs walls.

Our 3-percent tax not only discriminates against the West, but it also actually discriminates against the United States as a Nation. Let me explain what I mean. We share the world's longest unfortified border with Canada. A comparative mashie shot north of this boundary stretch two vast and efficient railroad systems—Canadian Pacific and the Canadian National. Furthermore, the Canadian Government has had the wisdom to repeal its transportation excise taxes. This places a premium upon the use of Canadian railroads, rather than American railroads, for the long haul across the continent. Such a practice, of course, deprives American railroads of income and American railroad workers of jobs.

Canadian shippers can avoid the entire 3 percent tax by prepaying charges in Canada on international movements, while their American competitors—who ship to the same markets in the eastern part of the United States—must pay the full 3 percent tax. Many Canadian cargoes, such as British Columbia lumber or apples or fish, once were consigned to American markets through rail gateways on the border such as Blaine, Wash., or at Sumas in the same State. This meant that the freight was carried eastward across the United States by such American transcontinentals as the Great Northern, Northern Pacific or Union Pacific. But the 3 percent American transportation tax has ruled out this policy for innumerable Canadian shippers.

These men have discovered that they can escape approximately 80 percent of the transportation tax by keeping inside the frontiers of Canada some 80 percent of the mileage on their shipment. Thus, their goods journey across the continent on the Canadian Pacific or the Canadian National, and do not enter the United States until they reach a portal in the region of the Great Lakes or New England. Three results are thus achieved: (1) The Canadian shipper avoids payment of most of the American freight tax; (2) the Canadian shipper secures a slight competitive advantage over his American rival who must pay the levy; and (3) the United States Treasury loses all the corporation taxes and personal income taxes which would be collected from the American railroads and the men on their payrolls, who might otherwise have been engaged in conducting this profitable transcontinental haul.

Still another inequitable aspect of the tax remains to be analyzed. Many legislators and economists are alarmed over a growing concentration of economic power in America. Yet the freight tax indubitably favors big shippers over small shippers. Senator WARREN G. MAGNUSON, chairman of the Senate Committee on Interstate and Foreign Commerce, has said, "This tax makes the big shipper bigger and the small shipper smaller."

A well-financed shipper of commodities generally has sufficient funds to go into private trucking and buy his own fleet of highway leviathans. Of course, he escapes the 3 percent tax—and this differential is often enough to finance his venture into trucking. But the smaller shipper, who must rely on common carriers, continues to pay the tax. And the levy applies not only to transportation as a whole, but to narrow refinements as well. A shipper who must ice his products to get them safely to market, pays no tax if he supplies his own ice. But few small shippers own iceplants. They must purchase their ice for reefer shipments from the railroads or truck lines, and on this ice they have to pay the 3 percent tax.

The existing transportation tax has created what Senator MAGNUSON recently described as highly questionable practices. When a contract trucker leases his equipment to a shipper, it becomes private trucking and, as such, avoids the tax. During recent years there has been an epidemic of buy-and-sell arrangements, trip leases, and special boat charters. These have been designed to transform what would normally be common carriage into private carriage, for the express purpose of wriggling out of the 3 percent Federal freight tax. It is, at best, tax avoidance; it could be tax evasion. Even worse, it is weakening our system of common carrier transportation. Surely it does not stimulate respect for our tax structure as a whole. In addition, these tortured constructions and special situations are mainly available to well-financed shippers with a battery of legal talent and the resources to charter vessels and flotillas of trucks.

I still remember my conversation with the mayor of a small town in Oregon's lovely Wallowa Valley, a realm of granite peaks and pine timber. "Senator," said he, "why does Uncle Sam follow a policy that makes it tough for the little sawmill operators and easy on the big ones?" He then went on to explain to me that the large lumber mills own their own logging trucks. So, the large mills do not pay the 3 percent United States freight tax on the ponderosa pine logs they are hauling out of the uplands or on the finished lumber they are transporting to the Union Pacific railhead at Enterprise or LaGrande. But the little family-owned mills have no such equipment. They must hire contract haulers to transport their logs and lumber. In this way, they become subject to the 3 percent transportation tax, thus further increasing their disadvantage vis-a-vis their big competitors.

In March of this year I sponsored an amendment to a general tax revision bill which would have eliminated the Federal freight levy. My proposal was defeated when Senator HARRY F. BYRD, of Virginia, chairman of the Finance Committee, insisted that the particular bill at issue was not the proper vehicle for the amendment I was offering. Yet the effort was not wholly wasted. Some salutary results were forthcoming. Senator BYRD strolled back to my desk at the rear of the Senate Chamber and said, in substance:

"Dick, you have some real points on your side. I have a lot of sympathy with your case. I know something about the operation of this tax because I buy each year, for my Winchester apples, thousands of fruit crates from lumber mills in your State of Oregon. I am aware of how much 3 percent on such a freight bill can amount to. I can't accept your amendment here, but I promise you

that it is going to receive serious consideration from me and my committee as a separate measure—entirely on its own merits."

There the matter stands, legislatively. Repeal proposals take several different forms. One is outright elimination of the whole transportation excise tax, as I have urged. Another is a slower method—to knock off 1 percent annually for 3 successive years, in order to ease the potential impact on the Treasury. The third is a more complicated suggestion made by Senator MAGNUSON. This would be to limit the tax to not more than 3 cents per 100 pounds of freight. The purpose of such a compromise would be to continue to collect the levy on hauls along short distances, but to lift the unfair burden off of long-haul shippers. Western shippers, for example, would receive no relief on a short freight haul between Portland and Seattle, but they would be greatly relieved with respect to the levy on the infinitely longer 2,200-mile hegira from Seattle to Chicago or St. Louis.

Senator MAGNUSON's modified recommendation has much to commend it. Yet, I would prefer to see the tax totally repealed. It is not an excise which makes sense—nor does the 10 percent levy on passenger tickets sold for trains, airlines, or over-the-highway buses. Since when has transportation of freight or people been regarded as a luxury, to be taxed punitively by the United States Government? During the debate over my amendment, Senator FRANK CHURCH, of Idaho, pointed out quite accurately that the 3 percent freight tax was enacted originally to discourage the use of the rails at a time when war was being waged. This justification for the tax has long since disappeared.

In my opinion, there is more wisdom in applying a 3 percent tax to a man's second suit of clothes or alternate automobile than to his transportation. Under duress, he can do with a single suit; there is only rare hardship in one car per family. But what family can survive without the freight haul which brings across mountains and prairie and valley its food supply, the materials built into its home or apartment, the seed and fertilizer for its garden, the fuel for its furnace, the appliances for its kitchen? And how many Americans can relinquish their own necessary journeys by rail, air, or bus?

I feel strongly about this issue because I help to represent a region which is caught in a cruel economic vice through this levy applied from the Federal Treasury. Some of us in the Senate have worked hard to expand the Bonneville power system, which has been selling hydroelectricity to large industrial customers for only 2.2 mills a kilowatt-hour. This low rate helped to attract to the Northwest many of the world's leading manufacturers of light metals and chemicals. Today, however, the Olin Mathieson Co. has discovered that it can produce electric power for 3.5 mills per kilowatt-hour, burning coal at the mine mouth in Ohio.

In an effort to learn how my State might attract new industrial payrolls, I talked with officials of the Olin Corp. They advised me that, in a choice between 2.2-mill energy in the Northwest and 3.5-mill energy in Ohio, there was a delicate point where the power rate and the freight rate intersected. By this, they meant that the aluminum products in Ohio would be produced within a "fungo swat" of millions of customers. By contrast, the ingots smelted in the Northwest would require the long transcontinental trip to market. In such a finely balanced situation, the 3-percent Federal freight tax could well be the determining difference to prevent the legitimate industrial expansions of the Nation's vast northwestern frontier.

Surely a tax which discriminates against a great region, against major segments of the transportation industry and—in certain instances—against the United States itself, can have little to commend it. "Nothing succeeds like success," wrote Dumas—yes, and nothing fails like failure. By all possible tests, including its effect on our total economy and on major areas of the United States, the 3-percent Federal excise tax on freight has been an abysmal failure. The time has come to repeal this unfair levy—now.

Mr. NEUBERGER. I yield the floor.

Mr. LONG. Mr. President, I wished to address my remarks to the distinguished chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD], who is not in the Chamber at the moment.

I had in mind offering an amendment which would give veterans of World War II and veterans of the Korean war a 1-year period during which to apply and take out national service life insurance.

For many years after World War I the veterans of World War I had such an opportunity. My amendment is supported by the American Legion, the Veterans of Foreign Wars, and a number of other veterans' groups. It is sponsored by a majority of the Members of this body.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CARLSON. I am one of the cosponsors of the amendment which the Senator from Louisiana is discussing. While I strongly favor it, I hope the Senator will not press it as an amendment to the pending bill. It is embarrassing to any Senator to oppose an amendment of which he is a cosponsor; but I have taken such a definite stand against amending the pending bill that I hope the Senator will not press his amendment.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SMATHERS. I, too, am a sponsor of the amendment to which the Senator from Louisiana has referred, but if I were he, I should be very fearful of the situation which might develop if he were to press his amendment to the pending bill. For example, if the Senator's amendment were offered to the pending measure, relating to the tax on insurance companies, probably the majority of Members of the Senate would be very much in favor of the amendment, but about half the Members of the Senate would be opposed to the basic measure to which it was offered as an amendment, so they would be left in an embarrassing position. I completely agree with the purposes of the amendment, of which I am a cosponsor. However, it seems to me that it would be much more appropriate to offer it as an amendment to some less controversial piece of legislation.

Mr. LONG. It occurred to me that this might be a good bill to which to offer the amendment, providing for a 1-year period in which veterans of World War II and the Korean war could take out national service life insurance. Two years ago, when a similar provision was adopted by the Senate as an amendment to a veterans bill, the insurance companies went to work to bring pressure on Congress. They were successful in persuading the House conferees to resist the amendment and prevent it from becoming law.

It seems to me that if the insurance companies are to be benefited by the pending bill—and I am sure would be very beneficial to them—this might be an appropriate occasion to call upon them to leave us alone for a few minutes while we do something for the veterans of World War II and the Korean war.

I appreciate the Senator's point of view. If the chairman of the committee can assure me that we shall have an opportunity to have the proposal considered at a later date, perhaps as an amendment to some other bill, I shall be willing to withhold the amendment.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BYRD. I am very glad to give the Senator such assurance. I agree with the Senator from Louisiana. I am fully in accord with the amendment, but I think it should be offered to some more appropriate piece of legislation. I shall be glad to expedite consideration of the amendment.

Mr. LONG. I thank the Senator; and upon that basis I will not offer the amendment at this time. We all know that one thing we can depend upon is that when the distinguished Senator from Virginia, chairman of the Finance Committee, gives his assurance about something, we can rely upon it. He does not go back on his assurances when he gives them. He always stands by them.

Mr. LAUSCHE. Mr. President, I should like to ask the Senator from Virginia his understanding and judgment with respect to the direction in which we are heading fiscally for the end of this year, assuming that certain things occur.

Does the Senator feel that, according to present indications, receipts will measure up to the estimate set forth in the budget?

Mr. BYRD. Is the Senator speaking of the present fiscal year or the next fiscal year?

Mr. LAUSCHE. Let us direct the question to the next fiscal year.

Mr. BYRD. In my opinion, from such investigation as I have been able to make, revenue for the next fiscal year has been overestimated between one and a half and two billion dollars. In other words, the Budget estimates $2 billion more revenue than for the preceding fiscal year. It is my feeling that if we collect the same amount of revenue in the fiscal year 1959 as we collected in the fiscal year 1958, that would be a much closer estimate than to estimate a $2 billion increase. This may be too optimistic on my part.

Mr. LAUSCHE. In the face of the present recession, is there any justification for assuming that revenues in 1959 will equal those of 1958?

Mr. BYRD. I do not think so. The Treasury estimated a 3-percent increase, or $2 billion.

Mr. LAUSCHE. Does the Senator from Virginia feel that that estimate will not be realized?

Mr. BYRD. I do not think it will be realized. My belief is that we shall be fortunate if we collect as much revenue in the fiscal year 1959 as we collected in the fiscal year 1958, which would put the budget out of balance to the extent of $2 billion and perhaps more.

Mr. LAUSCHE. What is the Senator's appraisal of what the increased spending will be, on the basis of what is thus far happening in Congress?

Mr. BYRD. I will say to the Senator from Ohio that that is a very difficult estimate to make. Things are happening every day and new spending is being authorized. I certainly think there will be a substantial increase in spending, running into several billions of dollars—perhaps as much as 3 or 4 billion dollars.

Mr. LAUSCHE. If it were $3 billion or $4 billion, that, added to the $2 billion deficit, would come to $5 billion or $6 billion.

Mr. BYRD. Without a tax reduction.

Mr. LAUSCHE. If the proposed reduction in income tax of $200 per person is enacted, what will that lose by way of revenue?

Mr. BYRD. That will lose approximately $6,200,000,000.

Mr. LAUSCHE. So we would have $5 billion or $6 billion covering the first two items, and $6,200,000,000 covering the last item. Therefore, the prospects are that we shall have a deficit of $12,200,000,000 if the proposed exemption is granted.

Mr. BYRD. All these figures are bound to be approximate. The Senator has correctly stated my view. By reason of an overestimate of revenue, by reason of increased spending, and by reason of a possible reduction in taxes of $6 billion, adding them together results in a deficit of approximately $12 billion.

Mr. LAUSCHE. Has the Senator any opinion as to whether that condition would finally further cheapen the dollar?

Mr. BYRD. Unquestionably. Our previous experience has been that deficit spending has been one of the greatest factors in inflation. We had heavy deficit spending from 1940 to 1952, as the Senator knows, and in that period we lost half the purchasing power of the dollar.

I do not mean that deficit spending is the only factor. It certainly is one of the main factors. It is my belief that we are building up forces which may bring about another spiral of inflation, which would be very tragic.

Mr. LAUSCHE. Am I correct in my understanding that compared with the 1935–39 period, when the value of the dollar was considered at par, the value of the dollar today is 49 cents?

Mr. BYRD. Between 48 and 49 cents.

Mr. LAUSCHE. That is the purchasing power of the present dollar?

Mr. BYRD. As compared with the other period; yes.

Mr. YARBOROUGH. Mr. President, I offer an amendment to the pending bill. I ask unanimous consent that it may be printed in the RECORD at this point, instead of being read.

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

The amendment offered by Mr. YARBOROUGH is as follows:

TITLE II

SEC. 201. That (a) the following provisions of the Internal Revenue Code of 1954 are amended by striking out "$600" wherever appearing therein and inserting in lieu thereof "$800":

(1) Section 151 (relating to allowance of deductions for personal exemptions);

(2) Section 642 (b) (relating to allowance of deductions for estates);

(3) Section 6012 (a) (relating to persons required to make returns of income);

(4) Section 6013 (b) (3) (A) (relating to assessment and collection in the case of certain returns of husband and wife); and

(5) Section 6015 (a) (2) (A) (relating to declaration of estimated income tax by individuals).

(b) The following provisions of the Internal Revenue Code of 1954 are amended by striking out "$1,200" wherever appearing therein and inserting in lieu thereof "$1,600":

(1) Section 6012 (a) (1) (relating to persons required to make returns of income); and

(2) Section 6013 (b) (3) (A) (relating to assessment and collection in the case of certain returns to husband and wife).

SEC. 202. (a) Section 3 of the Internal Revenue Code of 1954 (relating to optional tax if adjusted gross income is less than $5,000) is amended by striking out "who has elected for such year to pay the tax imposed by this section, the tax shown in the following table:" and inserting in lieu thereof "who has elected for such year to pay the tax imposed by this section—

"(1) In the case of a taxable year beginning after December 31, 1957, and before January 1, 1959, the tax shown in a table which shall be prescribed by the Secretary or his delegate. The table prescribed under this paragraph shall correspond in form to the table in paragraph (2) and shall provide for amounts of tax in the various adjusted gross income brackets approximately equal to the amounts which would be determined under section 1 if the taxable income were computed by taking the standard deduction.

"(2) In the case of any taxable year, other than a taxable year beginning after December 31, 1957, and before January 1, 1959, the tax shown in the following table:".

(b) Section 4 (a) of the Internal Revenue Code of 1954 (relating to rules for optional tax) is hereby amended by inserting after "the table in section 3" the following: "and the table prescribed under section 3."

SEC. 203. (a) Section 3402 (b) (1) of the Internal Revenue Code of 1954 (relating to percentage method of withholding income tax at source) is amended by striking out "(1) The table referred to in subsection (a) is as follows:" and inserting in lieu thereof the following:

"(1) (A) The table referred to in subsection (a) is, with respect to wages paid on or after the first day of the first month which begins more than 10 days after the date of the enactment of the Individual Tax Reduction Act of 1958 and before January 1, 1959, as follows:

"Percentage method withholding table

"Payroll period	Amount of one withholding exemption
Weekly	$17.00
Biweekly	35.00
Semimonthly	37.00
Monthly	74.00
Quarterly	225.00
Semiannual	444.00
Annual	889.00
Daily or miscellaneous (per day of such period)	2.40

"(B) The table referred to in subsection (a) is, with respect to wages paid (other than wages paid during the period to which subparagraph (A) applies), as follows:".

(b) So much of paragraph (1) of section 3402 (c) of the Internal Revenue Code of 1954 (relating to wage bracket withholding) as precedes the first table in such paragraph is amended to read as follows:

"(1) (A) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee on or after the first day of the first month which begins more than 10 days after the date of the enactment of the Individual Tax Reduction Act of 1958 and before January 1, 1959, a tax determined in accordance with the tables prescribed by the Secretary or his delegate, which shall be in lieu of the tax required to be deducted and withheld under subsection (a). The tables prescribed under this subparagraph shall correspond in form to the wage bracket withholding tables in subparagraph (B) and shall provide for amounts of tax in the various wage brackets approximately equal to the amounts which would be determined if the deductions were made under subsection (a).

"(B) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee (other than wages paid during the period to which subparagraph (A) applies) a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be deducted and withheld under subsection (a)."

SEC. 204. The amendments made by the first section and section 2 shall apply only to taxable years beginning after December 31, 1957, and before January 1, 1959. The amendments made by section 3 shall apply only to wages paid on or after the first day of the first month which begins more than 10 days after the date of the enactment of this act, and before January 1, 1959.

SEC. 205. This title may be cited as the "Individual Tax Reduction Act of 1958."

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield, provided I do not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. SMATHERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SMATHERS. What disposition has been made of the amendment offered by the Senator from Michigan [Mr. POTTER]?

The PRESIDING OFFICER. The amendment was withdrawn by the Senator from Michigan.

Mr. YARBOROUGH. Mr. President, my amendment is virtually identical in terms with S. 3411, introduced by the distinguished senior Senator from Oregon [Mr. MORSE], the distinguished junior Senator from Wisconsin [Mr. PROXMIRE], and myself.

At this time I ask unanimous consent that I be joined in the cosponsorship of the amendment by the junior Senator from Wisconsin [Mr. PROXMIRE], the senior Senator from Oregon [Mr. MORSE], the junior Senator from Rhode Island [Mr. PASTORE], and the senior Senator from Montana [Mr. MURRAY].

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

Mr. YARBOROUGH. The amendment would increase for the remainder of this year the personal income tax exemption of every individual from $600 to $800 at the annual rate. It is an emergency measure to aid in stemming the galloping recession with which we are now faced and which is galloping into a full-blown depression.

The glaring headlines in the Washington Post and Times Herald this morning reveal that private industry is cutting back its spending for plant and equipment by $5 billion in its construction plans. That $5 billion cutback will be on top of the depression we now have.

We who are old enough to remember 1929, 1930, 1931, 1932, and 1933 do not need to be told what it means when private industry says it is going to cut back $5 billion a year. I do not need to argue in the interest of the amendment, because almost every Senator has been reading the reports of economists. I have not read the report of any economist who has not said that this is the way to halt a depression, and to halt it quickly. The amendment will get money into the pockets of the buying public. It will increase the purchasing power of the people. I will discuss the matter statistically.

First, let me explain to Senators the applicability of the law. The amendment would reduce income taxes by raising the personal exemption of every individual from $600 to $800 a year for the rest of this year, and is applicable to those dates.

Section 204 of the amendment reads:

> The amendments made by the first section and section 2 shall apply only to the taxable year beginning after December 31, 1957, and before January 1, 1959.

In other words, it is for this year.

> The amendments made by section 3 shall apply only to wages paid on or after the first day of the first month which begins more than 10 days after the date of the enactment of this act, and before January 1, 1959.

If the Senate should pass the bill within the next few days, and the House should pass it soon thereafter, and if it were signed almost immediately by the President, it would become effective April 1, and would continue in effect for the rest of this year.

The amendment is an emergency, depression-stopping measure. It would put money into the hands of the public quickly; not, as in the case of public works, next January.

I favor the construction of the wonderful highways and dams which are proposed. The amendment is not in conflict with that purpose. It is for the remainder of this year. It will not be possible to get the dams to the stage of hiring men and pouring concrete this year. It will not be possible to buy or condemn rights-of-way quickly. It will not be possible to start extensive highway building this year. It will not be possible to get much of the heavy building program started before January 1.

I favor the public-works programs. But there is no conflict between those programs and the temporary reduction in taxes from now until January 1, 1959.

I point out again that this is not a question of a conflict in ideology or beliefs between the two bills; tax cuts or public works are needed immediately to help the people, before the public-works programs for the construction of hospitals, schools, dams, and roads can be gotten to an actual building stage.

The amendment will put money in the pockets of the people now. Let us see who will be benefited by it.

Sixty-six percent of the people who would be affected have income of from $600 to $5,000 a year. They number 28,151,000. Sixty-six percent of the people who file income-tax returns would come under this bracket of the amendment. They and their families constitute the total number of 62,043,000.

The number of people in the income bracket from $5,000 to $6,000 a year is 12,355,000. They file 29 percent of the total number of taxable returns.

Added together, 95 percent of the people who file tax returns earn less than $10,000 a year. They number more than 40,506,000 of the total of 42,633,000 who file taxable returns.

Ninety-five percent of the people who file taxable returns have incomes of less than $10,000 a year. The people in these brackets will receive 83 percent of the total saving.

Fifty-six and four-tenths percent of the temporary tax cut will be for people who earn less than $5,000 a year.

More than half of the tax cut will go to the great group of people in the lower income brackets or middle income brackets. They constitute the mass purchasing power in the market. They are the ones who cause the wheels of commerce to turn. They are the ones who will end the depression. A few rich people cannot end the depression. It is necessary to have purchasing power in the hands of the masses of the people.

Our economy is sick. In World War II, millions of people saw sick men lying blanched white and turning yellow, on the verge of death. Their eyelids hardly flickered. The first-aid men came and hung up the bottle of plasma. Blood then flowed into a pale face, and color came back. The eyelids began to flicker, and the breast heaved a little. The man began to live again.

That is what this amendment will do. The money will come in the checks for the first week of April, while we are getting the great public works projects ready for construction throughout the country.

This amendment would take effect in connection with the paychecks for the first week of April, while the great public works projects which are needed in this country would be getting under way. for construction later.

As the able Senator from Louisiana [Mr. ELLENDER] pointed out, the United States is behind the people who live within the Iron Curtain, as regards the number of hydroelectric dams being built. The United States needs more of them. But it takes time for the engineers and the architects to make the necessary preparations, draw the plans, and obtain bids.

But this amendment would put money into the marts of trade by April.

Mr. LONG. Mr. President, will the Senator from Texas yield to me?

The PRESIDING OFFICER (Mr. THURMOND in the chair). Does the Senator from Texas yield to the Senator from Louisiana?

Mr. YARBOROUGH. I yield.

Mr. LONG. It occurs to me that if this were to be done, it might be very desirable to try to work out a device by which the tax saving would be made available during the first month or two in which it would go into effect. For instance, if we could work out a provision to the effect that during the month of April, employing companies would not withhold the tax in the case of a particular worker——

Mr. YARBOROUGH. That is set forth in the amendment on page 4. Under this amendment, if it went into effect 10 days before the first of the month, then, beginning on April 1, 1958, the employers would not withhold at the present rates, but would withhold at the new ones. That would put the money directly into the pockets of the wage earners. If they are paid weekly, it would put the money into their pockets immediately after April 1.

Mr. President, this amendment would put life into the economy and would result in having the repossessed automobiles taken off the lots, and in having the repossessed washing machines and radios and refrigerators taken out of the warehouses. The amendment, if adopted, would start again the commerce that today is stagnating; in fact, it is stagnating faster and faster all the time.

I challenge anyone who is familiar with economics or business to point out any measure which would provide help more quickly than this amendment would. The tables to which I have referred show that the people pay these taxes by means of withholdings. So this amendment would put money into their pockets within less than 30 days.

Mr. LONG. Mr. President, will the Senator from Texas yield further to me?

Mr. YARBOROUGH. I yield.

Mr. LONG. It seems to me that money could be put into circulation much more rapidly if we were to provide for an 8-percent tax reduction straight across the board, and if we were to provide that during the first month when the reduction went into effect, every company in the Nation simply would not withhold, for that month, in the way it had customarily been doing. In that case, all the tax reduction and all its benefits would go into effect immediately, in the case of most workers.

I hope the Senator from Texas understands my point.

Mr. YARBOROUGH. By means of this amendment, the benefits would go into effect immediately. In that connection, I refer again to the table appearing on page 4. I believe that the

method proposed by this amendment is simpler than the method in connection with the plan the distinguished Senator from Louisiana has suggested.

Mr. PROXMIRE. Mr. President, if the Senator from Texas will yield to me, let me say that I believe the point the distinguished Senator from Louisiana has been making is that all these tax reductions would go into effect during the first 2, 3, 4, or 5 weeks, whereas we need to have such a beneficial effect on the economy continue for at least a year.

Mr. LONG. That is my point.

Mr. PROXMIRE. Of course the effect would be psychological. But if the people felt that they would receive such a forgiveness of tax for only 2 weeks or a few months, probably they would not increase their spending. On the other hand, if they felt that they would receive such tax forgiveness over an entire year, undoubtedly they would commence to spend the money, rather than to put it away, in the form of savings.

We want such money spent, so as to provide jobs.

Mr. LONG. My feeling is that if by such means, $4 billion of taxes were to be forgiven, such forgiveness of taxes or tax saving would go into effect immediately, rather than over the next few months. That is why I believe it would be desirable to have the saving go into effect even quicker than the Senator from Texas recommends.

Mr. YARBOROUGH. However, the distinguished Senator will recall that the cash bonuses paid to discharged veterans generally have disappeared rather quickly.

This amendment is a pro rata plan; it would go into effect during the period from April to December.

Today, many people make their purchases on the installment plan. If this amendment went into effect, its benefits would be felt over the period of the next 6 or 8 months, and it would help the people to continue making purchases during that period of time. It would inform the retailer that he would be able to buy at this time enough goods to last him for the next 6 months, and it would inform the wholesaler that he could make purchases at this time for the next 8 months; and it would inform the manufacturer that he could proceed immediately along similar lines, inasmuch as this tax reduction would go into effect immediately, and would continue for the rest of the year. At the end of this year, normal production should then have been resumed. But this amendment would result in immediate benefits for everyone.

Many small grocery stores are now on the verge of closing, because their owners or managers have extended a little credit to the people who live in the vicinity. Of course, when those people are unemployed, and when their unemployment benefits have begun to run out, they are unable to pay their bills. As a result, many of the small grocery stores are today "facing the wall." This amendment would enable their customers to pay their grocery bills—because most of the wages are paid to the people who are not in the high brackets.

Mr. President, I have further statistics on the distribution of the estimated reduction. For persons with adjusted gross incomes of less than $5,000 a year, $1,998,000,000, or virtually $2 billion, would, under this amendment, go into the pockets of such wage earners. Those people file 28 million income-tax returns, and they and their families constitute 62,043,000 persons. They have an enormous purchasing power, and thus they would be able to spend an additional $2 billion a year.

Mr. President, this amendment would result in a tax cut for a part of one year. When the effect is estimated on the basis of an entire year, the statistics I have received from the administration indicate that the amendment would cost from $5 billion to $5.2 billion. Perhaps $5 billion is the best estimate. Those figures have not been stated in a manner friendly to the amendment, I am sure. But certainly the amendment would not cost more than $5 billion. On the basis of three-quarters of a year, the amendment would cost $3,750,000,000.

Mr. President, can the Government's finances stand the amendment? For the fiscal year 1957, I believe the total revenue of the Government—from all sources—amounted to $80,200,000,000, of which $46,600,000,000 came from individual income taxes. This amendment would result in a reduction amounting to only approximately four or five billion dollars out of the $46,600,000,000; in other words, $42 billion would remain; or, in the case of the total tax revenue of the Government—which in 1957 amounted to $80,200,000,000—approximately $76 billion would remain.

And, under the amendment, the 5 million Americans who now are unemployed would find employment opportunities opening up to them. At the present time, small-business men who employ 2 or 3 workers are laying off their help. In my office I have a large number of letters which show that the small employers are now laying off their employees because the times are so hard. But if those employers could see new orders coming in during the course of the next 2 or 3 weeks, some of those employees would be rehired.

Mr. President, this amendment would result in reemployment within 30 days. This amendment provides the quick method of recovery.

I approve of the long-range plans for needed public works; I think the United States is behind in the construction of public works. But the construction of public works will not result in increased employment in 30 days, so that more people will begin to pour concrete or find other employment within that period of time. On the other hand, this amendment would get the job done within less than 30 days.

Mr. BYRD. Mr. President, will the Senator from Texas yield to me?

Mr. YARBOROUGH. I yield to the distinguished Senator from Virginia.

Mr. BYRD. As I understand this proposal, it would give $30 of relief to a single person during the coming year.

Mr. YARBOROUGH. In the case of a person with $3,000 of level income, and with 3 dependents, under the present tax law he had an exemption of $1,800. This amendment would result in tax relief of $120 for him.

Mr. BYRD. The amendment would apply for three-fourths of a year, would it not?

Mr. YARBOROUGH. Yes; so the figure would be $90, instead of $120.

Mr. BYRD. For those in the 20 percent bracket, the relief would amount to $40 for an entire year, or $30 for three-quarters of a year, would it not?

Mr. YARBOROUGH. Yes.

Mr. BYRD. For a married couple, the amount would be $80 for an entire year, or $60 for three-fourths of a year; is that correct?

Mr. YARBOROUGH. Yes.

Mr. BYRD. For a married couple, with 2 dependents, the relief would amount to $160 for a full year, or $120 for the period from April 1 to January 1, would it not?

Mr. YARBOROUGH. Would it not come to $90, in the case of a married couple with 1 dependent?

The statistics I have before me have come from an analyst in the Economic Division of the Legislative Reference Service of the Library of Congress.

Mr. BYRD. Of course, a single man in the $2,000 bracket would benefit to the extent of $30.

Mr. YARBOROUGH. That is correct.

Mr. BYRD. The total cost would be $6,200,000,000; would it not?

Mr. YARBOROUGH. The computations we have from the Government agencies show that for a year it would be in the $5,250,000,000 range. For three-fourths of the year it would be roughly $3,750,000,000, which would be for the rest of this year, if the provision became effective immediately.

This is a temporary measure, to permit the working out of a long-range permanent plan.

Mr. BYRD. I am informed it would take 8 million persons off the tax rolls. Is that correct?

Mr. YARBOROUGH. I do not have the statistics before me. It would take off the tax rolls a considerable number in the low-income brackets, who pay very little in the way of taxes. It would save millions for those paying very small amounts in taxes.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the Senator from Pennsylvania.

Mr. CLARK. It is with a good deal of reluctance that I find myself compelled to differ with my good friend from Texas in respect to this tax-relief suggestion.

Did I correctly understand the Senator to say he thought the cost to the Treasury would be around $5,200,000,000?

Mr. YARBOROUGH. Approximately four or five billion for the rest of this year. That is correct.

Mr. CLARK. Does the Senator have any information or thoughts of his own as to what the deficit in the Federal budget would be for the year in which this tax relief would become effective, if the Senate and the House should take

favorable action on the amendment and the President should sign it into law?

Mr. YARBOROUGH. A part of this amendment would be effective in one fiscal year and a part of it in another fiscal year. As the distinguished Senator knows, it will be impossible to tell, until the appropriations and sources of revenue are known, what the fiscal situation will be for the year beginning next July 1. The proposal is not a long-range plan; it is for the rest of this year.

In further answer to the question of the Senator from Pennsylvania, it has been computed that in the present fiscal year an even greater amount will be collected than was collected last year, which was about $80 billion. About $87 billion is expected to be collected in taxes this year from all sources.

Mr. CLARK. Would not the Senator agree that the administration's figures for the current fiscal year make it likely that there will be a deficit, even if the amendment shall not become law?

Mr. YARBOROUGH. I think it likely that there will be.

Mr. CLARK. Would the Senator not hazard a guess that, with the needed expansion of our military services, in order to protect ourselves against Communist enemies, it is highly likely we shall have an even larger deficit for fiscal 1959 than we shall have for fiscal 1958?

Mr. YARBOROUGH. If we do not slow down the recession or depression, we shall have a larger deficit than the two the distinguished Senator has mentioned combined, because tax money will not be coming into the Treasury. At present, there are 5 or 6 million persons unemployed. Unemployment is growing daily and weekly all over the country. As a result, the loss in revenues would be so great that the deficits the Senator has in mind would be mere child's play compared to what the deficit would be next year.

Mr. CLARK. I agree with the Senator. The only difference between us is the kind of measures necessary to bring the recession-depression to an end.

I do not think the Senator from Texas has answered my question, which is, Does he not anticipate an even greater deficit for fiscal 1959 than for fiscal 1958? I recognize that none of us are soothsayers or clairvoyants, but it does not take a prognosticator to know that the Eisenhower administration's estimates of revenues are overstated, that the estimates of expenditures are understated, and that we can look forward to an even larger deficit in fiscal 1959 than there will be in fiscal 1958, whether or not the amendment is adopted.

Mr. YARBOROUGH. I agree with the Senator from Pennsylvania that neither one of us is a soothsayer. I am not one, and it would take one to tell what the deficit will be at the end of the fiscal year 1959. I do not think we should stand here and see a recession wreck the country because we cannot figure what the deficit will be on June 30, 1959. I think it is time for action. I am not a soothsayer. It would take a soothsayer to answer the question of the Senator.

Mr. CLARK. The Senator from Texas and I are agreed on his statement that we should not stand still. In my judgment the administration has stood still too long. However, there is a point beyond which fiscal responsibility will not permit a deficit to go. I have been a strong advocate, and I think the Senator from Texas has joined me, in measures for Federal spending to construct schools, to help universities in their desperate plights, to expand the Federal highway program along the lines proposed by the Senator from Tennessee [Mr. GORE], and to provide slum clearance, urban redevelopment, river valley development, and for Hill-Burton hospital construction, to an extent far greater than the pinch-penny Eisenhower administration has been willing even to contemplate. I would say that if the Senator from Texas and I and other Senators on this side of the aisle, as well as some of our friends across the aisle, could have put those projects into being, we would already have had a deficit of four or five billion dollars.

It is for the reasons I have stated that I am unable to support the tax reduction provision of my good friends from Texas and Wisconsin. I think if we have a deficit amounting to ten, eleven, or twelve billion dollars, it will shake the confidence of the country. We have a sound economy, and can come out of this recession without much further trouble.

I thank my friend for yielding to me. I regret my inability to agree with him. I hope this will be the last time in the Congress when we shall find ourselves in disagreement.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. MORSE. I wish to take this opportunity to make a brief comment in support of the Senator's amendment, of which I am proud to be a cosponsor. My remarks will relate to the comments of my friend the Senator from Pennsylvania [Mr. CLARK].

I am supporting the amendment of the Senator from Texas for all the economic reasons which have been advanced on the floor of the Senate for the past several weeks in connection with the relationship between a tax cut by way of this type of increase in tax exemption and the purchasing power of the people in the low and middle income brackets.

I can summarize that whole line of argument, which is voluminous, by this sentence, as the Senator has pointed out, namely, the tax saving of this amendment is to be put into the pockets of the consumers and then quickly passed on to the cash registers of the merchants of the main streets of America. I repeat the tax savings will go into the cash registers of the small-business men of the country, who need some attention in the debate we are having in regard to the growing recession.

It is interesting to note what the bankruptcy rate is among the small-business men, among the businessmen on the main streets of the towns of our States. Some relief needs to be proposed for them. This amendment will help them as well as the taxpayers generally.

So my first reason for supporting the Senator's amendment, of which I am proud to be a cosponsor, is that I think it is a small-business man's amendment, as well as an amendment that favors persons in the low and middle income tax brackets.

Second, I think there is involved a matter of timing, and also a matter of legislative possibility in supporting this amendment.

The Senator from Pennsylvania, the Senator from Texas, the Senator from Wisconsin, and the other colleagues of mine who are supporting a public works program, simply cannot support a public works program greater than the one I would support if I were allowed to write the legislative ticket, so to speak.

Now is the time for the Government to invest in capital investment which will benefit future generations to come. If it did so, as the Senator from Pennsylvania pointed out, we would create great wealth for the taxpayers.

By expanding our economy we will be able to obtain the tax dollars which will make it possible for us to meet the cost of the other programs to which the Senator from Pennsylvania referred. I agree that we should speed ahead with a public works program that will take the form of school construction, roadbuilding, construction of Federal dams, public housing, slum clearance, hospitals, and other public works which are so sorely needed if we are to promote and protect the general welfare of our people. All of those great general welfare projects, so sorely needed by the American people at this time, I am in favor building now by way of an accelerated public works program.

As the Senator from Pennsylvania says, if we could write the ticket here today and have the ideal public works and tax cut program we would have a deficit for a short period of time. But it would be a deficit only for a short period, because the capital investments which would be created would increase the wealth of the people of the United States, and that would cause new tax dollars to flow into the Treasury of the United States. Such a result will not come into being if we do not have the economic expansion which will result from the kind of public works program I am urging.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I hope the Senator will permit me to finish, and then I shall be glad to yield.

The deficit which will result from the kind of public-works program the Senator from Pennsylvania is discussing does not concern me a bit, whether it is for 2 years, 4 years, 5 years, or 10 years, because it is not going to break Uncle Sam. It is so very easy to victimize oneself with the delusion that if we spend more money than Uncle Sam collects in a given tax year we are somehow going to jeopardize Uncle Sam's credit.

I have been heard to say in the Chamber of the Senate many times much

of the propaganda about deficit spending would fall of its own dead weight if the Congress would adopt, as it should, a capital budget. No business firm in this country would think of operating under the type of budget that the United States Government operates under. It is a budget which mixes capital investment with operating cost. Thereby it gives the false impression that Uncle Sam is less solvent than he really is.

I wish to point out that the capital wealth of Uncle Sam is so tremendous in comparison with any suggestion which has been made about a deficit we may incur for the next 10 or 12 years that in my judgment we will not by the slightest degree be jeopardizing Uncle Sam's credit. There is great national wealth behind that credit. We are proposing by this amendment to give some dynamics to such wealth. We are proposing to make it more economically productive. We are proposing to use it in part for the relief of those suffering cruel hardships as the result of the Eisenhower depression.

I join with the Senator from Pennsylvania in support of the public-works program to which he has referred. I shall go as far as any Member of the Senate in furtherance of a public-works program. But that is not the only step we should take in order to bring some immediate relief of the taxpayers who are in the brackets to which the amendment of the Senator from Texas would apply.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I am almost through. I think the Senator needs to hear the entire argument in order to cross-examine me on it.

We need to provide some relief, also, for the taxpayers who, under the exemption benefit which the Senator from Texas proposes, would proceed, in my judgment, in the next year to put the money into small business. This would increase purchasing power and put men back to work as a result of the stimulus to the economy it would produce.

I say there are involved a matter of timing and a matter of legislative possibility in connection with this amendment. If we could do something to promote a public-works program and a tax-cut program, I would not be concerned about a deficit. But who among us thinks, on the very basis of the fine argument made by the Senator from Pennsylvania, that we will be able to do very much of either one? I am very much concerned about whether we shall be able to make any progress with the public-works program until we get some leadership at the White House. Judging from today's newspapers, apparently we are not going to get any leadership with respect to the tax program.

What should we do? Those of us in the Senate who believe that the general welfare clause of the Constitution is something which ought to be translated into legislation, when the needs of the people dictate it, face a serious legislative problem. I think we ought to do the best we can to get as much as we can in the Senate on both fronts. We should support both a public-works program and a tax-cut program. Therefore, I am in favor of the tax-cut amendment of the Senator from Texas. If we can get a public-works program also I shall support that too.

This leads me to my third point. I do not know whether on this point the Senator from Pennsylvania and I will be in agreement. I shall wait for his final judgment after we make the record this year on the whole foreign-aid program.

I say to my friend from Pennsylvania that I am in favor of voting for whatever is needed to keep America strong against the Communist threat. As a member of the Committee on Foreign Relations of the Senate, I respectfully say to the Senator that, in my judgment, there are hundreds of millions of dollars of waste in the foreign-aid program, particularly on the military front. We are spending millions and millions of dollars for obsolescence. We are spending millions of dollars elsewhere, such as South America, for example, where the expenditure does not increase the security of the United States or of South America, but, to the contrary, tends to strengthen totalitarianism rather than freedom.

I would ask my good friend from Pennsylvania to reserve judgment on this matter, until he gives us a chance this year to come forward with some suggestions as to how perhaps we can save considerable millions of dollars in the foreign-aid program, and by so doing strengthen our security and strengthen our defense against Russia. Such a saving in foreign aid will retain a good many millions of dollars to plow back into the domestic economy for use to help stimulate small business in this country and to get our unemployed back to work.

I am happy to yield now. I appreciate my friend's waiting for me to make my argument, because I would rather have him go after me on all three fronts rather than taking the items piecemeal.

Mr. YARBOROUGH. Mr. President, before I yield again to my friend, the Senator from Pennsylvania, I should like to comment, in answer to the distinguished Senator from Oregon, that the total cost of the tax cut for the remainder of this year is not less than $3¾ billion nor more than $5 billion, which is less than the amount the administration recommends be spent for foreign aid for 1 year. I am not asking that so large an amount be granted in the proposed tax cut.

In further answer to the distinguished Senator from Pennsylvania, he has drawn on speculation. I might say he has gone into the realm of soothsaying. Perhaps the deficit would be $10 billion, $11 billion, or $12 billion, but certainly such a deficit would not be caused by a tax cut of $3¾ billion for the remainder of this year.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the Senator from Pennsylvania.

Mr. CLARK. I do not care unduly to extend this argument—I think one is brash, indeed, who engages in an argument in the Senate Chamber with the distinguished Senator from Oregon. One rarely, if ever, wins.

I do not believe this is the time to engage in an argument about foreign aid. We shall have plenty of time for arguments about that question later.

I wish to say to my friend from Oregon, however, in a somewhat more narrow arena I have become known in the District of Columbia as "HALF-A-LOAF CLARK" and the Senator from Oregon has become known as "IVORY TOWER MORSE." I am sure the Senator will not think either of us is violating the rules in referring to the other in that way.

I will say to the Senator from Indiana [Mr. CAPEHART] and the Senator from Connecticut [Mr. BUSH], who sit with me as members of the Committee on Banking and Currency of the Senate, I think I can almost anticipate what those good friends of mine will say if a tax reduction bill is passed, and we have before us for consideration in the Committee on Banking and Currency proposals to increase urban renewal and slum clearance, or if we have before the Committee on Labor and Public Welfare a proposal that the Federal Government shall engage in the construction of schools.

They will say, "We cannot do it. We have already unbalanced the budget with a tax cut, to the extent that financial solvency and the confidence of the country in the Federal Government have been shaken. We cannot go ahead with public works programs after the improvident tax relief program has been adopted"

Let us defeat the tax cut for the time being. Let us pass a good housing bill. Let us pass a good school construction bill. Let us put more money into highways. In that case I am willing to take my half a loaf.

Mr. CAPEHART. Mr. President, will the Senator yield in order that I may answer the Senator from Pennsylvania?

Mr. YARBOROUGH. I shall be glad to yield in a moment

I should like to answer the Senator from Pennsylvania. He has talked about improvident tax cuts. He has challenged the business wisdom of such cuts. Is it improvident to pour $4 billion into channels of trade, when collections for 1957 were $80 billion, and when this is merely a year?

As the distinguished Senator from Pennsylvania has said, I have joined him in recommending slum clearance programs, highway programs, and public works programs. Those are programs which must be figured out by the architects and engineers. They cannot start pouring concrete on those projects before next January. The present proposal is to plow money into the marts of trade before next January. How many men would be taken off the streets by a program for building dams next year, or the year after? Sometimes it requires as much as 5 years to plan the dams.

I think the distinguished Senator overlooks the fact that this program is not in conflict with a good, sound public works program. It would complement it. I have heard it whispered around the Chamber that if this amendment is adopted, we shall be reducing taxes and

increasing costs at the same time. That is not so. This proposal is a temporary program, a 9-month or 1-year program. It requires a long time to survey land and lay out the contours for a dam. First, title to the land must be obtained. The surveying requires a long time. It requires months to survey a superhighway. There must be conferences with local government officials, and authority must be delegated to the counties to obtain title to the right-of-way. They cannot be pouring concrete on four-lane superhighways while the tax cut is in effect for the remainder of the year.

This proposal is something that would put purchasing power into the pockets of most of the people, those in the lower income tax brackets. The money would be used to pay bills at the corner grocery stores.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I now yield to the distinguished Senator from Indiana.

Mr. CAPEHART. Mr. President, I wish to reply to the able Senator from Pennsylvania. He must be looking for an argument, a fight, or a debate. I thought I saw a glint in his eye, as though he wanted to start something.

I make no apologies whatsoever for being in favor of commonsense, sound fiscal policies, and balanced budgets, and promoting the private-enterprise system.

I congratulate Members on this side of the aisle who were here in January 1950. In January 1950 there were more than 5 million men unemployed. Members on this side of the aisle at that time were not trying to talk the country into a further depression, notwithstanding the fact that there were more than 5 million unemployed. President Truman made the statement at that time that the situation was merely a readjustment, and that things would be all right. Unfortunately they were not. We became involved in the Korean war.

I congratulate Members on this side of the aisle for not trying to talk the country into a further depression, or further unemployment. I repeat, as I said earlier, that the opposite of tight money and high-interest rates is loose money, low-interest rates, and unemployment.

About 9 months ago many Members of this body started sniping at President Eisenhower, sniping at the Secretary of the Treasury, sniping at the economy of the United States, and talking about tight money and high-interest rates as though they were something undesirable.

As surely as the sun comes up in the east and sets in the west, when we have full employment again—and we shall have full employment again; and we shall have it much more quickly if we stop talking about it—there will be pressure on money; there will be higher interest rates, and tight money. We cannot have full employment without having tight money and high-interest rates.

I make no apology to the able Senator from Pennsylvania for being able to add and subtract. I make no apology whatsoever for recommending a sound fiscal policy. Nor do I make apology for recommending that the people save money and put it in the bank, with insurance companies, or in savings accounts. They should save money to invest, in order that others may have a job in private industry.

How the 5 million unemployed today would love it if some private enterpriser, some man or group of men who had saved enough money to start a factory or a series of factories would give them a job. I make no apologies for believing in such a philosophy, and I make no apologies for standing up and advocating it. It is the American way of life. It is the private enterprise system. It is the thing that made this country great. I make no apologies whatsoever for that philosophy.

The difference between myself and too many others is that I want to do these things under the private enterprise system, rather than advocate that the Government spend and spend and spend.

If we do not stop talking about doing this, that, and the other thing, we shall have a depression on our hands. The best thing we can do is to do some of the good, sound things which the President is doing, and which the Congress is advocating. We should stop advocating all sorts of panaceas for solving the problem. We in the Senate cannot do it. Only private industry can do it. Only people with money can do it. I am sure the unemployed person appreciates that fact. He would like to have us get on with our regular business, and let private industry take care of the business of the Nation.

Mr. YARBOROUGH. Mr. President, let me say to the distinguished Senator from Indiana that it would be very convenient if private industry were to announce in the morning that it was calling back 5 million unemployed, or even 500,000, or even 50,000 of the 5 million. I should like to see it happen.

Instead, we read in this morning's press that private industry has announced that it is cutting off $5 billion of anticipated expenditures, and that it proposes to decrease its payrolls. It served notice in advance on the Government. It said to the Government, "If you do not want 10 million unemployed, you had better do something. We are serving notice now. We are pulling in our horns."

They act as though they were in a closed box, from which they could not see outside. If 5 million more become unemployed, unless the Government does do something, private industry will have to do something.

If the distinguished Senator from Indiana wants to strengthen the free enterprise system he had better do something about the 5 million people who are walking the streets. The people learned in the 1930's that God did not want them to starve. They do not have to starve, if we have intelligence enough to operate the Government. Economies can function without the starvation of millions of workers. In a great, rich country such as ours, with all our resources, it would be folly for us to sit idly by, as many did in 1930 and 1931. We are hearing many of the identical arguments today that were made in 1930, 1931, and 1932. We were told, "If we don't do anything, conditions will be all right." We were told, "We will turn the corner soon. We are going to turn a corner." That is what the Government in Washington was telling the people, in 1930, 1931, and 1932, "We are going to turn the corner."

We turned the corner every month of that year. Every one went downward, until March, 1933, when 13 million men were unemployed and 5,000 banks were closed. The country was on the verge of ruin.

In answer to the Senator from Pennsylvania, I would say, yes, I expect to help the public-works program, but that will not get the job done in the next 9 months.

This amendment is a temporary measure. I regard it as a financial responsibility measure, not financial irresponsibility measure. It is financial irresponsibility when, while seeing ruin facing us, we take no steps to relieve the situation. It is financial responsibility to act now to help revive our economy and to put confidence in the people and put money in the pocketbooks of the 42,633,000 taxpayers—their families embracing 111,609,000 individuals in America. They will have more money in their paychecks in April. This money will not go to those in the high-income brackets. It will go to the corner grocery stores, to the corner tailor shops.

In the first quarter of fiscal 1957 there were 25 percent more bankruptcies than in the comparable quarter of the year before, as has been pointed out by one distinguished Senator, and more than half of them were in the small-business men's bracket.

This money will not stay in a sock. This money, when it is paid, will go out in cash. It will be spent. It will be spent with the retailer and wholesaler, and it will reach up into the manufacturers. This is the fastest way of doing something to stop this galloping recession. It is the fastest way. It is the course of fiscal responsibility when we see an anticipated collection of $83 billion. Uncle Sam's pocketbook is going to shrink if we do not do something. What is proposed will put people to work, and it will help them to get paychecks. They are the ones who pay the taxes, because the taxes are taken out of their pay in withholding taxes. When we make it possible for millions of people to join the pay lines, Uncle Sam will feel it in tax collections. In my opinion, we are going to end up with greater losses, if we do not do something about it.

This amendment will not only help the people, but it will also help the Government, and it will help the institutions in which we believe. It will help our way of life, which was brought forth on this continent.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. MORSE. I wish to comment briefly on some observations made by my friend, the Senator from Pennsylvania [Mr. CLARK]. I have had some honors paid to me in debate on the floor of the Senate over the past 13 years, but I have never had a greater one paid to

me than the one the Senator from Pennsylvania [Mr. CLARK] has paid me this afternoon. I have been called many things in my political career, some of them not printable. However, I have never had such a nice thing said about me as the Senator from Pennsylvania said, when he called me "Ivory Tower" MORSE. I appreciate it. I thank him. I think I know the beautiful compliment he had in mind when he used that title. Political ivory towers are the citadels of idealism. As such they are the workshops of political practicalities. The only practicality that the Senator from Pennsylvania [Mr. CLARK] or anyone of the rest of us will ever experience is an ideal put to work. In the ivory towers of political idealism is to be found the hopes of the American people for sound practical legislation. There is nothing practical about legislation based upon expediency or a compromise of principle. The amendment before us is sound in its ideals and sound in its practicality. It is good ivory-tower legislation.

I now speak in defense of the idealism of the Senator from Pennsylvania [Mr. CLARK]. I will not let him deprecate himself by calling himself "Half-a-Loaf" CLARK. It is unfair to him. He, too, is a political idealist. He is a great constitutional liberal. He sits in the political ivory tower with me, along with all the other constitutional liberals in the Senate. He is one of the greatest liberals among us. He is dedicated, as are the rest of us, to the general welfare clause of the Constitution. He places the general welfare of all of the American people ahead of selfish groups that unless checked by legislation will attempt now and then to exploit the people. He, like the rest of us, makes a mistake once in a while. He is making one now by not joining us in supporting the amendment offered by the Senator from Texas [Mr. YARBOROUGH]. He is entitled to his fair share of mistakes. It grieves me sorely when he makes one. I hope we may be able to save him yet, before the day is over from making the mistake of voting against this amendment.

In the debate he asked me, "What do you think the Republicans on the Banking Committee are going to say when I come forward with a public works program in that committee if I vote for this tax-cutting amendment?"

He should know. He and I know what they are going to say. They always will find some excuse for not supporting him. If they do not make one excuse, they will use another. Let us not fool ourselves. They do not have a record of supporting the general welfare of the people ahead of big business. They are not going to support us in urging that we provide some tax relief to the people who need it most. My advice to my good friend from Pennsylvania [Mr. CLARK] is to stop having any concern about what his Republican colleagues on the committee will say if he votes for a tax cut. He can be sure that they will not approve. He can also be sure that if he votes against this tax cut his Republican colleagues will find some other alibi for not supporting any sound proposal he may make for a very much needed public works program.

For many years I have recommended a cardinal principle of modern Republicanism to my Republican colleagues. The President of the United States quotes it sometimes, but he does not practice it. It goes back to Lincoln. It is that great tenet of Lincoln which he expressed in these words: "The legitimate object of Government is to do for the people what needs to be done, but which they cannot by individual effort, do at all, or do so well, for themselves." In other words, Lincoln believed, as all constitutional liberals ever since have stressed, that Government has the duty to carry out the obligations of the general welfare clause of the Constitution. Surely, in time of great unemployment such as now sweeps our country, we in the Congress have the duty to put Lincoln's tenet into legislative practice. The amendment will help do just that.

As I said earlier, there is involved in offering this amendment a matter of legislative timing. I think the amendment of the Senator from Texas [Mr. YARBOROUGH] is well timed. It is one of the steps we can take now. The Senator and I know what will happen to us in a few minutes. There will be a few "yeas" and a chorus of "nays," and once again the people will suffer a defeat. Eventually the principle of the amendment offered by the Senator from Texas will be adopted by the Senate. I am not at all concerned about the argument that if we spend now for the people, even though it is deficit spending, we are in any way going to threaten the solvency of the Government. To the contrary, by taking the economic steps that are necessary to be taken to stop this depression we will guarantee that in the years ahead our Government will remain solvent. The fact that we may have a budget deficit for the time being does not mean that Uncle Sam will be insolvent.

Mr. President, it is on that premise that I support the amendment of the Senator from Texas, and I hope that upon further reflection my friend from Pennsylvania will go along with us.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. O'MAHONEY. I am prompted to make inquiry about what the Senator from Oregon has just said. I was delighted to have him quote the statement from Lincoln. We ought to have it spread on the RECORD today that that statement of Lincoln was written in his own handwriting on the back of an envelope which was deposited in the Library of Congress by Robert Todd Lincoln, with instructions not to open it until 25 years after the death of Robert Todd Lincoln. I was present in the Library of Congress when those documents were opened. I saw with great interest this particular envelope in the handwriting of that great Civil War President, stating specifically what the Senator from Oregon has just now stated: "What the people cannot do for themselves, the Government must do, and in all other things, let the people take care of themselves."

That could have been written by Jefferson himself. The truth of the matter is that Lincoln and Jefferson looked upon the problems of the people and people's government in much the same way.

Our trouble today grows from the fact that we have an executive branch of the Government which calls itself the follower of Abraham Lincoln but which follows an utterly different point of view. Instead of trying to do for the people the things they cannot do for themselves, the administration has been consistently, from the very beginning, in 1953, trying to turn the control of the Government and the benefits of the Government over to big business.

The best illustration of that comes from an incident in which the Senator from Oregon was very deeply concerned, and in which the Senator from Texas and the Senator from Wyoming, and other Senators were also deeply concerned. It was in connection with the Hells Canyon Dam issue.

Instead of the program of Lincoln, of having the Government do for the people what the people cannot do for themselves, the administration has been consistently pursuing a policy which, in the Madison Avenue dialect, is referred to as a policy of partnership. What is meant by that is a partnership by the Government with the Power Trust—not a partnership with the people, but a partnership with the Power Trust. That was illustrated in the famous Hells Canyon fight. All of us who had studied that question knew perfectly well that the only successful way to conserve the waters of the Snake River to make them useful to the greatest number of people was to build a high Hells Canyon Dam. Instead, Idaho Power Co., incorporated by the State of Maine, not by the State of Idaho, applied to the Federal Power Commission for licenses to build three small dams. The three small dams together could not do what the one high dam would have been able to do. But the partnership policy, substituted for the Lincoln policy, prevented us from serving the interests of the people.

I thank the Senator from Texas for permitting me to make this comment.

Mr. YARBOROUGH. I thank the distinguished Senator from Wyoming for his able and pertinent comments.

In response to the colloquy and the questions of the distinguished Senators from Pennsylvania and Oregon, who have discussed liberalism, I must, in all modesty, say that this is a conservative amendment. It calls for a tax cut of $3¾ to $5 billion for only 9 months. If I were proposing a liberal amendment, I would call for a $10 billion tax cut.

The estimated income for the year, if the economy does not continue its toboggan slide downward, is $87 billion. The amendment proposes a tax cut of $3¾ to $5 billion for the remainder of the year.

For 2 consecutive days the Senator from Indiana [Mr. CAPEHART] has argued that it is tight money and high interest rates which create full employment. He continues to make the same argument. I shall not argue the economics of the question. Persons who have had a high-school course in economics know that the answer is that he is wholly wrong.

The administration, with its high interest rate, is sapping out of the economy $2 billion every year by paying higher interest on the Government debt. This amount would not have been sapped out of the purchasing power of the people had not the Government raised the interest rates on its own debts.

The amount of excess interest which the Government is paying every year is more than half the amount which is sought as a tax reduction for an emergency period to keep people from starving.

The amendment will not defeat the public works programs. Those programs cannot actually be started immediately. It will not be possible to start the construction of dams, highways, hospitals, schools, and the other projects which have been mentioned, by midsummer.

The proposed tax cut is for this year only. By that time we hope that the public-works projects which have been proposed will have gone into construction.

Talk to the man in the corner grocery; to the man who has a little drugstore; to the man who operates a small hardware store. Why is he suffering and going bankrupt? His credit has dried up. If he had any credit, the interest rates have been raised so high that he can no longer make a small margin of profit with which to keep his business open. The 2-percent excess interest which the Government pays is small compared with the interest rates which the small-business man pays. He is down at the bottom of the ladder; he is at the foot of the totem pole. All the chips fall on him. He cannot borrow money at that rate.

Talk to the people who live in the small towns. I have been in the small towns in the past 5 months. Five years ago their businesses were prospering. Now more than 50 percent of the business houses are locked up. Some of them have even reached the stage where boards have been nailed across them, as was done in the old ghost towns of the West. That is what 5 years of tight money and high interest rates have done to the people. It has ultimately resulted in millions of people walking the streets, unemployed, as was the case in 1930. History is repeating itself.

Mr. PROXMIRE. Mr. President, as a cosponsor of the amendment, I first wish to apprise the Senators that the proposed tax cut was a major pledge in my platform when I was running for election to the Senate. I promised the people of Wisconsin, that if I were elected, I would do my level best to increase the exemptions from $600 to $800. I say that because I want Senators to know that I am speaking now in fulfillment of a pledge I made to the people of Wisconsin. I made the pledge because I thought it was right and necessary, and because I recognized the fact that tax cuts in the past—at least, in the recent past—have not helped most of the American people.

While I felt that a tax cut was right when I was running for election in August 1957, I think, in March of 1958, it is even more right, it is even better, it is even more in the public interest.

I point out again, in support of what the Senator from Texas [Mr. YARBOROUGH] has said, that this is not an extreme or radical, or even a labor proposal. This kind of proposal has been supported by the president of General Motors and by other leading executives. They say a tax cut is needed, and needed now.

The president of the Ford Motor Co., economists for the Ford Motor Co., and, as a matter of fact, the top economist in the United States Senate, the distinguished Senator from Illinois [Mr. DOUGLAS], who pleaded very eloquently last night for a tax cut which was very similar to this, all agree that such a cut is necessary.

A cut is particularly necessary now because, more than almost anything else I can think of, it will put people to work, and put them to work promptly.

Last night when I returned to my office I received the Wisconsin Industrial Commission's statement of the number of people now out of work in Wisconsin. I learned that from March 1 to March 8 the number had climbed from 59,000 to 68,000, a 15-percent increase. That is the number of people covered by unemployment compensation. On the basis of conservative estimates, this means that more than 100,000 are out of work today in Wisconsin.

The provisions of the amendment will make it possible to put money into the hands of people who will spend it. For a family of a husband, wife, and 3 children, having an income of $4,500, this proposal will give them, in the remaining 9 months of the year, $150 to spend. Believe me, that money will be spent. Anyone who has studied the spending habits of people earning small incomes knows that the money will go to work.

That money, multiplied by millions, perhaps tens of millions of American families who have it, will mean that there will be hundreds of thousands of jobs. I think a conservative estimate is that probably a million people will be put to work by this measure.

The Senate unanimously passed a housing bill which it was estimated will put 500,000 people to work. I think that was splendid. I was delighted to have the chance to support the bill. I was glad it was a bipartisan bill.

Here is another opportunity to put another million people to work. I point out the justice of the proposal. It is a cost-of-living adjustment for taxpayers. Since 1949, when the exemption for dependents was fixed at $600, the cost of living has climbed by 22 percent, according to the Department of Labor. That means that $4,000 in 1949 is worth $800 less today.

The amendment would go part way toward giving all taxpayers, not simply those whose earnings are in certain categories, a cost-of-living adjustment.

Furthermore, the amendment provides tax relief for all the people. I emphasize all the people because the 1954 tax cut, about which the Members of the minority have spoken so much, virtually did not give tax relief to all the people. As a matter of fact, the figures, as I understand them, showed that more than 75 percent of that tax relief went to the corporations of the country. If we put the corporations, and the other large earners—those in the top one-fifth or one-fourth income brackets—together, they received almost 90 percent of all the tax relief which the Senate, the House, and the President gave the American people in 1954. I say it is time for tax relief for all the people.

I noticed on the news ticker today that the administration has announced that apparently it favors the same kind of tax relief in 1958 as it gave in 1954. At least, the spokesman was of the opinion that the tax relief would go primarily to stockholders and business. I think they should have more money, too; but I think the tax relief should go to all the people, not simply to those who have the most economic and political influence.

The principal objection to the amendment by many sincere persons seems to be that while it may be a good amendment, it is the wrong time and the wrong place and the wrong bill to which to attach it.

Mr. President, before the House of Representatives could reach an agreement with the President and with the administration generally and before action could thereafter be taken, it might very well be that 6 million of the people of the United States would be unemployed. We know that more than 5 million are unemployed at this time.

This is not a time when we can afford to wait on technicalities. It seems to me that the time to stop this recession or depression is right now. This amendment will do it. It will do it in a way which I think is most attractive, because it is a cumulative way. I think that point was very well brought out in the course of the colloquy between the Senator from Louisiana [Mr. ELLENDER] and the Senator from Texas [Mr. YARBOROUGH]. They pointed out that this is something the people can count on; they will be able to make their purchases over a period of time and to increase their spending.

As I said before, in the State of Wisconsin I ran for election to the United States Senate—and let me say that Wisconsin has been overwhelmingly Republican—on this issue, as one of the major planks in my platform. I would not be honest with my colleagues if I did not say that all the people of Wisconsin—both Republicans and Democrats—like this proposal. They agree with what the economists are saying today, namely, that this is necessary. That is one of the reasons why the people of Wisconsin voted for me.

My distinguished colleague, the junior Senator from Texas [Mr. YARBOROUGH], has informed me that he, also, had this proposal as one of the planks of his campaign platform, when he ran for election in Texas. Mr. President, I am sure that if all the people of the Nation could speak their minds and could inform us of their views, they would agree that the best way to stop the recession is to put money to work—to put it to work in our free-enterprise system as much as possible, by means of making a tax cut.

Mr. President, I am astounded that those of us who make this proposal have

not received more support this afternoon from Senators on the other side of the aisle, inasmuch as, generally speaking, they are said to be the ones who favor the making of tax cuts.

I am very proud that on this issue we have the support of the distinguished junior Senator from Texas [Mr. YARBOROUGH].

Mr. President, I yield back the remainder of the time available to me.

Mr. LANGER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. LANGER. Mr. President, would the Senator from Wisconsin be willing to have printed in the RECORD all the other planks of his platform when he ran for election in Wisconsin?

Mr. PROXMIRE. I would be delighted to do so.

Mr. YARBOROUGH. Mr. President, I believe the Senate has benefited as a result of the comments made by the distinguished junior Senator from Wisconsin.

Mr. President, I note that the great tide of Democratic victory in 1957—which the able junior Senator from Wisconsin led into the Senate Chamber—was predicated upon the promise of a tax cut which, this time, would go to the people. As has been pointed out, a tax cut was made in 1954, but approximately 75 percent of it went to the corporations. All but 9 percent of the benefit of that tax cut—in other words, 91 percent of its benefit—went to those in the higher income-tax brackets. Only 9 percent of the benefit of the tax cut which was voted in 1954 went to the people in the middle income-tax brackets and to the people in the lower income-tax brackets. But the people in the lower and middle income-tax brackets constitute 95 percent, or over 40 million of the 42,600,000 persons who file taxable returns.

Now is the time for the people of the country to receive the benefits which will come from a tax cut.

Mr. President, it is said that this is not the right time and this is not the right place to make a tax cut. Mr. President, when justice is to be done, all seasons are summer and all places are temples.

This is no longer a matter of abstract justice. It is a matter of economics—not only to the individual, not only to the millions of Americans who today suffer from unemployment, but also to the Government itself, for by means of this tax cut, the sources from which the Government expects to obtain the needed additional revenue will be developed, and in that way the Government will be able to increase its expenditures for defense, for roads, and for the other things required by an expanding economy.

Mr. President, of the 42,600,000 taxpayers who filed taxable returns, 28,151,000 have incomes of less than $5,000 a year, and 12 million more have incomes in the $5,000 to $10,000 bracket. So those 28,151,000 and those 12 million would be the ones who would obtain most of the additional purchasing power, and would plow it back into the economy.

Mr. President, I yield back the remainder of time available to me.

EXTENSION OF DURATION OF UNEMPLOYMENT COMPENSATION

Mr. CASE of New Jersey. Mr. President, on Monday of this week, March 10, I introduced, on behalf of myself and seven of my colleagues, Senate bill 3446, to provide for the extension of the duration of unemployment compensation payable under State laws and for Federal payments to finance such extended unemployment compensation. The bill would apply for the remainder of the year 1958.

Mr. President, I urge that that course be followed immediately by the Congress.

I have spoken to the chairman of the Finance Committee, the distinguished Senator from Virginia [Mr. BYRD]. With his invariable courtesy and consideration, he has assured me that the question of taking up the bill will be brought before the committee at its next meeting. Of course he did not make any commitment regarding his position or regarding the action the committee might take.

Mr. President, I rise to urge that the passage of this bill be made, not a matter of second, third, or fourth priority, but a matter of first priority. I urge that action be taken on the bill, not next month or the following month, or the months thereafter, but at once.

Mr. President, this bill should have priority over tax-cut measures and over measures providing for expenditures for public works and over all other measures which may be suggested—many of which are indeed worthy. But we are confronted with the necessity of keeping the American people at work; keeping jobs available to them; keeping them off relief; keeping their children with food in their mouths and clothes on their backs; keeping their families from deteriorating under the corrosive and searing fire this country knew not only in 1928 and 1929, but throughout the thirties, and that situation was not alleviated until World War II brought the country again into a state of economic prosperity.

Mr. President, we have it within our power, by means of the taking of action by the Senate and the House of Representatives, in the course of a day or two to lift the burden of insecurity from families, who, unless the situation changes quickly, will, by the hundreds of thousands, be facing the end of their unemployment compensation payments.

Mr. JAVITS. Mr. President, will the Senator from New Jersey yield to me?

Mr. CASE of New Jersey. I yield.

Mr. JAVITS. Mr. President, I had the honor of joining the Senator from New Jersey in the sponsorship of the bill.

Mr. President, we have been "piling on a lot of coal," calling for action which may help beat the recession. But, Mr. President, so far we have not been "piling on a lot of coal" in a call for action indispensable to meeting the human needs of those who have been hurt by the recession.

Last night I heard the Senator from Rhode Island ask why we should refrain from doing something which would, 2 months earlier, solve the recession. The answer is that if what we did turned out not to be unsuccessful, we would then have shot our bolt, but we would have gotten nothing for it, and in the process we would be that much worse off 2 months hence.

However, there is no such imperfection in the case of this bill.

The Senator from New Jersey and I and our colleagues who have joined us in the sponsorship of the bill are urging that while Congress "piles on coal" in an endeavor to take action in this recession, it takes action also in the interest of those who need immediate relief.

Mr. President, in my State alone there are about 20,000 persons whose unemployment benefits are rapidly disappearing. Certainly they need assistance now. I hope the Senate will make as much speed in doing that as in doing many other things which are not nearly so well directed at the target.

Mr. COOPER. Mr. President, will the Senator from New Jersey yield to me?

Mr. CASE of New Jersey. I yield.

Mr. COOPER. Mr. President, I had the honor and the opportunity to join the junior Senator from New Jersey [Mr. CASE] in the introduction of the bill to which he has referred.

It is true that for the last 2 or 3 weeks, almost every word spoken in this Chamber has related to the recession.

All kinds of plans have been announced. Many bills have been introduced. A great many of them are grandiose in character. A great many of them offer plans which could not be immediately effective.

The situation which the junior Senator from New Jersey is discussing is an immediate need. It is the need of insured workers, now unemployed, whose insurance is exhausted.

I received a telegram from the Commissioner of Economic Security of Kentucky, supplying information that the number of those who are now receiving unemployment compensation in my State is increasing every week. While it is not known what the number is of persons whose unemployment insurance is exhausted, it is certainly many.

The bill which the junior Senator from New Jersey has introduced, in which a number of us have joined, would go to the first problem faced by a person whose unemployment insurance is exhausted.

There are very few measures the effect of which can be immediately felt. Many of the proposals being made cannot be carried into effect for months. Much is said about what should be done, but I think the proposal which the Senator from New Jersey makes can become effectively accomplished. It is human. It directs itself to an immediate need. If the Senate and the House of Representatives wish to do something, this is the first area in which they should act.

Mr. CASE of New Jersey. I thank the Senator. As for myself, I favor permanent legislative action upon the question of unemployment compensation and the fixing of uniform standards of benefits throughout the Nation. I think action on such legislation should

be taken. Such a measure will raise many difficulties, and perhaps be impossible of passage by Congress. So before action on such a proposal is taken, there is no question that we should this year immediately take care of those whose benefits under State law are expiring.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. I enthusiastically support the position taken by the distinguished junior Senator from New Jersey, and I congratulate him for having made the proposal. It is very appropriate and significant that he has seized the opportunity, under the circumstances at this particular time, when there is pressure upon some of us to get away, to bring to the attention of the Senate something that cannot wait another day or so. The fact is there are people out of work whose unemployment compensation benefits are running out. The Senator from New Jersey is moving to take action about it. I know there are literally thousands of people in Wisconsin who will say, "God bless you. Thank you." I shall do everything I can to help the Senator from New Jersey in his effort in this field.

Mr. CASE of New Jersey. I thank the Senator from Wisconsin.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield to the Senator from Vermont.

Mr. AIKEN. I wish to associate myself with the remarks of the Senator from New Jersey, because he is calling attention to a state of urgency, which is particularly true of the Northern States, in one of which I happen to live. Winter is lasting a long, long time. Those who were laid off last fall are going to find their compensation periods expiring. We still have several feet of snow left on the ground. While we would ordinarily expect to have outdoor work begin soon, it appears that is not going to be true this year. The snow may not be gone before the last part of April, or in May, in the Northern States, because of the unusually late spring which seems to be upon us.

I think we ought not to waste time talking about what we are going to do for these workers sometime in the future. The fact remains that if we do not take action pretty soon, many of them will be without funds for a period of several weeks. I should like, therefore, to join the Senator from New Jersey in urging immediate action that will take care of these persons for the rest of this year, and give us time to determine what we should do in the way of permanent legislation.

Mr. CASE of New Jersey. I thank the Senator from Vermont.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield to the Senator from Pennsylvania.

Mr. CLARK. I should like to commend the Senator from New Jersey for the fine position he has taken in giving the highest possible priority to the consideration of unemployment compensation legislation in this session of Congress. Every week, thousands and thousands of Pennsylvanians are finding their unemployment compensation payments exhausted. I know that is true in the country generally. I had the opportunity to say a few words on the subject before the Senate yesterday.

I happen to have cosponsored a bill introduced by the distinguished junior Senator from Massachusetts [Mr. KENNEDY], which would put into effect a permanent standard of unemployment compensation, and would also accomplish the payment of many additional weeks of unemployment compensation to those whose benefits had already expired.

Whether it is the bill of the Senator from New Jersey or the bill of the Senator from Massachusetts is not nearly so important as that prompt action be taken to obtain some unemployment compensation relief for unfortunate citizens who are no longer able to obtain such benefits.

It is my understanding a bill on the subject will be introduced in the other body soon. I hope it will come to the Senate and be referred to the committee. I hope both bodies will cooperate in obtaining, on the floors of both Houses, speedy action on unemployment compensation legislation, which I hope will be similar to the proposal of the Senator from Massachusetts [Mr. KENNEDY] whom I now see present in the Chamber, but which will at least bring immediate relief to unfortunate Americans who have been thrown out of work and whose unemployment compensation has expired.

Mr. CASE of New Jersey. I thank the Senator.

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

Mr. CASE of New Jersey. I yield to the Senator from Maine.

Mr. PAYNE. I wish to join in full support of the bill of the Senator from New Jersey, of which I happen to be a cosponsor. Likewise, I happen to be a cosponsor of the so-called Kennedy bill, because it is my opinion that we must look into the question on a long-range basis. However, the so-called Case bill contemplates prompt action, and does not put off until tomorrow something which must be taken care of immediately. So the Senator will have my full support in anything that it is possible to have done, not only to press for consideration of the measure by the committee, but also once the bill is reported to press action by the Senate itself.

Since it will be talked about later, I wish briefly to mention that we have heard a great deal lately about things which have not been done. Let me point out that the President of the United States and his administration sent to the Congress of the United States 3 years ago, a measure looking to the relief of areas which might be hit by an economic situation such as we are now facing. What happened to that proposed legislation? It was bottled up in committee for a long period of time, and then finally was considered on the floor of the Senate, in the closing hours of the 84th Congress, and passed with a crippling amendment, and it never even saw the light of day in the House, as it was known it would not.

In the early part of last year another similar measure was sent to the Congress for consideration, designed to take care of the same areas where economic distress might occur. What has happened to that bill? It landed in the Senate Banking and Currency Committee, of which I am a member, and has remained in the subcommittee of that particular committee all during the past year, and up to the present time, with no action.

The Senator from Illinois [Mr. DOUGLAS] introduced another bill along the same line. That bill is bottled up in the subcommittee.

A few days ago I introduced a compromise measure, in which my colleague the Senator from New Jersey and other Senators joined in cosponsorship. The bill would positively alleviate conditions in areas where a readjustment must take place, and where help is needed, and needed badly. The tools are there if we in the Congress will stop talking about it, take some action, and get on with the job that lies ahead. But we are not going to accomplish that with 1-hour, 2-hour, 3-hour, or 4-hour speeches in the Senate Chamber. We will be able to act on the matter in the committees, when we are sincere, earnest, and honest in our efforts, and then to report a bill to the Senate so that this body may be given a chance to vote it up or vote it down.

Senators should not say that the administration has not been alert to the problem, because the administration was alert to it 3 years ago, and gave the Congress a chance to do something about it.

I can assure Senators there will be something more said on this point, in the days ahead, unless we get action. The present occupant of the chair [Mr. CLARK in the chair] knows what I am speaking of, because he also has joined in the effort to see that something is done in this regard.

I thank my colleague for yielding to me.

Mr. CASE of New Jersey. Mr. President, I thank my colleague from Maine for his support of this measure, of which he is a cosponsor, as I am a cosponsor of the bill he has introduced with regard to distressed areas. Everything the Senator has said is important.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield now to the Senator from Michigan, who has been waiting for me to yield.

Mr. POTTER. Mr. President, I wish to join my colleague from New Jersey in asking for immediate action on proposed legislation to provide for the extension of duration of unemployment compensation. I happen to represent in part a State which probably has the highest percentage of unemployed of all the States of the Union. The percentage is in excess of 13 percent. Three hundred and fifty thousand members of the labor force are now unemployed.

Michigan was one of the first States to feel the effect of unemployment, and is feeling it even deeper at present. The prospects for recovery are not so great

in Michigan as they are in other States. Many of our unemployed have already exhausted their unemployment compensation benefits, and an increasing number are exhausting them every day.

I wish to join with the Senator in urging immediate action to help rectify the situation.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I appreciate the comments and support of my colleague from Michigan. It is a bitter distinction his State has achieved. My State shares it with him. I think considering the proportionate population of the State of New Jersey, the per capita figure shows the highest percentage of people whose unemployment compensation has expired. This is not a pleasant prospect to face. I hope very much that we shall be able to obtain prompt action on this measure, as I said earlier, since it is of the very highest priority.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield to my colleague from Indiana.

Mr. CAPEHART. I do not rise in opposition to the measure at all, but I rise to ask a question.

I believe the mechanics of the unemployment insurance funds are somewhat as follows: Each employer pays into a fund the sum of 2.7 percent of his payroll, which money comes to Washington. The money is allocated back to the States, and the States control the money. The States determine the amount to be paid per week in compensation, and the number of weeks of compensation to be allowed.

Each State, I believe, has on deposit or to its credit in Washington X amount of money in reserve. My question is, Why does not the State of Indiana, the State of New Jersey, or the State of Massachusetts pass a law to provide for the expenditure of a portion of the reserve which is being held in Washington? Is that not possibly the best way to approach the problem?

Let me say that the Federal Government no longer has control of the reserve fund. We may assume, perhaps, that Indiana has $40 million in reserve. The State of Indiana might well take $20 million of the fund and pay the unemployed persons compensation for a longer time—either pay them for more weeks or pay them a larger amount each week. Perhaps that is the best way to solve the problem. I do not know.

Mr. CASE of New Jersey. I share the Senator's belief that for the permanent program this should be a State-administered and State-controlled program, subject, however, to floors under benefits and a minimum duration period, along the general lines of the bill introduced by the Senator from Massachusetts, which I favor.

I am referring at present to an emergency period of time, and the provision of some Federal money for the insurance program. I believe that nobody, under existing State laws, should go without unemployment payments for this year. I say this because the States have not yet acted. Many of the States cannot act fast enough to accomplish what the Senator from Indiana suggests. Even in the States where the benefit payments are high and the duration long, there is special justice at this time in Federal intervention and Federal help.

The problem is the greatest in the States which, for the most part, are the most highly industrialized States, such as the Senator's State and my State, as well as other States. Generally we are referring to States whose citizens pay the highest proportion of Federal income taxes. Those are the States whose people must be encouraged, and where it is most desirable that something be done.

It is therefore most important to avoid increasing taxes this year on those businesses. That can be done. That is an indirect beneficial feature of the proposed legislation.

Mr. CAPEHART. My point is that the greater the population of the State, the more money it has in the reserve fund. Is there not some way the money being held in reserve could be used?

I do not know whether any Senator present in the Chamber knows the exact amount involved, but I believe the Senator will find it to be several hundred million dollars. That fund, in my opinion, is much greater than it needs to be. Is there not some way the money presently held in the fund for the purposes being discussed by the able Senator could be used?

Mr. CASE of New Jersey. I appreciate the Senator's suggestion. I do not by any means desire to give an answer now in the negative. It is my impression, however, it would be rather dangerous to rely very heavily on the reserve funds, because they have been calculated in most cases with very great care for the scale of benefits which have been paid under the existing law, and for the duration permitted.

Mr. CAPEHART. If the Senator will yield further I am not so certain that the Senator is correct in that respect. I know at the moment of one company which has been paying 2.7 percent of its payroll for years and years, but which has experienced no unemployment. It has had full employment for many years. I think the Senator will find that the reserve fund is very, very large.

If we can find some way of accomplishing it, I for one would be in favor of taking the proper amount—I do not know what the amount should be; but let us say 50 percent of the reserve fund—and paying it out for the purposes covered in the proposed legislation which has been introduced.

I only bring up the thought at the moment, so that we may explore the idea of the use of the reserve fund. If we should do that, then any additional taxation or any additional money would be required, because we would simply be using the money which has been previously paid in for the purpose.

Mr. CASE of New Jersey. I appreciate the Senator's suggestion. I believe it is one which the Committee on Finance should—and I am sure will—consider when the committee takes up the matter.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield to the Senator from Massachusetts.

Mr. KENNEDY. I should like to say to the Senator from Indiana that it is my recollection that in 1954 the unemployment compensation bill was passed providing for the redistribution to the States at that point. I do not think it was felt at that time that the reserves to which the Senator has addressed his attention should be held in a fund which would be available to States which had exhausted their benefits. Unfortunately, the views of some of us in that regard did not prevail, and the money was redistributed. I do not believe that those great reserves are now in existence.

Mr. CAPEHART. I believe the Senator will find that they are.

Mr. CASE of New Jersey. I thank the Senator from Massachusetts for his comments.

The PRESIDING OFFICER. Does the Senator from New Jersey desire to yield; and, if so, to whom?

Mr. CASE of New Jersey. Mr. President, I have yielded to the Senator from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. I thank the Senator. I believe his position and mine are in general agreement. An emergency situation faces us. Those who have exhausted their benefits should be given immediately, through the assistance of the Federal Government, supplementary benefits. Does the Senator's proposal call for 13 weeks of benefits?

Mr. CASE of New Jersey. My proposal provides for the remainder of the year, to give some assurance that the benefits will not run out. This will allow time to consider permanent legislation.

Mr. KENNEDY. Many of us on this side of the aisle, along with the Senator from Maine [Mr. PAYNE], have been interested in such proposed legislation. Recognizing the fact that the State legislatures are not in session in many States, we know it would be impossible for some States to change the minimum rates or to extend the period of time of duration of benefits. We therefore would provide in such legislation that benefits shall be paid to the unemployed in every State where the benefit funds of the State have been exhausted, whatever the duration, up to 39 weeks. Then by 1959 every State would have to provide benefits up to 39 weeks and apply the minimum standards of duration and amount to which the Senator has already referred.

What I am concerned about is that if the Senator's bill is passed during the period when our attention is focused on the subject, it will mean that in 1959 or 1960, when we shall be out of this period, the States will feel that there is no pressure upon them. States which have only a three-tenths, four-tenths, or five-tenths of 1 percent tax, will feel that there is no pressure on them, because the Federal Government will come forward and bail them out.

I think we should pass a double-barreled bill—first, to give Federal assistance to the unemployed up to 39 weeks, and second, to impose a compulsory standard on the States at the same time,

requiring them to provide 39 weeks within their own borders.

Mr. CASE of New Jersey. I appreciate the thought which the Senator has suggested. I agree that we should have permanent legislation as quickly as possible to raise the standard of benefits and the duration over which they should be paid. If we can do it fast, that is fine; but it may require a good deal of time to enact the Senator's bill. It may be difficult to attain the standard which he and I desire. Therefore, because this is an emergency which, in my State, and to a very large degree in the Senator's State and many other States, is immediately upon us, I think we should pass the measure to which I have referred, so as to provide assurance, without which hundreds of thousands of families will have a very hard time, and will have seared into their souls some of the bitterness which was seared into the souls of millions during the 1930's. This is a matter of the first priority.

Mr. KENNEDY. I think we are generally in agreement. We should be able to grasp the whole nettle, instead of grasping half of it. If we grasp only half of it, I think the other half will never be forthcoming. I think the two halves can be joined, by cooperation on both sides of the aisle.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield.

Mr. CAPEHART. I am not quarreling with the bill. I am simply raising the question why we do not use, for the desired purpose, the reserve funds which have already been paid in before calling for new funds, if that is possible.

Mr. CASE of New Jersey. The reserves have a very distinct purpose. They are being used under existing State plans, and according to State actuarial tables. In the past I have been somewhat wary of efforts which have been made to compel the use of those funds beyond the actuarial purposes for which they were created, because in a sense they are there not only for the payment of benefits on the present scale, but for the payment of additional benefits authorized by the various State legislatures.

When we impose a compulsory temporary obligation, I do not like the idea of requiring it to be paid out of resources which should be available to the States.

Mr. CAPEHART. Why not let the States do it?

Mr. CASE of New Jersey. The States have had a long time to come up to this standard, and they have not done so. Every State is in competition with every other State to keep taxes low and offer attractions to business. Unless we have a Federal standard, the various States will continue to have low wage rates and low taxes for the purpose of attracting business from the high wage and high tax areas.

Mr. CAPEHART. Every employer, regardless of the State in which he is located, pays 2.7 percent of his total payroll every week.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield.

Mr. JAVITS. In the State of New York we have a merit system, under which many people pay as little as 1 percent. Some pay 2.7 percent. We are increasing it to 3.2 percent. There are other States in which much less is paid.

Mr. CAPEHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Jersey yield; and if so, to whom?

Mr. CASE of New Jersey. I appreciate the enthusiasm and the buoyancy of the Senator from Indiana and his contribution to any debate. Sometimes it is a little difficult to get a word in edgewise, but that represents no loss when the comparison is made between his comments and mine.

There is a difference in taxes as between the various States. There is a difference in the amount of credit given to employers for experience. So the problem is not quite so easy as the Senator from Indiana suggests.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CASE of New Jersey. I yield.

Mr. AIKEN. I wonder whether requiring the expenditure of the reserve funds, as suggested by the Senator from Indiana, would not have about the same effect, and be about as sound, as requiring a bank to spend the reserve funds which it is required to have on hand according to law. Is there not a contract in regard to the use of these reserve funds, which we would be violating if we permitted them to be spent for the purpose indicated by the Senator from Indiana?

Mr. CASE of New Jersey. I believe the Senator from Vermont is correct.

Mr. President, I shall take no more time. I merely wish to emphasize once more that in my judgment this is a matter of the highest priority. It is a question which we must not dodge, and we must not delay consideration of it. I urge my colleagues, especially the chairman of the Committee on Finance [Mr. BYRD] and his colleagues on that committee, to give this subject that kind of attention.

Mr. President, I yield the floor.

FORMULA FOR TAXING OF LIFE-INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

Mr. ALLOTT. Mr. President, I hope we are about ready to vote on the pending bill. I cannot vote on it without first making a few remarks about some of the issues which have come up this afternoon.

First of all, so far as I am concerned, a great deal of the debate has been based upon emotionalism rather than common sense, and I must confess that I see in it a great deal of partisanship, rather than sound, objective thinking.

I opopse the amendment offered by the Senator from Texas [Mr. YARBOROUGH] because I believe it is neither a liberal nor a conservative proposal. It seems to me to be a political proposal, which will last until just before the election next fall.

With respect to the proposal offered by the junior Senator from New Jersey [Mr. CASE] and discussed by the Senator from Maine [Mr. PAYNE], I wish to say that I am in full accord with it and that it is my sincere hope that the Committee on Finance will immediately consider ways and means of trying to implement the extension of the unemployment compensation laws, because already complete machinery standards and criteria have been provided with which to take care of the people immediately.

The income tax exemption now proposed is a farce, because it will only take effect over a period of a year. If the real purpose is to give our economy a real stimulus, then certainly the proposal for the extension of unemployment compensation, advanced by the administration and advocated by many Senators, should be adopted.

I am happy to say that the whole world is not as cracked in its thinking as some persons in Washington. I have in my hand two editorials from my own State, the first of which is an editorial from the Boulder Daily Camera, entitled "The Only Thing We Have To Fear." It is a very sound, down-to-earth discussion of our present economic situation, which I recommend to all my colleagues who cannot quite get their feet down to the floor.

The second editorial is from the Rocky Mountain News, and is entitled "Trigger-Happy Politicians."

It points out that the picture in this country is not all black. It shows that in the 17 commercial banks in Denver, the total money on deposit is $910 million, an increase of more than $31 million over a year ago, and almost $59 million over the 1956 spring total. Whether we have approximately 4 or 5 percent unemployed, as we have in Colorado, or the 10 to 12 percent that some people have talked about, to the man who is unemployed, it is relatively immaterial. He is out of work, and he needs money. The soup line is the last way in which to take care of him. I believe we must consider all the factors in our economy. We must consider that both the defense budget and defense spending are going up rapidly. We must consider that we are facing or are going to face an acceleration of many of our present domestic programs. With all of that, I do not believe we can shirk the essential financial responsibility for the integrity of our Government. We cannot throw away millions in revenue and vote millions in appropriations and expect to maintain the responsibility we were sent here to discharge. At least, this is what I feel the people of Colorado sent me here to do. In any event, we will probably, this year, face a deficit because of the additional spending which is taking place in the defense area, even if we had not had a recession, or whatever one may choose to call it.

To me, this is a time for clear, unstampeded, nonpolitical objective thinking.

I recommend to my colleagues these two very thoughtful editorials which were published in the two newspapers, coming, as they do, from people having different points of view, but being of the same general tenor. I ask unanimous consent that they be printed in the RECORD at this point in my remarks.

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

[From the Rocky Mountain News, Denver, Colo., of March 12, 1958]

TRIGGER-HAPPY POLITICIANS

Over the last weekend a rash of cures for the so-called recession broke out in Washington—all inspired by politicians if not by simple politics.

This is an election year.

If all the alleged panaceas which have hit the Washington news datelines were laid end to end, they would cost the Government $8 billion, $10 billion—who knows? Which might not be so bad if they worked. But they never do.

The economy of this country, praise be, is built of much more solid stuff than the largesse of politicians. Given its own way, the economy will work itself out of its slumps—it did in 1949. It did in 1954, when the Eisenhower administration refused to get stampeded into the kind of Government meddling which now seems to be carrying the day in Washington.

It is the old story of the patient getting up and leaving his bed while the doctors were arguing over what was the matter with him. They were still arguing the 1954 recession while the highest prosperity in our history was on its rise.

Thus far, at least, we have been fortunate here in Colorado that almost everybody has gone right ahead with business and let other areas talk and fret about getting into a recession.

Latest evidence of how good things continue here is the report of the city's 17 commercial banks—more money in the accounts of their customers for this people spending as opposed to Government spending.

The total is a healthy $910 million—an increase of more than $31 million over a year ago and almost $59 million over the 1956 spring total.

That's just one more indication that we don't have any recession and that we have no business trying to talk ourselves into one merely because some areas have been experiencing a leveling off from the highest peaks.

The production, employment, and other keys to the economy depend on the consumer. The consumer buys according to his needs or wants.

If his needs or wants are supplied, he slows down his spending temporarily. More needs and more wants will start him up again—providing he isn't scared off by election-jittery politicians or, more likely, priced out of the market by inflation.

The only antidote you hear in Washington is more spending—of the taxpayers' money. This leads along only one route—another rising round in the cost of living. And that can lead to only one result—another leveling off. The greater the inflation the harder the fall.

This is what the politicians are cooking up in Washington.

And it reminds of what a famous man said in a speech a few years ago:

"Let me point out again that politicians do not produce the goods of America. Political parties do not produce the wealth of America. The people do it, and the only thing the political parties have to give out is what they first take from you, the people."

The man was Gen. Dwight D. Eisenhower, in 1952.

[From the Boulder (Colo.) Daily Camera of March 7, 1958]

"THE ONLY THING WE HAVE TO FEAR——"

In this atomic age many things seem to work by chain reaction. One small blast sets off another, starting a string of explosions that lead up to and add up to something terrifying.

Our economy being pretty well tied together by mass communication, mass credit, mass distribution, and mass transportation, the stage is always set for a chain reaction. The hysteria of the Red witch hunts in recent years, the scandalous impact of race trouble in Little Rock, the panic and shock of the first Russian sputnik—these are examples of the contagious spread of ideas across the land.

So it is also with recessions. Key sectors of the economy experience a slowdown, and the whole country becomes apprehensive. The stock market flutters, and the people start hanging on to their money a little tighter. A major industry finds it has guessed wrong and has overproduced, men are laid off, and workers everywhere begin to fear for their jobs.

During the great depression of the 1930's, President Franklin D. Roosevelt said, "The only thing we have to fear is fear itself." That down-to-earth gem of personal and collective courage was just what the country needed to steer its thinking out of the horse latitudes of negativism and back into the channels of positive objectives.

If fear was our worst enemy then, it is our worst threat now. For fear is contagious, and the American public seems peculiarly susceptible to contagion.

After the stock market antics of last year, business fell into a state of apprehension. Statistics on sales, credit, living costs, production, and unemployment were mildly discouraging in general and somewhat serious in a few spots. But apprehension over the prospects of fall and early winter business seemed to spread to all corners of the land. Businessmen were dubious.

When the season ended, however, sales records generally were healthy, and while there was not much percentage gain over the previous year, sales compared favorably with the previous year's mark.

Things weren't as bad as had been feared.

It would be silly for us to close our eyes and tell ourselves there is no recession. But it is just as silly to imagine the present slowdown to be worse than it actually is—or to make it worse by negative thinking. If in prosperous times aggressiveness and positive action keeps business growing, surely in slower times the same qualities will help keep business healthy.

The trouble with too many Americans—businessmen and customers alike—is that the mere suggestion of a recession drives them into the storm cellar to stand by and see what happens.

But no matter how bad times have been in the past, there have always been a few courageous souls who have used their heads to successfully fight out the storm. We've all heard of businessmen who put their imagination to work to stimulate sales during the great depression—and made money. We've all heard of workers, put out of work by the great depression, who had enough self-reliance to get out and find something to do—sometimes even creating jobs for themselves.

In time of economic stress a little gumption and a little imagination can go a long way.

We note that several major manufacturers already have put their common sense to work to good advantage in the current recession by abolishing that enemy of free competition—the so-called fair-trade pricing scheme.

We note that some retail firms have backtracked to the days before the country boarded the gravy train and are thinking again in terms of old-fashioned competition. We note here and there that genuine bargains are being offered—not hot-air bargains—but real money-saving bargains that give the customer the feeling that once more he is being courted rather than endured.

We note that a great publishing firm recently bought full-page newspaper space to spread the message of the role of advertising in time of economic stress. McGraw-Hill Publishing Co. headed its ad: "The Year Advertising Helped Kill a Business Recession." The ad referred to 1954, when sales dropped 4 percent. But management increased its advertising expenditures 5 percent. As a direct result of the positive action of advertising, sales were stimulated and that recession turned out to be one of the mildest on record.

Let's take a look at one fact—a fact that ought to be shining brightly as a guide to business and consumers, but unfortunately a fact that has somehow gotten lost in the shadow cast by the cloud of economic fear.

This fact is that consumer cash reserves in this country are in the neighborhood of $225 billion.

Does this figure justify the current trend to reduce sales efforts? What kind of fear is it that can blind us to plainly evident economic opportunities, and drive us into the corners of the storm cellar waiting for something to happen?

Let's be sensible—yes. Let's not squander our hard-earned money. Let's not throw our cash away on ballyhoo.

But let's be courageously realistic, too. As consumers, let's not deprive ourselves of the things we need and want as long as we can afford them. As businessmen, let's not sit on our hands and fret because things have tightened up a little. When the businessman gets down in the mouth his customers naturally get wary. Gloom does not attract buyers. Optimism does.

The magazine Purchasing Week said in its latest issue: "When the upswing does come, it will probably start in one area, become contagious, spread to other key sectors. And based on historical evidence, it could be soon."

Contagion works both ways. The somber mood of a funeral is contagious. So is the mirth of a comedy show. And the same people react to both extremes—catch the "bugs" of gloom and laughter.

The Good Book says: "As a man thinketh in his heart, so is he." If we think we're whipped, we are—even before the struggle.

Mr. YARBOROUGH. Mr. President, we have just heard a remarkable statement which seemed to imply that the extension of unemployment compensation for another 13 weeks, to persons out of work, which would provide a modest fraction of their weekly wage, would be a measure to end the recession.

I am for the extension of unemployment compensation, as proposed by the distinguished senior Senator from New Jersey [Mr. CASE] and the distinguished Senator from Colorado [Mr. ALLOTT], but these meager payments will not end any unemployment; they are just to hold body and soul of an unemployed man together until he can find a job.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. ALLOTT. It does not take much mathematics to figure out that if a man

has a family of 4, and his exemption were increased $100, and he is on a 25-percent basis, which is a little high, although I will give him the benefit of the doubt, the total savings for the year would be $100.

If the $100 is spread over 52 weeks, that is no impact on the economy, and I cannot see how it helps the man materially.

But it really helps the man who is out of work and who has exhausted his unemployment compensation to have funds in his hands to take to the grocery store, to buy groceries, to pay the light bill, to buy coal, to keep himself off the soup line, or from begging, or something similar.

I do not say that this will end the recession. Many other factors are in the works. We shall have to watch carefully. But I say again this is no time to be stampeded.

When we talk about a tax cut at this time and talk about its curing the recession, we are talking politically; we are not talking sense or being objective.

Mr. LONG. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. LONG. I doubt that the amendment of the Senator from Texas will be agreed to today; but I assure him that if the present trend continues, there is no doubt that we shall be compelled to pass some sort of tax relief bill along the line the Senator is advocating today.

I do not know whether someone will call it politics, but I think it will be necessary to do something of that nature.

I think the Senator is premature with his amendment, but I know that he is, in good conscience, trying to provide some needed tax relief at a time when it is necessary to put additional money in circulation.

I deplore the suggestion, whenever someone calls for tax relief for the ordinary man, that he is playing politics. There have been bills for the relief of large corporations, which is what the pending bill is. I shall vote for it. But the bill provides relief to the amount of $125 million for the insurance companies of the Nation.

No one has charged the Committee on Finance with playing politics in reporting the bill. If the Senator from Texas wishes to offer his amendment, he has a right to do so. I hope no one will attempt to say it is politics because the Senator from Texas wants to make certain that the average workingman gets relief.

I hope that before this session of Congress is concluded, legislation along this line will be enacted.

Mr. YARBOROUGH. I thank the Senator from Louisiana for saying he hopes that no one will say this proposal is politics. It is wholly immaterial to me whether someone says it is politics. I do not fall for clichés. I am wholly unintimidated by the Madison Avenue approach to government. It is immaterial what terminology is used. This proposal is sound economics.

Mr. LONG. Coming from Louisiana, an adjoining State, I believe the Senator from Texas ran for office on the platform that he expected to fight and vote for an amendment such as the one he has offered. If that be politics, I say it is good politics—for a man to keep his word.

Mr. YARBOROUGH. I agree with the distinguished Senator from Colorado that an extension of 13 weeks of unemployment compensation to the unemployed is necessary. It is a small matter; a stopgap. It will not put a man back to work. It will help him for a short period of 13 weeks, when he has already used up all his unemployment insurance, because the recession has already gone on a long time. It will give him something to hold body and soul together. I am for it. But that is a minor matter compared with a tax cut or some other measure which will put people back to work and put money in the channels of commerce.

We find our colleagues on the other side of the aisle, when the economics, the logic, and the sound political science of a situation make a proposition unanswerable, using the old clichés they have used for 6 long years.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I will answer the Senator first; then I will yield to him. He says there is no sense in what I say. Let us see if there is. In 1954, when the Republican tax bill was before the Senate, the late distinguished chairman of the Committee on Finance, Senator George, offered an amendment to raise the personal exemption from $600 to $700. I do not think the distinguished Senator from Colorado would say that Senator George was a radical in any sense of the word or that his tax measures did not make sense. That proposal lost by a vote of 46 to 49. The Republican Party was successful in defeating it.

The 1954 tax cut was a corporation tax cut.

I say it is time now to extend a tax cut to the people, rather than to wait until later in the session, and then to have another big-business tax cut proposed by the Republicans.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. ALLOTT. The Senator asked a rhetorical question a few minutes ago. I recall to his mind that it was the junior Senator from Texas himself who was going back 25 years, going back to the 1930's, and trying to fight the election of 1932 all over again.

We used to have in law school a saying—at least, our professor told us it was a common saying—that if one did not have the facts on his side, to argue the law; that if he did not have the law on his side to argue the facts; and that if he did not have either the facts or the law on his side, to holler like the devil and beat the desk.

Let me say to the Senator——

Mr. YARBOROUGH. Go ahead.

Mr. ALLOTT. The Republicans are not trying to be anything but objective. This administration has been objective. I shall not come into the Chamber—I say this for myself, but I think I can say it for other Senators on this side of the aisle—and try to play politics at this crucial time, when I think it is most necessary for the people of the Nation to keep their feet on the ground and to keep their heads working logically instead of politically.

Mr. YARBOROUGH. I have been somewhat amazed to hear the distinguished Senator from Colorado speak as he has, when 6 million persons are walking the streets, with no sound grasp on a job, wearing bleak looks because there is no paycheck.

The leadership in the move to alleviate that suffering has come from this side of the aisle, whether it be in the initiation of a public works program as proposed by the distinguished majority leader, or a tax cut.

Some people call it politics; some call it Government; some call it political science. It matters not what it is called. A rose by any other name would smell as sweet. When a man is hungry, his stomach empty, his hopes fading, it is time for action, and I demand it. Yet some persons call that demand for action politics.

Mr. ALLOTT. Does the Senator think that $2 a week will give a large family much help?

Mr. YARBOROUGH. Senators on either side of the aisle ought to blow either hot or cold. They talk about beating the desk and raising the devil; that is what they are doing, because half of them are talking about our tax cut bankrupting the Government, and the other half are saying that to give $2 a week in a tax cut will not amount to anything.

Mr. ALLOTT and Mr. MANSFIELD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. YARBOROUGH. Mr. President, in a moment I shall yield to the Senator from Montana, and then to the Senator from Colorado.

Mr. President, I did not originate this idea, although I would have been glad to have had the honor of doing so. It was a plank in the national platform of the Democratic Party in 1956. It was endorsed by the entire Democratic Party. But it did not originate there, either. Senator George, of Georgia, tried to have this proposal written into the tax law in 1954, but he was unsuccessful in doing so. He proposed that the exemption be increased from $600 to $700. But the vote in this Chamber on that amendment was 46 yeas and 49 nays.

Certainly my colleagues on this side of the aisle have fought for this for years. We are proud that they have done so. My colleagues on this side of the aisle have a responsibility to do something about this tax cut, because we pledged it as a party. It is a Democratic measure.

Mr. President, at this time I yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I was going to call attention to the statement the Senator from Louisiana [Mr. LONG] made a few moments ago, namely, that in the campaign the junior Senator

from Texas advocated an increase from $600 to $800 in the exemption.

Furthermore, I believe the junior Senator from Wisconsin [Mr. PROXMIRE] campaigned on the same issue.

Is it not true that within the past week, the Vice President issued a press statement to the effect that he thought a tax reduction would be necessary within several weeks?

Mr. YARBOROUGH. Yes, so I understand.

Mr. MANSFIELD. Is it not also true that at the time when the Secretary of Labor met with the AFL-CIO delegation, he expressed the thought that a tax reduction should be forthcoming within a month?

Mr. YARBOROUGH. I believe he did.

Mr. MANSFIELD. Is it not also true that after the Secretary of Labor, Mr. Mitchell, made that statement, Mr. Jim Hagerty, who speaks for the President, cut Mr. Mitchell down to size, so to speak, by saying, "Well, let us wait and see."

In other words, we find that prominent persons in this administration have been talking about and advocating a tax cut. If it is politics for the Senator from Texas to make such a proposal, I say it is politics for them, too. Certainly what is fit for one is fit for the other.

Mr. YARBOROUGH. I thank the distinguished Senator from Montana.

Mr. President, I wish to ask a question: What is politics? It is an expression of the governmental ideals of the person who happens to be speaking at a given time.

For me, politics is good government. In my view of it—although I do not agree with everyone else on this subject—politics is nothing but the art of government, reduced to the everyday workings of government. It is the working part of political science; it is what helps the people make up their minds, and it is what results in writing measures into law.

Certainly the passage of any law is politics, but it is also political science. Whether a law is good or is evil is determined by its effect on the people and on the economy, and not because someone jumps up and says, "Oh, that is politics." Certainly that is no answer. Politics is applied political science.

Mr. ALLOTT. Mr. President, will the Senator from Texas yield to me?

Mr. YARBOROUGH. I yield.

Mr. ALLOTT. I shall be happy to join the Senator from Texas in requesting that the yeas and nays be ordered on the question of agreeing to the amendment.

Mr. YARBOROUGH. I thank the Senator from Colorado.

Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

On this question the yeas and nays have been demanded. Is there a sufficient second?

The yeas and nays were not ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I rise to a point of order: The Senator from Texas [Mr. YARBOROUGH] has the floor. He did not yield for the purpose of the suggestion of the absence of a quorum. Before the Senator from Massachusetts suggests the absence of a quorum, he must request the Senator from Texas to yield for that purpose. But that has not been done. Therefore, Mr. President, I raise the point of order.

Mr. SALTONSTALL. Mr. President, the vote on the amendment was about to be taken, so I suggested the absence of a quorum.

Mr. BUTLER. Mr. President, I rise to a parliamentary inquiry: After the Senator from Texas yielded to the Senator from Colorado, did not the Senator from Massachusetts have a right to suggest the absence of a quorum?

Mr. MANSFIELD. Mr. President, I rise to a point of order: The Senator from Texas yielded to the Senator from Colorado, and the Senator from Colorado said he would be happy to join the Senator from Texas in requesting the yeas and nays on the question of agreeing to the amendment of the Senator from Texas.

Then the Senator from Texas asked to have the yeas and nays ordered on the question of agreeing to his amendment. The Chair inquired whether there was a sufficient second, and announced that there was not a sufficient second. Then the Senator from Massachusetts suggested the absence of a quorum. But throughout that period of time the Senator from Texas held the floor; and he still has the floor.

The PRESIDING OFFICER. Let the Chair inquire whether the Senator from Texas desired to hold the floor.

Mr. YARBOROUGH. Mr. President, at this time I yield the floor.

Mr. SALTONSTALL. Mr. President, again I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested, and the clerk will resume the call of the roll.

The legislative clerk resumed the calling of the roll.

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

Mr. LANGER. I object.

The PRESIDING OFFICER. Objection being heard, the clerk will resume the call of the roll.

The legislative clerk resumed and concluded the call of the roll; and the following Senators answered to their names:

Aiken	Clark	Hayden
Allott	Cooper	Hickenlooper
Barrett	Cotton	Hill
Beall	Curtis	Hoblitzell
Bible	Dirksen	Hruska
Bricker	Douglas	Ives
Bridges	Dworshak	Jackson
Bush	Ellender	Javits
Butler	Ervin	Jenner
Byrd	Flanders	Johnson, Tex.
Capehart	Frear	Johnston, S. C.
Carlson	Fulbright	Kennedy
Carroll	Goldwater	Kerr
Case, N. J.	Gore	Knowland
Case, S. Dak.	Green	Kuchel
Langer	Murray	Smith, N. J.
Lausche	Neuberger	Sparkman
Long	Pastore	Stennis
Magnuson	Payne	Symington
Malone	Potter	Talmadge
Mansfield	Proxmire	Thurmond
Martin, Iowa	Purtell	Thye
Martin, Pa.	Robertson	Watkins
McClellan	Russell	Wiley
McNamara	Saltonstall	Williams
Monroney	Schoeppel	Yarborough
Morse	Scott	Young
Morton	Smathers	
Mundt	Smith, Maine	

Mr. MANSFIELD. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Missouri [Mr. HENNINGS], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

I further announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ] are absent on official business attending the funeral of the late Representative John J. Dempsey.

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business.

The Senator from West Virginia [Mr. REVERCOMB] is detained on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing——

Mr. YARBOROUGH. Mr. President, I yield to the distinguished senior Senator from Colorado [Mr. ALLOTT]. He desires to request the yeas and nays.

Mr. ALLOTT. May I inquire if the Senator from Texas is yielding the floor?

Mr. YARBOROUGH. I yield the floor.

Mr. ALLOTT. Mr. President, I ask for the yeas and nays on the amendment which is now pending.

The yeas and nays were ordered.

Mr. ALLOTT. Mr. President, there are one or two matters to which I should like to address myself briefly, before the vote is taken. In doing so, one of the things I should like to do, if I may, is to address a question to the distinguished chairman of the Finance Committee, the senior Senator from Virginia [Mr. BYRD], and that question is this: Were hearings held before the Finance Committee on the amendment now pending, or a similar one, this year?

Mr. BYRD. No hearings were held by the Finance Committee on the pending amendment.

Mr. ALLOTT. May I inquire if the amendment now pending before the Senate is a printed amendment?

Mr. BYRD. I assume it is.

The PRESIDING OFFICER. The Chair is advised that the pending amendment is the same as the text of S. 3411, but no amendment has been printed separately in the form of an amendment.

Mr. ALLOTT. I thank the Chair.

I desire to make perfectly clear what my own position in this question is. First, I do not believe such an amendment will offer any immediate relief or do any immediate good for the country. There may well come a time this year when we shall have to consider such legislation. The present unemployment

figures are already 30 days late. We are unable at this time to judge what the effects of the expanded governmental spending program will be.

We are unable to determine what are the prospects for increased reclamation projects, post-office buildings, and many of the other things this administration offers.

The proposal has not been considered by the Committee on Finance. I have confidence in the committee to consider these matters, which I think are of vital importance to the country. The committee has made no favorable recommendation, and because I believe it is an economic necessity at this time for them to make a recommendation, I think it would be premature in the extreme for us to take the proposed action. I oppose taking this action at this time. I want to make it very clear, on the other hand, that I support the proposition of the Senator from New Jersey [Mr. CASE].

I am willing to rest my remarks on this statement. I believe it will be for the good of the country if we do not take favorable action on the amendment at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. YARBOROUGH] for himself and other Senators. The yeas and nays have been ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

Aiken	Green	Mundt
Allott	Hayden	Murray
Barrett	Hickenlooper	Neuberger
Beall	Hill	Pastore
Bible	Hoblitzell	Payne
Bricker	Hruska	Potter
Bridges	Ives	Proxmire
Bush	Jackson	Purtell
Butler	Javits	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Schoeppel
Carroll	Kennedy	Scott
Case, N. J.	Kerr	Smathers
Case, S. Dak.	Knowland	Smith, Maine
Clark	Kuchel	Smith, N. J.
Cooper	Langer	Sparkman
Cotton	Lausche	Stennis
Curtis	Long	Symington
Dirksen	Magnuson	Talmadge
Douglas	Malone	Thurmond
Dworshak	Mansfield	Thye
Ellender	Martin, Iowa	Watkins
Ervin	Martin, Pa.	Wiley
Flanders	McClellan	Williams
Frear	McNamara	Yarborough
Fulbright	Monroney	Young
Goldwater	Morse	
Gore	Morton	

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. YARBOROUGH] for himself and other Senators.

Mr. NEUBERGER. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senate will be in order. Members will kindly take their seats. The Senator from Oregon is recognized.

Mr. NEUBERGER. Mr. President, I desire to state briefly why I am going to oppose the amendment of the able Senator from Texas.

I believe the amendment has great merit. I believe the amendment has great validity. Yet, Mr. President, I believe a responsible approach to fiscal considerations compels me to oppose the amendment.

During the past 2 days I have been the successful sponsor in the Senate Subcommittee on Public Roads of the Committee on Public Works of very substantial additional funds which will be of great benefit to my State. For example, I urged that the authorization for forest access roads be increased from $27 million to $34 million, and I urged that the authorization for forest highways be increased from $30 million to $36 million. These efforts on my part were, fortunately, successful.

Along with the able junior Senator from Idaho, I urged that at least an additional $4 million be provided for the great Lewis and Clark Tourway down the Lochsa River through the Bitterroot Mountain Range, which will cut off 100 miles of the driving distance between Portland, Oreg., where my home is located, and Missoula, Mont.

I have led the effort in the Indian Affairs Subcommittee to favorably report our Klamath Indian bill, which may cost up to $150 million, and I was successful this week in having reported from the Subcommittee on Public Lands my bill for the Fort Clatsop National Memorial Shrine, which will cost the Government some $266,000.

I have been urging the authorization of additional funds for the construction of the great John Day power, navigation, and flood-control project on the upper Columbia River.

I have been urging the authorization of further funds for the deepening of the upstream navigation channel on the Columbia River between Vancouver and The Dalles; for Green Peter Dam on the Santiam River, and for Hills Creek and Cougar Dams on the upper Willamette River.

In addition, I was successful in obtaining a grant approved in principle by the National Institutes of Health for $1,250,000 matching funds to the University of Oregon Medical School for a medical research center building at Portland. I am pleased that the great National Institutes of Health have ratified and approved this merited Oregon grant in principle.

There are so many public-works projects which we in the Pacific Northwest have been urging upon Congress and the administration that if I were to enumerate them all here today I would trespass unduly upon the time of my colleagues, far into the evening.

I do not believe that Senators should, on the one hand, urge all kinds of Federal expenditures, and on the other hand, vote for very large tax reductions, which would reduce the revenue of the Government. I can understand Senators who say, "I am going to support an extensive tax cut, and in order to make the tax cut valid, reasonable, and logical, I am going to be against any additional Federal spending." But I do not wholly understand Senators who say, "I favor, on the one hand, very large tax cuts, and on the other hand, a great increase in Federal spending." I do not believe that is possible. I do not believe the American people think that is possible, unless we so devaluate and cheapen the worth of the dollar that they spend at the Safeway stores for food far more than they ever gain in tax reductions.

As a Senator who has tried to take the leadership in increased expenditures for Federal public works which I believe will be of great benefit for my State and region, and as a Senator who has tried to take the leadership in increased authorizations for roads in our national forests which would make possible a far larger allowable cut in the lumber industry, which is Oregon's No. 1 source of employment, I do not see how I can advocate such increased expenditures and, at the same time, go along with a very large reduction in the revenues of the Federal Government.

It seems to me that the two positions are mutually inconsistent, and that I would be validly subject to the criticism of inconsistency and hypocrisy if I were to advocate them.

Therefore, I must regretfully vote against the amendment offered by my good friends from Texas and Wisconsin. I wished to state my reasons briefly on the floor for taking that position.

Mr. CAPEHART. Mr. President, there are a number of bills pending to pay additional unemployment compensation. It has been suggested, I believe, by the President of the United States.

This afternoon I made the suggestion that the additional unemployment compensation should be paid out of the reserve funds now in existence for that purpose. I refer to the reserve funds under the unemployment insurance program.

I now have figures from the administration. There is in the reserve fund $8 billion plus. That $8 billion plus belongs to the 48 States and the Territory of Alaska.

In addition, $200 million is being held by the Treasury for the purpose of lending money to the States which might exhaust the funds they have for this purpose. So far, no States have borrowed money from that fund. The Territory of Alaska has borrowed.

I rise to give these figures only to show that I think I am on sound ground when I suggest that if we are to increase unemployment-compensation payments we should take the money out of the reserve fund. I am not opposed to the suggested amounts, or the number of weeks' coverage. My suggestion is that we find some way to use the money in the reserve fund, which is now in the form of United States Government bonds, which would reduce the debt if they were to be used.

I thought the Senate should have the information that there is approximately $8 billion in that fund. I understand that the largest single portion of the fund is for New York State, which has $1,300,000,000 to its credit. So we might well use 20, 30, or 40 percent of the $8 billion for the purpose of increasing unemployment compensation. I insist that it ought to come from the reserve fund. We ought to find some way, by legislation, to use that money. At the moment I do not know how.

Mr. KERR. Mr. President, much as I regret to do so, I shall be compelled to vote against the pending amendment.

To begin with, it would cost the Treasury at the rate of $5,200 million a year. If it were in effect for the time I believe it would be in effect, as I read the amendment, it would cost the Treasury approximately $4 billion for the calendar year 1958.

I believe that when we reach the point where it will be possible, under the fiscal condition of our Government, to make a tax reduction, the first reduction should be in the form of an increase in the personal and dependency exemptions, or a tax credit calculated to achieve approximately the same purpose, but with this difference: An increase in the exemption of $200 would be disproportionate in the case of a large percentage of taxpayers—in fact, the great majority of them—because the tax benefit would be proportionately greater in their case.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. CASE of South Dakota. When the distinguished Senator started his remarks there was a little confusion in this area, and it was impossible for me to catch accurately the figures which he mentioned. I understood him to say that the cost to the Treasury of the pending amendment would be in the neighborhood of $5 billion.

Mr. KERR. The annual rate would be approximately that sum; but, as I understand the amendment, withholding would become effective after enactment, and the best calculation as to when it would become effective if attached to this bill as an amendment shows that the cost for this calendar year would be $3,900 million, or practically $4 billion.

Mr. CASE of South Dakota. Roughly, $4 billion for the remainder of the calendar year.

Mr. KERR. Yes.

Mr. CASE of South Dakota. And $5 billion plus for a full year?

Mr. KERR. Yes.

Mr. CASE of South Dakota. In other words, the impact on the Treasury would just about cancel out the room which we gave the Treasury a few days ago by raising the debt ceiling $5 billion.

Mr. KERR. The Senator is correct.

Mr. CASE of South Dakota. Would the adoption of this amendment mean that tomorrow we would have to increase the debt ceiling again?

Mr. KERR. It would mean either that we would have to abandon what I believe Senators had in mind doing when we increased the debt ceiling by the $5 billion additional leeway, or, to make the amendment workable and effective, we would have to increase the debt limit again in an amount sufficient to take care of the deficit or decrease in revenue which would be caused by the enactment of this amendment.

Mr. CASE of South Dakota. I thank the Senator for his statement.

Mr. KERR. If an individual is in the 60-percent bracket, the amendment would mean that for a husband and wife and three children there would be an additional exemption of $1,000; and for a taxpayer in the 65-percent bracket there would be a tax credit of $650.

In the case of an individual in the 20-percent bracket, the additional $1,000 exemption would give a tax credit of $200. As the Senator from Oklahoma tried to make clear last night, he feels that the No. 1 necessity confronting the Congress, insofar as aiding and assisting our national economy is concerned, is to put more people to work.

Even if we added to the pending bill a credit of $20 for each exemption, which would cost less than half as much as the proposal now before the Senate would cost, it still would benefit the people who are paying taxes and the people who are employed and the people with incomes. The great present need, which I know is in the minds of the Senators sponsoring the amendment, is an upswing in the economy. That can come only from additional purchasing power, which can come mainly from the employment of the unemployed. Therefore I must oppose the amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. LONG. It seems to me that if we are to help the economy by means of the tax reduction, we should also think of those who are presently receiving welfare payments and are trying to get along on $25 or $30 a month. If we want people to spend more money, we should also include those who are retired under social security. The Senator could very well suggest that those who are not in possession of an income should also be considered.

Mr. KERR. The Senator is eminently correct. I cannot help but feel that the effective way to approach the recession confronting the Nation is to provide jobs for the unemployed, and purchasing power for those with reduced purchasing power.

What we sought to do in passing the joint resolution with reference to farm-price supports was to shore up and to stiffen the price supports, in order to improve the income and the purchasing power of the farm people.

The other front on which we must make the attack is that of providing jobs to the unemployed. To provide jobs for the unemployed by Government spending, we must spend money. We cannot do it by reducing taxes, especially at a time of economic recession. In my judgment it is not the wise approach to give an increased exemption to all taxpayers, so that those in the high brackets would get four times as much benefit as those in the low brackets, when those in the high brackets would not increase their spending even if we passed the bill, because their purchasing power has not been damaged by the recession. Nor would they increase their expenditures if we granted the exemption called for by the amendment. It would merely add to their already abundant purchasing power.

I must also oppose the adoption of the amendment for the reason that, in my judgment, if it were attached to the pending bill, it could not become a law. It might result in killing the bill. That might be the purpose some Senators have in mind in supporting it. I do not know. I would not be in a position to say. It is the opinion of anyone who makes a careful and accurate analysis of the bill that adding an amendment of this kind would be of no benefit to those whom the amendment is intended to help, because they would not be helped. It could not become the law as a part of the pending bill. Instead of the bill becoming the vehicle whereby the proposed benefit could be made available to those for whom it is intended, it would actually become the burden whereby the vehicle would collapse, the vehicle would not reach its destination, and the benefit would never go to those for whom the amendment is evidently intended, and worthily so.

Therefore, it seems to me that it would be wise to reject the amendment.

Mr. YARBOROUGH. Mr. President, I desire to take only about 2 minutes, in order to answer the argument of the distinguished junior Senator from Oregon [Mr. NEUBERGER] that the amendment is in conflict with the proposal for public works and public improvements. I should like to call to the attention of the Senate that the proposed reduction would expire on December 31 of this year. It is intended to be in effect for only 1 year.

We know we cannot get under way immediately the great dams proposed by the majority leader and we cannot get the great public-works program and the great public-roads program. We cannot pour the concrete until January. My amendment would let money flow into the channels of trade before January. If the amendment were adopted and the bill passed this month 10 days before the 1st of April, it would become operative in April. The amount withheld would become smaller and the saving would be spent in retail stores.

I call attention to the fact that of the 42,633,000 persons who file income-tax returns, 40,506,000, or a total of 95 percent, would receive most of the benefits. The amendment would put that money into the pockets of people all over the country. That is its prime purpose. Of all the measures pending in Congress, this amendment would be the one that would prime the pump the best and the quickest, and would make it possible to create jobs for the 5 million unemployed.

Mr. SMATHERS. Mr. President, I desire to take only a few minutes of the Senate's time to state the reasons why I propose to vote against the amendment, although I am, of course, sympathetic with the purpose of the amendment, and the goal which is sought to be achieved. All of us agree that unemployment is increasing every week and that new business starts are way down; likewise, I am sure all of us would agree, when we look at the record, that bank deposits are very high, that the individual income of those people who are working is as high as it was last year and in recent years. We see that the number of bank accounts is also increasing. The only conclusion we can arrive at is that the people who are working have money but they are afraid to spend it, they are uncertain about the future. Why are

they uncertain? It is because they have lost confidence in the future.

If we adopt the pending proposal before it has been presented to our Finance Committee, without having any testimony on it from the Treasury Department—and certainly the Secretary of the Treasury has some responsibility in this matter—we would follow an unwise course. Whether we are Democrats or Republicans, we certainly must agree that the men who administer our fiscal affairs should be heard from on this important financial matter.

Therefore if we rush it through and adopt a $5½ billion bill in the space of a few hours, without hearings and without one word of testimony before the Committee on Finance I believe we would wind up in having the people of this Nation lose confidence in the United States Senate. The Senate has been called, and I am sure it is, the world's greatest deliberative body. However, we have not been very deliberative or considerate of this measure, We do not want the people of the country to lose confidence in their Government to intelligently and judiciously meet the problems that confront us. Surely we would be guilty of hasty and ill-considered action. Furthermore I would say, as the able Senator from Oklahoma [Mr. KERR] has already said, that I doubt the wisdom of taking the step that is proposed here this afternoon on this bill. It may be that in a few weeks, or perhaps even in a few days, we will decide that the recession has become so bad that we should proceed in a proper way to do something about it. However there are normal procedures that should be followed and they can be followed with expedition. I for one cannot support this amendment because we have not been responsible, because we have not been deliberate, and because it involves too much money and is too far reaching to act on it in an ill-considered fashion as we are now doing.

Mr. MUNDT. Mr. President, I wish to take only a few minutes of the time of the Senate. I should like to congratulate the junior Senator from Florida on the soundness and persuasiveness of his argument. I associate myself fully with what he has said. I suspect that all Senators would be very happy if we could maintain fiscal responsibility and at the same time reduce taxes for all our constituents, and increase the personal exemptions. There is a great deal of appeal in it, and it may come to pass. I believe when it does come it should come after careful consideration by a committee and its wise staff and in conjunction with an overall tax bill.

I should like to add, as the junior Senator from Florida has said, that not only would the adoption of the amendment today very understandably and rightfully tend to shatter the confidence of the people in our Senate and in our fiscal policy, but it would inevitably trigger an inflationary spiral, because it would amount to a tax cut paid out of borrowed money. While it is proposed to help people with smaller incomes, it is the kind of tax reduction under which the people with smaller incomes would get hurt first and get hurt most through uncontrolled inflation, because the people with substantial incomes can always run to the cyclone cellars, by finding ways in which to protect themselves when inflation comes.

They have investments in the markets. They have real estate. They are able to move around with the capacity of considerable financial resources to protect themselves against inflation.

But the fellows who have small amounts of money, those whom an amendment of this kind is designed to help the most, are the greatest victims of uncontrolled inflation. They have no place to move. They are working with a small budget. They cannot increase their income. They cannot protect themselves.

It seems to me that in the long run by adopting this amendment now, we would be doing a great injury to the people having smaller incomes. By capricious action of the Senate, we would be throwing fiscal responsibility to the wind by adopting an amendment of this type when offered on the floor of the Senate by a Senator acting without prior committee approval.

Mr. BYRD. Mr. President, I regard this as an extremely important amendment. I have been in the Senate 25 years. I do not believe I recall an amendment of this great importance, affecting the financial conditions of the country, being adopted on the floor without its first having had committee consideration.

The amendment will necessitate the changing of the withholding tax forms within a period of 2 weeks. Every employer throughout the country would be required to obtain new forms by April 1, in order to operate within the amendment, because the amendment provides for 9 months of deduction of taxes in accordance with the increased exemptions.

I have prepared a few figures which I think the Senate should consider concerning the effect of the amendment.

On a 1-year basis, on a thousand dollars of taxable income, there would be a saving of $40, while a man who has $100,000 income would save $174. The man who has a $100,000 income would save, in order to relieve the recession, or whatever it may be, $174.

A married couple having no dependents, and having a $2,000 taxable income, would receive $80. A married couple having $100,000 income would save $288.

A married couple with two dependents, and having $10,000 income, would save $160. With a $100,000 income, the saving would be $576.

I point this out to show the complexity of the tax laws. The amendment does not apply to the so-called lower salaried income groups entirely; it also applies to the higher brackets.

I hope the Senate will not take action of this kind in such hasty fashion as this. This kind of proposal should go through the regular process of the Committee on Ways and Means of the House and then come to the Senate Committee on Finance. Let that committee examine such a bill and, in due course, report it to the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. YARBOROUGH] for himself and other Senators. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Missouri [Mr. HENNINGS], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Mississippi would vote "nay."

The Senator from Florida [Mr. HOLLAND] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Florida would vote "nay" and the Senator from Minnesota would vote "yea."

The Senator from Wyoming [Mr. O'MAHONEY] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Georgia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business, and if present and voting, he would vote "nay."

The Senator from Arizona [Mr. GOLDWATER] and the Senator from West Virginia [Mr. REVERCOMB] are detained on official business. If present and voting, the Senator from Arizona [Mr. GOLDWATER] would vote "nay."

The result was announced—yeas 19, nays 64, as follows:

YEAS—19

Carroll	Langer	Pastore
Douglas	Long	Proxmire
Gore	Magnuson	Scott
Green	Mansfield	Sparkman
Hill	McNamara	Yarborough
Jackson	Morse	
Johnston, S. C.	Murray	

NAYS—64

Aiken	Flanders	Mundt
Allott	Frear	Neuberger
Barrett	Fulbright	Payne
Beall	Hayden	Potter
Bible	Hickenlooper	Purtell
Bricker	Hoblitzell	Robertson
Bridges	Hruska	Saltonstall
Bush	Ives	Schoeppel
Butler	Javits	Smathers
Byrd	Jenner	Smith, Maine
Capehart	Johnson, Tex.	Smith, N. J.
Carlson	Kennedy	Stennis
Case, N. J.	Kerr	Symington
Case, S. Dak.	Knowland	Talmadge
Clark	Kuchel	Thurmond
Cooper	Lausche	Thye
Cotton	Malone	Watkins
Curtis	Martin, Iowa	Wiley
Dirksen	Martin, Pa.	Williams
Dworshak	McClellan	Young
Ellender	Monroney	
Ervin	Morton	

NOT VOTING—13

Anderson	Goldwater	O'Mahoney
Bennett	Hennings	Revercomb
Chavez	Holland	Russell
Church	Humphrey	
Eastland	Kefauver	

So the amendment offered by Mr. YARBOROUGH, for himself and other Senators, was rejected.

The PRESIDING OFFICER (Mr. CLARK in the chair). The bill is still open to amendment.

The LEGISLATIVE CLERK. A bill (H. R. 10021) to provide that the 1955 formula for taxing income of life insurance companies shall also apply to taxable years beginning in 1957.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. When a yea-and-nay vote is in process, is it in order for a Senator to request unanimous consent that there be a 2-minute recess, in case some Senator has difficulty arriving in the Chamber in time?

The PRESIDING OFFICER. The Chair will confer with the Parliamentarian.

The Chair is advised that a unanimous-consent request is in order at any time.

The bill is still open to amendment.

If there be no further amendment to be proposed, the question is on the third reading of the bill.

Mr. KNOWLAND. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. It is my understanding that the bill already has been read the third time.

The PRESIDING OFFICER. It is the understanding of the Chair that the clerk read the bill the third time without having been requested by the Chair to do so. The Chair now makes the request retroactively.

Mr. KNOWLAND. On the third reading?

The PRESIDING OFFICER. Yes; on the third reading.

Mr. WILLIAMS obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Delaware yield to me, to permit me to propound a parliamentary inquiry?

Mr. WILLIAMS. Certainly.

Mr. JOHNSON of Texas. Mr. President, a moment ago I understood the Chair to say that a unanimous-consent request is in order at any time.

In view of an error the majority leader made last evening, and in view of a commitment which he had made, but did not keep, he would like to read to the Senate rule XII, or at least the portion of it on which he bases his parliamentary inquiry:

> And no Senator shall be permitted to vote after the decision shall have been announced by the Presiding Officer, but may for sufficient reasons, with unanimous consent, change or withdraw his vote.

Last evening, Mr. President, when I was attempting to obtain a unanimous-consent agreement, my friend, the Senator from Illinois [Mr. DOUGLAS] asked that the time required for quorum calls not be charged to the time available under the agreement. I explained that a quorum call could be had before the vote was taken, without having the time required for the quorum call charged to the time available under the unanimous-consent agreement. I added that there would be a quorum call before the vote was taken.

Then I was called from the Chamber. I returned to the Chamber just before the vote was taken. But the absence of a quorum was not suggested. As a result, one of my colleagues—who had relied on my assurance that there would be a quorum call, and who relied upon my commitment that there would be a quorum call—did not reach the Chamber until 2, 3, 4, or 5 minutes after the result had been announced.

I informed him that my understanding of rule XII was that under no circumstances could his name be added to the roll.

I now ask the Chair whether, by means of a request for unanimous consent, and if such consent is granted, in view of the error I made last evening, the name of a Senator may be added to that vote.

The PRESIDING OFFICER. The Chair has had his attention called by the Parliamentarian to the following sentence in rule XII:

> No motion to suspend this rule shall be in order, nor shall the Presiding Officer entertain any request to suspend it by unanimous consent.

That sentence immediately follows a clause which reads:

> No Senator shall be permitted to vote after the decision shall have been announced by the Presiding Officer.

The Chair is therefore reluctantly called upon to rule that a vote cannot be permitted by unanimous consent after the result has been announced.

Mr. JOHNSON of Texas. That was my understanding of the rule and my interpretation of the rule, and I have so stated in private conversations; but in light of the statements, I wanted to clarify it, and again express my regret and my apology to my colleagues for not suggesting the absence of a quorum.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Inasmuch as the matter is before the Senate, I wish to state I personally felt last night that those who were assured there would be a quorum call should have had an opportunity to have had a quorum call so they could get here. I had the cloakroom called every 5 minutes, to be sure I would be present to vote. I arrived a few minutes after the result was announced.

It seems to the Senator from Louisiana we should amend the rule so that, by unanimous consent, in a hardship situation, or when a Senator had been been assured he would be given notice in time to get here, he would be allowed to vote.

I recall instances when a Senator has been in his office and the buzzer was not working. The buzzer had broken down, and for that reason the Senator, who wanted to be in the Chamber in good conscience, was unable to be here.

It seems to me the rule should be amended so that, by unanimous consent, under certain situations, it would be possible for a Senator to be recorded, even though he arrived after the decision was announced.

I intend to submit a proposal for changing the rule, and shall try to get hearings on the proposal.

Mr. KNOWLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FREAR in the chair). The Senator from Delaware [Mr. WILLIAMS] has the floor. Does he yield?

Mr. LONG. Mr. President, my impression was I had the floor. I was speaking. I had obtained recognition from the Chair.

The PRESIDING OFFICER. The Chair believes the minutes will show that the Senator from Delaware had the floor and had yielded.

Mr. WILLIAMS. I had yielded to the Senator from Texas.

Mr. LONG. I believe the RECORD will show I requested recognition at the time the majority leader had spoken.

The PRESIDING OFFICER. The Chair rules the Senator from Delaware has the floor. To whom does the Senator from Delaware yield?

Mr. LONG. Mr. President, I ask that I may yield to the Senator from New Hampshire for a question.

Mr. WILLIAMS. Mr. President, I yield to the Senator from Louisiana for that purpose.

Mr. LONG. Mr. President, I ask unanimous consent that that may be done, without prejudicing the right of the Senator from Delaware to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BRIDGES. Mr. President, the Senator from New Hampshire, having great respect for the Senator from Louisiana, wants to differ with him very particularly and definitely, because the Senator from New Hampshire thinks that if the suggestion of the Senator from Louisiana were adopted, it would, perhaps, establish the worst precedent which could be set. It would mean any time there was a tie vote, Senators could be dragged into the Chamber. It would open up a whole vista of trouble. I certainly hope the Senator will not press for such a change in the rule, because, while it would be an accommodation to some Senators, I think it would cause much trouble.

Mr. LONG. My suggestion was that the privilege would be available only by unanimous consent.

Mr. BRIDGES. I understand, but I would not be in favor of such a rule even by unanimous consent.

Mr. KNOWLAND. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. KNOWLAND. I merely wish to reiterate and back up what the Senator from New Hampshire [Mr. BRIDGES] has said. I can think of no more dangerous precedent which could be established or a rule which would be more fraught with bad consequences for the Senate in the future than to open up the yeas and nays after a decision had been announced by the Chair.

I certainly hope, if the proposal is pursued and it goes to the Committee

on Rules and Administration, there will not be reported to the Senate a proposal changing the existing rule which prohibits such a practice, or, if it should be reported to the Senate, I hope the change will not be adopted. I think if that happened the Senate would find itself in a more confused situation than some of the parliamentary bodies of Europe find themselves in.

Mr. WILLIAMS. Mr. President——

Mr. KNOWLAND. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. WILLIAMS. I yield to the Senator from California.

Mr. KNOWLAND. I merely should like to inquire, for the information of all Senators, if the yeas and nays have been ordered on the passage of the bill.

The PRESIDING OFFICER. The yeas and nays have been ordered on the passage of the bill.

Mr. WILLIAMS. Mr. President, I am opposed to H. R. 10021, the purpose of which is to give a $124 million, or 30 percent, retroactive tax reduction to the life insurance companies of America.

Should Congress pass this measure, we shall be establishing a precedent by recognizing for the first time in the history of our country the legality or the propriety of a retroactive tax measure.

Prior to this time it has always been the firm position of the Senate Finance Committee to refuse to adopt any tax measure retroactive beyond the year in which legal and official notice had been given of such prospective tax change.

For instance, in 1949 it was discovered that this same group of life insurance companies, under the then existing law, had paid absolutely no taxes to the United States Government for the calendar years 1947 and 1948. In 1949 the House Ways and Means Committee considered legislation, the purpose of which was to correct this glaring loophole in the law, and they passed and sent to the Senate a bill retroactively establishing a new tax formula for these life insurance companies for the years 1947, 1948, and 1949.

When this bill came before the Senate Finance Committee, it emphatically rejected the retroactive features of that tax bill for the years 1947 and 1948 on the basis that it would violate the sound principle of retroactivity as firmly established in our tax code.

I desire to quote from the CONGRESSIONAL RECORD during that debate statements by the chairman of the committee, Senator George, and the ranking minority member, Senator Millikin. Both of these men on behalf of the Senate Finance Committee took a strong position, not in defense of the companies having escaped the payment of taxes for 1947 and 1948, but against the principle of retroactivity.

Furthermore, these same insurance companies who are today advocating that Congress give them a 30-percent retroactive tax reduction for 1957 likewise testified before the Senate Finance Committee in 1949, when the question of retroactively increasing taxes for the years 1947 and 1948 was under discussion, and they strongly challenged the constitutionality of any such proposal of retroactivity.

I desire to quote excerpts from the statement of the chairman of the Senate Finance Committee and from the statement of Senator Millikin on this same question, as appearing in the CONGRESSIONAL RECORD of August 1950, as well as from the committee report. Both men strongly opposed the principle of retroactivity.

I read first from the CONGRESSIONAL RECORD, volume 96, part 10, page 13702:

> Mr. MILLIKIN. The Senate Finance Committee carried this bill back as far as it could see evidence of general information in the industry. Beyond that it would not go, because that would violate the principle of retroactivity.

Next I read from the CONGRESSIONAL RECORD, volume 96, part 10, page 13275:

> Mr. GEORGE. Mr. President, as I recall, I was trying to make clear the action taken by the committee on the insurance formula when the questions were kindly suggested.
>
> The proposed formula is intended to be a stopgap which will put an end to the tax-free status which the life-insurance companies enjoy as a result of the failure of the formula contained in existing law, and will permit the development of a permanent formula to be enacted in subsequent legislation. While no difference exists between the House and your committee with respect to the proposed formula, your committee is unwilling to recommend its retroactive application, whereas the House proposes to apply the formula in each of the years in which no tax was due under the formula containing in existing law. In the opinion of your committee the new stopgap formula should apply only to the years 1949 and 1950. Such action would not be retroactive, since the life-insurance companies have been on notice ever since the introduction of House Joint Resolution 371 on October 10, 1949, that a tax would be required for the year 1949.
>
> It is estimated that the provision contained in your committee's bill will yield approximately $122 million. Of this amount, $42 million represents the tax for 1949 and $80 million the tax for 1950.

I next desire to quote from the Senate Finance Committee Report No. 1434 on H. R. 371, 81st Congress, 2d session. I shall read from page 3 of that report, in which the committee rejected the principle of retroactivity in taxation as unsound.

I quote from the report as presented to the Senate under date of April 10, 1950, page 3:

> Your committee does not believe it advisable to apply the formula retroactively to the years 1947 and 1948. The returns for those years were filed some time ago; the books of the companies have been closed; and in some cases no reserves were established to cover the Federal tax liability. Testimony before your committee disclosed that some companies had made commitments in those years relying on the fact that no Federal income tax was payable under existing law. In some cases the payment of a tax now would impose a hardship upon the policyholders.
>
> The committee believes that the constitutionality of a tax imposed at this time on 1947 and 1948 incomes is at least debatable. From the testimony it is evident that some companies will contest the validity of such a tax. Others may be forced to do so through action of their policyholders.

I invite particular attention of Senators to the next sentence in the report of the Senate Committee on Finance:

> Even if your committee were of the opinion that a tax now levied on 1947 and 1948 incomes would be upheld by the Supreme Court, it would still oppose retroactivity extending over such a long period of time. The committee believes that the extension of a tax to 1947 and 1948 at this late date would not be a sound and reasonable step from the standpoint of fundamental public policy which requires that a taxpayer's obligation to his Government be made definite and certain at the time the tax is due.

Mr. President, in order to save the time of the Senate, I ask unanimous consent that the portion of the statement beginning on page 3, and down to and including the first paragraph on page 4, be printed at this point in the RECORD.

Mr. LANGER. Mr. President, I object. I want to have the statement read. I think this is one of the most important speeches I have heard since I came to the Senate.

Mr. WILLIAMS. I might point out to the Senator that the remainder of the statement simply points out the amount of money involved. I shall be glad to read it, if that is the Senator's desire.

Mr. LANGER. I would certainly like to have the Senator read it, if it affects the situation at all. I think the Senator is to be commended for digging up this information for the benefit of Senators.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Ohio?

Mr. WILLIAMS. I yield to the Senator from Ohio.

Mr. LAUSCHE. Does the statement show what taxes would have had to be paid in 1947 and 1948 if the bill had been made retroactive to cover those 2 years?

Mr. WILLIAMS. I believe that is covered in the statement. I do not know whether I can quickly point it out for the Senator.

In the year 1950, the companies paid $73 million. I assume the figure was somewhere near the same in the other years. The figure may be in the report.

Mr. LAUSCHE. I thank the Senator.

Mr. WILLIAMS. I point out that my objection to this extension is not based upon the amount of money involved. I am opposing establishing the principle of retroactivety in tax legislation.

I remember the debate in the Senate in 1950 when this same question was discussed. I was not a member of the committee at the time, but in the debate in the Senate Chamber it was generally agreed the companies should have paid taxes for the years 1947 and 1948, however the Committee on Finance did not want to establish the principle of retroactivity. If we could do it for 1 year we could do it for 2, 3, or 4 years. If we ever adopt the principle that we can come in during 1 calendar year and make a new tax law applicable to last year's taxes, after the taxpayer has closed his books, the American taxpayers will never know under what kind of a system they are operating.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I think it is a very unsound principle. While the defeat of the measure today under consideration will provide $124 million in additional revenues for the Government, I made clear in my statement that is not the basis of my argument. I should be equally emphatic in opposing the measure if it carried a retroactive tax increase. Certainly the principle of retroactivity should never be extended beyond the year in which the tax law is passed. We should not deal with any year other than the year in which we enact the tax law. That is the sole basis of my argument here today.

I regret very much that for the first time in the history of our taxation, apparently, we are departing from this sound principle.

Mr. LANGER. Mr. President, I understand the Senator's argument to be that if we can go back 1 year we can go back 2, 3, or 4 years.

Mr. WILLIAMS. If we once adopt the principle as sound that it is legally or morally right for the Congress of the United States to adopt a retroactive tax measure in 1958 to affect 1957, then why can we not do it for 1956 or 1955? Where would it stop? If we can adopt a retroactive tax measure which provides a reduction in taxes, we can, by the same token, adopt a retroactive tax measure which provides an increase. If we can pass such legislation with respect the life insurance companies, we can do it for all corporations. If we can do it for all corporations, we can do it for individuals.

I am not speaking in defense of the existing law. I think the existing law should be modified. I made very clear to the insurance companies in the committee meetings that I would help them obtain an equitable formula for the permanent law. I will cooperate with our chairman, Mr. BYRD, toward achieving this objective. However we should not upset the sound principle that there shall be no retroactivity in our tax laws. If the existing law is wrong, then let us change it.

Mr. LANGER. I agree with the distinguished Senator from Delaware. I certainly commend him for bringing this matter to the attention of Senators.

Mr. WILLIAMS. Mr. President, I continue to read from page 3 of the Finance Committee report:

> The House report lays great stress upon the history of the preliminary negotiations between the Treasury Department and the representatives of the two associations of life-insurance companies, which have been in process ever since the autumn of 1947. However, your committee does not regard the negotiations as putting the insurance companies on notice that the Congress might adopt retroactive legislation extending as far back as 1947 and 1948. In fact some of the witnesses before your committee testified that they had no notice that such retroactive legislation was contemplated, even by the Treasury Department, until August 1949.
>
> On the other hand, the life-insurance companies have certainly been on notice that a revision of the formula was being considered by the Congress for the year 1949, at least since October 10, 1949, the date House Joint Resolution 371 was introduced in the House.

Mr. GORE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. GORE. The able Senator's opposition to the retroactive treatment of taxes, that is, going back to the previous year, is the principle upon which the senior Senator from Delaware, the junior Senator from Tennessee, and the junior Senator from New Mexico [Mr. ANDERSON] found common ground.

Mr. WILLIAMS. That is correct.

Mr. GORE. I should like to read the concluding paragraph in the minority views, to which the able Senator affixed his signature:

> Retroactive tax reduction, or tax forgiveness, is a highly questionable procedure—

The able Senator goes further than that. He says that it is not only highly questionable, but unsound.

> and should be resorted to only in cases of extreme hardship and clear justification. The record contains no evidence of such hardship or justification in this case.

The Senator has cited the record, where the United States Senate and the Senate Finance Committee refused to apply the rule of retroactivity to previous instances when additional taxes would have been levied thereby, but now, as the Senator has pointed out, there is before the Senate a bill providing retroactive tax relief back to January 1, 1957. Is that correct?

Mr. WILLIAMS. That is correct; and, as the Senator knows, there was a suggestion made in our committee that, as a substitute, we adopt the so-called 1950 formula, which would provide approximately $100 million over and above the existing law. I said I would be equally opposed to that suggestion, because that would be retroactive tax increase. I do not believe that retroactivity in tax legislation is a sound principle.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LONG. As the Senator knows, I withheld my vote when the bill was reported from the committee because I had considerable doubt about the measure. The Senator recognizes, does he not, that the insurance companies were led to believe that they would pay the tax on last year's income on the same basis as they were taxed in previous years?

Mr. WILLIAMS. No; I do not exactly agree with that, although I do wish to make this clear: I agree fully with what the chairman of the committee said in his opening statement, that unquestionably the Treasury Department has been dragging its feet for the past several years, and has not complied with the request of our committee by sending us what had been promised, namely, a formula for taxing insurance companies.

To that extent the insurance companies are not to blame. I am not arguing that they are to blame. Whether the responsibility rests upon the Treasury Department or the Congress, the job was not done. We have not as yet come forward with a permanent formula.

I was glad that the chairman of the committee was able to obtain a definite promise that the Treasury will come before us with a recommendation for a permanent formula not later than April 7. I assure the Senator, as one member of the committee, that I will cooperate in having a proper piece of legislation enacted, which will be a permanent formula.

I do not believe that the existing law, which is the 1942 formula, is the answer. I think there are inequities in that law as it affects some companies. I recognize that an objection to this bill is, in effect, support of some of those inequities. But I do feel that the $124 million extra tax that will be due from these insurance companies is not as important to them as would be the upsetting of the principle of no retroactivity.

Mr. LONG. The Senator knows that for the past several years we have been taxing insurance companies on the so-called stopgap basis. We would go along for a year, and then call upon the Treasury to suggest some appropriate formula for taxing insurance companies. At the end of the year the Treasury would not be here with it, and we would be compelled to extend the previous treatment for another year, still looking for some appropriate way to tax insurance companies. As the Senator knows, the subject matter is quite complicated.

Mr. WILLIAMS. It is. I think it should be pointed out that while I refer to this particular benefit as being a $124 million retroactive tax reduction under the existing law, it should also be pointed out, in fairness, that that is not exactly the true picture, because if the bill is passed, the insurance companies will still be paying a little more in taxes than they paid in 1956 and 1955, because in 1956 and 1955 they were operating under the same formula under which they would be operating in 1957 should this bill be passed.

So I do not wish to give the impression that by reason of the passage of this bill the insurance companies will not be paying taxes. They will be paying taxes, if the bill passes, on the same basis as they paid in 1955 and 1956. As a result of the increased business volume, the tax revenue will be a little higher. I think that should be pointed out in all fairness to the companies.

Nevertheless, we cannot get away from the fact that since 1957 the existing law has been, and is today, and will be until we amend the law, the 1942 formula. The 1942 formula was in effect throughout the entire calendar year 1957.

I should like to read certain questions from the committee hearings on House bill 10021. I read from page 22. I was interrogating Mr. Smith, of the Treasury Department:

> Senator WILLIAMS. During the calendar year 1957, did the Treasury Department at any time send in a recommendation to Congress dealing with this subject, either as to the extension of the stopgap——
>
> Mr. SMITH. No, we did not.
>
> Senator WILLIAMS. Were there any bills introduced in the House dealing with this question during the year 1957?
>
> Mr. SMITH. To the best of my recollection; no. But I am not sure of that.

However, I may say that I was subsequently advised that no bills had been introduced in 1957.

While it is true that, based upon previous action of the committee, the argument might be made that the insurance companies thought they would get another extension. However, as I read from the committee report of 1950, our committee took the position that negotiations were not accepted as legal notice, because negotiations might have been in progress with some companies, but there was always the possibility that some other companies would not be a party to these negotiations. They could claim that they had no knowledge. Therefore the committee said it would refuse to accept negotiations as being notice, and accepted as official notice only the introduction of the bill.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. WILLIAMS. I yield.

Mr. LONG. The thought occurs to me that the reason we have to enact retroactive legislation—and I have grave misgivings on that point—is that the House of Representatives did not send us a bill last year. It waited until this year to send us a bill. The insurance companies were more or less assured by everyone that they would not pay taxes under the 1942 law, which would go into effect when the stopgap legislation expired.

Mr. WILLIAMS. When the Senator says they were assured by everyone, what does he mean? Who assured them?

Mr. LONG. My impression is that the House Ways and Means Committee more or less gave such assurance; and the House Ways and Means Committee proceeded to take its happy time about getting the bill to us. So by the time the bill reached us, it was retroactive, whereas it would not have been retroactive last year.

Mr. WILLIAMS. The bill was introduced in the House January 23, 1958. There was no official notice.

Mr. GORE. This year.

Mr. WILLIAMS. This year.

That is the difference. The bill was not introduced until after the taxable calendar year had closed.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. WILLIAMS. I yield.

Mr. LONG. What the Senator is doing will assure us—and this is regardless of the outcome of the vote on the bill—that what has happened in the past will not happen again, and that the insurance companies will not sit around thinking they need not worry about their tax problems, because they can always come to Congress and get a stop-gap bill passed for another year. This is the last year they are going to get this stopgap.

Mr. WILLIAMS. Perhaps. We have been 7 years talking about the fact that each year would be the last. But to pass this bill here today we will have recognized the principle of retroactivity. Once we recognize the propriety of retroactivity in taxation, where will we stop? I could not go along with the principle of retroactivity.

Mr. BYRD. I am glad the Senator from Delaware has brought out the fact that the bill would raise $291 billion in revenue, which is $23 million more than in 1956, $48 million more than 1955, $69 million more than in 1954, and $136 million more than in 1953. It is the highest tax revenue from insurance companies in the history of the country.

Mr. WILLIAMS. That is correct. I did not have the figures before me, but the Senator is correct.

Mr. BYRD. Therefore, it is not a reduction.

Mr. WILLIAMS. No; it is not. I tried to make that clear in my remarks. I am not approaching this from the standpoint of the amount of revenue involved.

Mr. BYRD. I think it would be of interest to the Senator from Delaware and to other Senators as well to know that had the 1942 formula been in existence from 1942 to date, the total revenue derived would have been $1,736 million. Had the stopgap formula been in effect during that time, the total revenue would have been $2,334 million. In other words, the stopgap, which I would not like to see continued—in fact, I do not expect to vote to continue it, if I am chairman of the Committee on Finance—would have brought in $600 million more than the 1942 formula would have brought in, which was discarded in 1949 because it did not bring in any revenue for 3 years and has not been in effect since 1949. The 1942 formula has not been operative in the past 9 years.

Mr. WILLIAMS. That is correct. I am glad that the Senator from Virginia has incorporated these figures in the RECORD. I certainly do not want to give the impression that by passing this bill we are passing along some great bonanza to this group. That is not the purpose of my statement here this afternon.

Mr. BYRD. Although it is a little different situation than I have been confronted with since I have been in the Senate, it is the same law we had in 1956 and 1955. It was not introduced in the House until January, and in that sense it is retroactive, but it is retroactive to something that we had before.

Mr. WILLIAMS. The Senator is correct. I have tried to make that clear. It is so seldom that I find myself in disagreement with the chairman of the Committee on Finance that when I do I always question whether I am right. Certainly a great deal has been said in the discussions with the insurance companies which clearly indicates that no one thought we had the perfect answer. I am not defending the 1942 formula. I believe it needs to be revised.

Mr. BYRD. We are in accord that we must have a permanent method of taxation. I do not believe that another stopgap will stand a chance of getting through the committee.

Mr. WILLIAMS. The Senator is correct.

Mr. BYRD. The fault has been with the Treasury Department in not sending us a formula for perhaps the most complicated taxation on the books today. It covers casualty-insurance companies, accident-insurance companies, mutual-insurance companies, and all other insurance companies, and they are all taxed under the same formula.

Mr. WILLIAMS. That is correct. In reading the testimony given in 1950, the representative of the Treasury Department—I forget his name at the moment—definitely assured the Committee on Finance that in the next 3 months they would have before the committee a formula recommendation. That was 7 years ago, and the formula has still not been submitted. Each time since then they said, "We will have it in the next few months." The chairman this time has pinned them down to a definite date.

Mr. BYRD. April 7.

Mr. WILLIAMS. April 7. I certainly join the chairman in that. I will be glad to cooperate with him in working out a permanent formula.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. JAVITS. I have received from insurance companies in the State of New York a great many telegrams dealing with this subject. I have looked into the subject very carefully, and decided not to oppose the bill, because I felt that the problem was so tied up with dividends paid to insurance policyholders, and the insurance company really had relied on it, that failure to pass the bill could cause more mischief than would the amount involved. Therefore, I wish to join the chairman and other Senators in pledging myself—and I will be in the Senate next year—to vote against any similar extension unless there is provided a satisfactory, permanent method for taxing life-insurance companies.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LAUSCHE. I should like to go along with the views expressed, except that I find difficulty doing so because of the fact that in 1947 and 1948, under the 1942 law, no taxes at all were paid by any of the companies. It was an injustice to the general taxpayers of the country. I understand that the Senator from Delaware described the discussions which took place and which contemplate making retroactive the 1950 law so that there would be a recovery of the losses sustained in 1947 and 1948. Is that correct?

Mr. WILLIAMS. That is correct. The House bill that came to the Senate did incorporate a provision making retroactive the 1950 formula for the years 1949, 1948, and 1947. I might say that a substantial number of the insurance companies testified before the House committee that they recognized the inequity of paying no tax and would be willing to accept a retroactive tax for 1947 and 1948. However, Mr. Parkinson, president of the Equitable Life Assurance Society, appeared before the Senate Committee on Finance and raised the question of the constitutionality of such a retroactive provision. I should like to quote from Mr. Parkinson's answer to Senator Millikin. He said:

> I still insist that no retroactive income tax has ever been validated by the Supreme Court or ever been enacted by Congress. So that, if you do enact this one, you will be establishing a precedent, not only because

of the receptivity of folks in the business, but also as a method of taxation.

We believe—our lawyers are responsible for this conclusion—that when the earnings of a taxpayer have been determined for any year, his books have been closed, his dispositions made, and his return made under the then existing law, any tax thereafter imposed as an income tax is retroactive and violates the provision of the Constitution that requires a direct tax to be apportioned among the States in accordance with population. And we think that this proposal is no exception. It is a simple type of retroactive tax, and we don't know why the poor policyholders of the life insurance companies should be selected for that experiment.

The Senate Finance Committee upheld the position taken by Mr. Parkinson. I read from the committee report in connection with Mr. Parkinson's testimony. This is largely what they based their decision upon. I am reading from page 3:

The committee believes that the constitutionality of a tax imposed at this time on 1947 and 1948 incomes is at least debatable. From the testimony it is evident that some companies will contest the validity of such a tax. Others may be forced to do so through action of their policyholders.

Even if your committee were of the opinion that a tax now levied on 1947 and 1948 incomes would be upheld by the Supreme Court, it would still oppose retroactivity extending over such a long period of time. The committee believes that the extension of a tax to 1947 and 1948 at this late date would not be a sound and reasonable step from the standpoint of fundamental public policy which requires that a taxpayer's obligation to his Government be made definite and certain at the time the tax is due.

Mr. LAUSCHE. Then, do I correctly understand that, adhering to the principle that taxes should not be made retroactive, the insurance companies were spared from paying any taxes whatsoever to the Federal Government in 1947 and 1948?

Mr. WILLIAMS. That is true. As one Member of the Senate—I was not then a member of the committee—I supported the Finance Committee's position. My support was not on the basis that I thought the companies should not pay taxes, but under the law of 1947 and 1948 they did not owe any tax, and I would not agree to imposing retroactive taxes.

Just as I objected then to the principle of retroactivity, which would have meant more taxes, I now reject the principle of retroactivity when it would mean less for them to pay. I would equally oppose a retroactive tax formula now to raise their taxes.

The question has been raised, Why could not the Treasury Department at this late date propose a new formula, which could be enacted now? I said I would not support a new formula and make it applicable to the taxable year 1957. I will do so for 1958.

Mr. LAUSCHE. If the 1955 law had been in effect in 1947 and 1948, when the companies paid no taxes, the taxes required to have been paid would have been $83 million in 1947 and $91 million in 1948. They paid nothing. Let me restate it. Under the principle of nonretroactivity, they were spared from paying anything in 1947 and 1948.

Mr. WILLIAMS. That is correct.

Mr. LAUSCHE. Under the principle of nonretroactivity, in 1957 they would have been required to pay $124 million more.

Mr. WILLIAMS. That is correct.

Mr. LAUSCHE. To spare themselves from paying $124 million more, they want an abandonment of the principle of 1950 and the institution of a new principle for 1958.

Mr. WILLIAMS. In 1950, when the bill was being debated in the Senate, I helped reject the principle of retroactivity, which at that time meant around $160 million to the same group. I now oppose a retroactive principle of law and think they should be required to pay the extra $124 million as required under existing law.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. SCHOEPPEL. I associate myself with the position which has been announced by the junior Senator from New York [Mr. JAVITS]. A number of representatives of life insurance and other related insurance companies in Kansas have spoken to me about the matter. In looking into it, I have been convinced that in their operations the companies have made certain payments of dividends which they felt, if some change were made, would be a hardship upon them.

I share the views of the Senator from Delaware [Mr. WILLIAMS] and the Senator from Virginia [Mr. BYRD], the chairman of the committee, that the matter ought to be corrected. But in Kansas there are insurance companies of various kinds which find themselves in the same situation as that to which the Senator from New York has referred.

Mr. WILLIAMS. The Senator from Kansas is correct. I am not trying to direct any criticism to the insurance companies. I am speaking only to the principle of retroactivity. The insurance companies have been promised since 1950 that Congress would enact what might be described as permanent legislation. But it is my contention that the existing law is permanent law until it has been modified or repealed.

I hope that Congress will soon devise a permanent formula. I think the discussion we have had in the committee, and perhaps on the floor today, will at least bring home to the Treasury Department, the insurance companies, and all others concerned the need for permanent legislation.

Mr. GORE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. GORE. It is not at all surprising that the distinguished Senator from Kansas should have heard from certain sources in Kansas. I suppose every Senator has heard from beneficiaries of the proposed stopgap legislation. The Senator certainly has every right to determine his position by whatever means he chooses.

But in agreeing with the accuracy of the calculations and statistics which the Senator from Virginia, the chairman of the committee, read into the RECORD, we should recognize that, although the mathematical calculations may be correct, they have no validity when applied to the existing situation, for two reasons.

First, some of the calculations are hypothetical. If the stopgap bill here proposed had applied to the income in 1947 or 1948, the revenue would have been thus and so. As a matter of fact, the stopgap bill did not apply. So what valid application do these figures have here?

Second, the so-called stopgap bill, when applied to the income of 1957, produced more revenue than when applied to 1956. Again, that is a hypothesis. It is no secret, no mystery, as to why it would hypothetically produce more revenue. The reason is that in 1957 there was the highest investment income that the insurance companies ever had in their history.

Mr. WILLIAMS. If the Senator from Tennessee will permit me to do so, I should like to finish my remarks. Then I shall yield the floor.

Mr. GORE. Very well.

Mr. WILLIAMS. If Congress, by passing this retroactive tax reduction, once establishes the principle of retroactivity in taxation as being sound, then under the same principle Congress at some future date could use this action as a precedent to justify the enactment of a retroactive tax increase.

Under the existing law, which has been on the statute books since January 1, 1957, the insurance companies would owe in Federal income taxes an estimated $415 million. H. R. 10021 proposes to repeal retroactively the existing law as it affects the income of these companies for calendar year 1957 only and substitutes a new formula for taxation under which their tax liability would be reduced to an estimated $291 million, or a 30 percent reduction of $124 million.

I am not supporting the existing law on the basis that it produces $124 million, although the Treasury Department can well use that money, but I would be equally firm in opposing this bill if it provided a retroactive tax increase under the same circumstances.

Let us not forget that it is the principle of retroactivity with which we are dealing here today and not the amount of money involved.

I emphasize that at no time during calendar year 1957 did any Congressional committee of either the House or the Senate or the Treasury Department give any official notice to the insurance companies of America that the 1957 law would in any way be modified or changed. It was not until January 15, 1958, after the 1957 calendar year had closed, that this bill was introduced in the House proposing retroactively that this group get a 30-percent tax reduction.

The Treasury Department in answer to the question has clearly stated that they have no record in the history of our Federal taxation which shows that under similar circumstances when notice had not been properly given they had supported the principle of retroactivity as it applied to either a tax increase or reduction.

I most respectfully suggest to the insurance companies, who naturally would now welcome this retroactive 30 percent

tax reduction, that they consider well whether or not this $124 million savings which they will gain as the result of this legislation will be worth their acquiescence in the destruction of the sound principle of nonretroactivity in Federal taxation.

Mr. BUSH. Mr. President, I had intended to address the Senate on the pending bill this evening, but in view of the late hour, I shall not do so. I ask unanimous consent that a statement which I had intended to deliver may be printed in the RECORD as a part of my remarks, following the address of the Senator from Delaware.

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

STATEMENT BY SENATOR BUSH

The Mills law for the taxation of life-insurance companies would be extended to cover the business of 1957 by H. R. 10021. This second 1-year extension was approved by unanimous vote of the Ways and Means Committee and later by the House without any dissenting vote.

The Mills law, if extended to cover 1957, will produce an estimated $291 million in revenues—a record high and $30 million more than the 1956 revenues. The life-insurance companies will have paid in Federal income taxes for the last 4 years more than they paid in taxes for all prior years since the beginning of Federal income taxation.

It is quite true that if no bill is passed now the 1942 law operates. Under the 1942 law, the life-insurance companies would pay $124 million more for 1957 than under the Mills law, or a total of $415 million. This would represent a 43-percent increase in the effective rate of the tax over the rate for the previous year. This is a large increase in the tax burden of a thrift institution already heavily taxed at the State level. If it is to be imposed at all, this should be done only after full hearings indicating the justification for this increase in the taxload on policyholders.

Taxes have not been collected from the life-insurance companies under the 1942 law since 1948. This law was discarded in 1950 by legislation retroactive to January 1, 1949, for the reason that due to the decline in interest rates the 1942 law produced very little revenue—less than $2 million a year for 1947 and 1948. Treasury and Ways and Means have stated, in effect, that it would be inequitable to apply the 1942 law under the changed conditions brought about by the lapse of years. If the 1942 law had been operative, in fact, in recent years, no doubt there would have been adjustments made to remove the inequities and to prevent unfair shifts from one life-insurance taxpayer to another.

There are two major problems involved in life insurance Federal taxation. One is the determination of the proper level of taxation to be imposed on a thrift institution already heavily taxed at the State level and which serves important social needs. Life-insurance taxes have jumped from $42,100,000 for 1949 to $261 million for 1956 and this is in excess of the rate of growth of the business. These taxes for 1957 under the Mills bill would be $291 million. There has been no testimony to show why there should be the further jump from $291 million to $415 million for 1957.

At last week's hearing before the Senate Finance Committee on the matter of another 1-year extension of the Mills law the life-insurance companies without exception asked to have this law continued to cover 1957 business. Testimony at the hearing indicated that policyholders will receive less in dividends if the 1942 law is applied to 1957 business because the resulting increase in the tax is most substantial.

The second problem in life insurance Federal income taxation relates to the form of tax. From 1913 to 1921 life insurance companies were taxed on a profit-and-loss basis following the regular corporate pattern. This method did not work and was replaced in 1921 by a tax imposed on the investment income of life insurance companies. This has been the tax pattern ever since. For 10 and more years during Democratic and during Republican administrations Treasury Secretaries have expressed dissatisfaction because it did not follow the standard pattern of corporate taxation. Also the revenue produced was claimed to be inadequate until recently.

Last week the representative of the Treasury promised to present to the Senate Finance Committee by April 7, 1958, the Treasury's recommendation for a permanent life insurance bill. We are not talking about that proposal now. We are here concerned only with the second 1-year extension of the Mills bill which the life insurance companies had every reason to believe would be enacted. We should act favorably on H. R. 10021 and later this year after full hearings adopt permanent legislation for the taxation of life-insurance companies.

AMENDMENT OF DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT OF 1935, AS AMENDED—INTRODUCTION OF A BILL

Mr. MORSE. Mr. President, out of order, I introduce, and send to the desk, for appropriate reference, a bill to amend the District of Columbia Unemployment Compensation Act of 1935, as amended.

Mr. President, the growth of unemployment and the lag in purchasing power make action on unemployment compensation imperative.

The bill is the same as the bill which passed the Senate in 1955. Its major provisions are:

First. It increases the maximum weekly benefit amount.

Second. It changes the duration period for all eligible claimants to a uniform maximum period of 39 weeks.

Third. It changes the disqualification provisions to a straight 6-week disqualification, with no cancellation of benefits.

The bill makes the maximum weekly benefit amount a specified percentage—67 percent—of the average wage of all workers covered by the law, computed annually, rather than a fixed dollar amount.

In order to permit automatic adjustments in the maximum weekly benefit in line with wage trends, the bill provides for annual computation by the District of Columbia Unemployment Compensation Board of the average weekly wage of workers covered by the law. This computation will be based on reports by employers, including the Federal Government agencies.

It should be noted that the bill does not provide that all claimants shall receive the maximum weekly benefit amount or that any claimant will receive 67 percent of his own average weekly wage. Neither does it change the limitation in the present law, which limits the worker to no more than 50 percent of his weekly wage, or one twenty-third of his wages in a calendar quarter.

The bill provides that all claimants who are eligible for benefits will be able to draw 39 weeks of benefits if they remain unemployed for that long a period. During the period of unemployment, the worker would, of course, be required to be able to work, to be available for work, and to accept suitable work when offered to him. In short, the benefits will be payable for the full period only if the worker's unemployment is due to the lack of suitable job opportunities.

Under the present law, 26 weeks is the maximum for most unemployed, although some get substantially less because of an earnings formula. In addition to lengthening the benefit period to 39 weeks, the bill will eliminate the limiting formula.

A major problem in the District of Columbia, as well as throughout the country, is the plight of unemployed men and women who have exhausted their benefits. This is happening at an alarming rate. The 39-week period is in line with legislation proposed for the States under the McCarthy-Kennedy bill.

Mr. President, I request the appropriate reference of the bill, and I also ask that it be printed at this point in the RECORD, as a part of my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3493) to amend the District of Columbia Unemployment Compensation Act of 1935, as amended, introduced by Mr. MORSE, was received, read twice by its title, referred to the Committee on the District of Columbia, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That (a) section 7 (b) of the District of Columbia Unemployment Compensation Act, approved August 28, 1935 (49 Stat. 946), as amended (title 46, ch. 3, D. C. Code, 1951 ed.; 68 Stat. 993), is amended to read as follows:

"(b) The weekly benefit amount of any individual qualified therefor under section 7 (c) shall be an amount equal to the lesser of the following: (1) one twenty-third of the amount of his earnings for the quarter in his base period in which his earnings were the highest, or (2) 67 percent of the average weekly earnings of all individuals performing service which constitutes employment (as defined in sec. 1 (b)) and of all individuals performing service which, if such service were not performed in the employ of the United States or of any wholly owned instrumentality thereof, would constitute employment (as defined in sec. 1 (b)) for the latest year for which such average weekly earnings have been computed. Such average weekly earnings shall be computed annually on the basis of reports of earnings and employment by all employers and by the United States, and shall be arrived at by dividing the total earnings paid to all individuals referred to in clause (2) of this subsection during the last completed calendar year for which reports have been received by a quantity equal to 4⅓ times the total monthly employment of such individuals for such period. For the purposes of this subsection the term 'earnings' shall have the same meaning as that assigned to such term in section 1 (d). All departments, agencies, and wholly owned instrumentalities of the United States shall submit reports to the

Board containing such information as may be necessary to make the determination required by this subsection."

(b) Section 7 (c) of such act is amended to read as follows:

"(c) To qualify for benefits an individual must have (1) been paid wages for employment of not less than $130 in one quarter in his base period, (2) been paid wages for employment in not less than two quarters in such period, and (3) earned during such period wages the total amount of which is equal to at least one and one-half times the amount of his wages for the quarter in such period in which his wages were the highest. Notwithstanding the provisions of clause (3), any otherwise qualified individual the total amount of whose wages during such period is less than the amount required to have been earned during such period under such clause may qualify for benefits if the difference between the amount so required to have been earned and the total amount of his wages during such period does not exceed $70, but the amount of his weekly benefit, as computed under section 7 (b), shall be reduced by $1 if such difference does not exceed $35 or by $2 if such difference is more than $35."

(c) Section 7 (d) of such act is amended to read as follows:

"(d) Any otherwise eligible individual shall be entitled during any benefit year to a total amount of benefits equal to 39 times his weekly benefit amount: *Provided*, That such total amount of benefits, if not a multiple of one dollar, shall be computed to the next higher multiple of one dollar."

(d) Subsections (a), (b), and (c) of section 10 of such act are amended to read as follows:

"(a) An individual who has left his most recent work voluntarily without good cause, as determined by the Board under regulations prescribed by it, shall not be eligible for benefits with respect to the week in which such leaving occurred and with respect to the 6 consecutive weeks of unemployment which immediately follow such week.

"(b) An individual who has been discharged for misconduct occurring in the course of his most recent work proved to the satisfaction of the Board shall not be eligible for benefits with respect to the week in which such discharge occurred and for the 6 weeks of consecutive unemployment immediately following such week.

"(c) If an individual otherwise eligible for benefits fails, without good cause as determined by the Board under regulations prescribed by it, either to apply for new work found by the Board to be suitable when notified by any employment office, or to accept any suitable work when offered to him by any employment office, his union hiring hall, or any employer direct, he shall not be eligible for benefits with respect to the week in which such failure occurred and with respect to the 6 consecutive weeks of unemployment which immediately follow such week. In determining whether or not work is suitable within the meaning of this subsection the Board shall consider (1) the physical fitness and prior training, experience, and earnings of the individual, (2) the distance of the place of work from the individual's place of residence, and (3) the risk involved as to health, safety, or morals."

SEC. 2. The amendments made by the first section of this act shall be effective on and after July 1, 1958, and the benefit rights of any individual having a benefit year current on or after the effective date shall be redetermined and benefits for calendar weeks ending subsequent to the effective date shall be paid in accordance with the provisions of the District of Columbia Unemployment Compensation Act as amended by this act: *Provided*, That no claimant shall have his benefits reduced or denied by redetermination resulting from the application of this provision. All initial and continued claims for benefits for weeks occurring within a benefit year which commences on or after the effective date shall be computed and paid in accordance with the provisions of the District of Columbia Unemployment Compensation Act as amended by this act.

REPLY BY SENATOR MORSE TO EDITORIAL IN THE GRANTS PASS DAILY COURIER

Mr. MORSE. Mr. President, on January 28, 1958, the Grants Pass Daily Courier, of Grants Pass, Oreg., published an editorial entitled "Wayne Explains." The editorial was very critical of me, and was full of misrepresentations of fact.

Under date of February 11, 1958, I answered the editorial, and I requested that a copy of my answer be published by the Grants Pass newspaper. In concluding my letter, I wrote as follows:

Although I appreciate the fact that this is a long letter, nevertheless in fairness to your readers and to me, I respectfully request that you publish it.

I have not been able to find that my letter was published in the Daily Courier, of Grants Pass, Oreg. If it has been I have missed seeing it.

Therefore, Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the critical editorial published in the Grants Pass Daily Courier and my reply to it.

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

WAYNE EXPLAINS

We rather expected to hear from WAYNE MORSE, when we took editorial note of his recent trip to Florida to participate in the kick-off for an Israel war bond drive. WAYNE, whose principal forte is attacking everything and everybody—from the President of the United States on through the list—is very thinskinned when he personally is concerned.

We are happy to learn that the taxpayers did not finance the trip, and that WAYNE made it on his own time. Also that he did not appear at the meeting as an "Israel bond salesman," but as a member of the Senate Foreign Relations Committee to acquaint the group with "my views on foreign policy" issues.

If the views coincided with WAYNE's previous public utterances they definitely were in bitter opposition to everything now being done by President Eisenhower and Secretary Dulles to preserve world peace and maintain American security. Most members of the Democratic Party, incidentally, are supporting the Eisenhower-Dulles approach to world problems and dealings with Soviet Russia. Responsible Democrats realize this is not a partisan issue.

Not our WAYNE, however. He reserves the right to follow the dictates of his conscience in all things—even though it means violation of promises to the voters of Oregon.

During the last campaign we attended a meeting at which Senator MORSE was the main speaker. This was at Bend. MORSE, at this time, declared without equivocation that, if reelected, he would support Eisenhower on foreign policy. The world situation was too critical to rock the boat for political purposes, he then indicated.

MORSE, the candidate, felt that the Eisenhower-Dulles team was steering a true course. MORSE, the reelected Senator, had not been back in Washington more than a few months before he completely reversed himself on this score. He has been a bitter and partisan opponent of United States foreign policy since then.

We challenge WAYNE MORSE to deny the accuracy of this statement. We talked with him, after the meeting, and he enlarged on his campaign remarks—even to stating positively that he had no presidential aspirations.

The news story we wrote about the meeting, quoting WAYNE MORSE directly, as favoring a nonpartisan approach to American foreign policy, was never questioned as to accuracy. We even wrote an editorial, commenting somewhat in wonder at the new reasonableness of WAYNE MORSE and predicting that it would serve him and his constituents well if carried out in event of reelection.

The Eisenhower-Dulles policy of Soviet containment has not changed from what it stood for while MORSE was campaigning. Yet, concerning the President's state of the Union message, MORSE had this comment, as reported by the Associated Press and never denied: "It was a sermon of apology delivered at the wake of a dead administration."

How does WAYNE MORSE explain this inconsistency and disregard for statements made during his campaign for reelection? He doesn't. If he did, he probably would merely reiterate that he is "following the dictates" of what would appear to be a politically pliable conscience. This same "conscience" caused him to quit the Republican Party that originally elected him and become a Democrat—a fact that quite a few Democrats since have come to regret.

Again to set the record completely straight, let us emphasize that WAYNE paid for that Florida trip out of his own pocket. He says so. He also assures us that he never has taken an unofficial trip at Government expense. That means the recent surprise visit to Oregon—this time made during the week, according to the Associated Press—also was paid for from the Senator's personal funds. On this trip he addressed the Multonomah County Democratic Central Committee.

How fortunate is Oregon's senior Senator, in that he can dip into his own pocket for long plane trips whenever the occasion arises. He would appear to have done real well, financially, in Washington. We only wish he had done as well, politically, insofar as representing the State of Oregon is concerned.

FEBRUARY 11, 1958.

Mr. KENNETH L. HICKS,
Editor, Grants Pass Daily Courier,
Grants Pass, Oreg.

DEAR MR. HICKS: Your editorial of January 28, entitled "WAYNE Explains" has just reached my attention. It is characteristic of your misrepresentations of my record.

In the editorial you state in part:

"During the last campaign we attended a meeting at which Senator MORSE was the main speaker. This was at Bend. MORSE, at this time, declared without equivocation that, if reelected, he would support Eisenhower on foreign policy. The world situation was too critical to rock the boat for political purposes, he then indicated.

"MORSE, the candidate, felt that the Eisenhower-Dulles team was steering a true course. MORSE, the reelected Senator, had not been back in Washington more than a few months before he completely reversed himself on this score. He has been a bitter and partisan opponent of United States foreign policy since then.

"We challenge WAYNE MORSE to deny the accuracy of this statement."

My reply to your challenge is not only to deny the accuracy of your statement, but to say further that I'm satisfied that you know

that the implications of your statement are false.

During the 1956 campaign I pointed out time and time again the foreign policy issues on which I disagreed with President Eisenhower. Thousands and thousands of voters in Oregon could be called as witnesses in answer to your misrepresentation of my position on foreign policy issues during the campaign because they heard me express my differences of opinion in many campaign speeches on many features of the Eisenhower-Dulles foreign policy program.

During the campaign I pointed out many times my objections to the Eisenhower Formosa policy. In many speeches I warned against the Dulles massive retaliation threat. In speech after speech I urged a reversal of the Eisenhower-Dulles policy of no trade with Red China. In those speeches I set forth in detail my reasons for agreeing with President Eisenhower and Dulles that Red China should not be recognized but that I thought the President and Dulles were wrong from the standpoint of promoting our country's best interests by refusing to permit American businessmen to sell noncombatant goods to Red China.

In campaign speech after campaign speech I criticized President Eisenhower and Dulles for circumventing the United Nations on many issues connected with our country's foreign policy. On the Saturday night before the election in Sheridan, Oreg., I made a major speech on foreign policy in which I severely criticized the President and Secretary of State for the position they had taken contrary to the recommendations of more than 200 top scientists in respect to ceasing the testing of hydrogen bombs.

For you to say in your editorial that I declared at Bend, Oreg., without equivocation that if reelected I would support Eisenhower on foreign policy, can be explained most kindly by attributing journalistic deafness to yourself. In the Bend speech I made it clear that I would support President Eisenhower on all foreign policy issues which in my judgment as a member of the Foreign Relations Committee of the Senate would promote peace and serve the best national interests of our country. In the Bend speech I pleaded for bipartisanship in foreign policy and I am still pleading for it. The sad fact is that the Eisenhower administration has never followed a course of bipartisanship in foreign policy.

As Senator Arthur Vandenberg used to point out, bipartisanship calls upon the administration in power to give the Members of Congress belonging to the opposition party the facts about foreign policy. The main reason we do not have a bipartisan foreign policy is because the President and Secretary of State plead executive privilege when the members of the Senate Foreign Relations Committee seek to obtain from the administration the facts we must have if we are to evaluate administration policies and cooperate on a bipartisan basis in implementing sound policies.

If I had taken the position in the campaign which you fasely state in your editorial, namely, "if elected he would support Eisenhower foreign policy," I would have been guilty of pledging that I would serve as an Eisenhower rubberstamp in the Senate on foreign-policy issues. Every voter in Oregon who stops to think of your charge would recognize how ridiculous it is. The fact is that hundreds of times throughout the campaign I made it clear in my speeches that if reelected I would continue to exercise an honest independence of judgment on the merits of issues in accordance with the facts as I found them. I made it clear that on the basis of the facts I would vote in accordance with what I considered to be in the public interests. Such a course of conduct is the primary obligation a Senator owes the people of his State and I have always kept faith with that obligation.

Your editorial is also false in other respects. It seeks to leave the impression that my record in the Senate on foreign policy is diametrically opposed to the policy of the President. What you fail to tell your readers is that although I have opposed the President on some foreign policy issues my voting record shows that I have voted with the administration a majority of the time on foreign policy issues. In fact, I have a better voting record in support of the administration on foreign policy issues than is the case with many Republican Senators. However, I do not sit in the Senate as a rubberstamp to be pressed into service by anyone.

In the last part of your editorial you sought snidely to leave with your readers a false impression as to the expenses of my trip back to Oregon. My recent trip to Oregon was for the purpose of carrying out a promise I made last fall to the Harbor Commission of Reedsport that I would arrange to have the Corps of Army Engineers join me in an on-the-spot inspection of Reedsport's harbor problems. I had planned to make the inspection sometime during the month of December because I expected to spend most of November and December at my home in Eugene. My plans for being in Oregon during those 2 months were upset because of the hearings called by the Small Business Committee of the Senate of which I am a member. These hearings took up much of my time outside of Oregon during November. You will recall that our Senate Small Business Committee held 2 days of hearings in Portland on November 14 and 15.

I was then appointed chairman of the American delegation that was assigned to the Parliamentary Conference in New Delhi, India, and other parts of Asia which prevented my getting back to Washington until December 30. My trip to Oregon was paid out of expenses I received for making a speech to a Democratic banquet in Long Beach, Calif., on my way back to Washington from Oregon.

Although I appreciate the fact that this is a long letter, nevertheless in fairness to your readers and to me, I respectfully request that you publish it.

Very truly yours,

WAYNE MORSE.

GOVERNMENT PROCUREMENT CONTRACTS AND UNEMPLOYMENT IN THE STATE OF OREGON

Mr. NEUBERGER. Mr. President, unemployment in the State of Oregon now involves well over 11 percent of the working force, and economic distress has hit harder in my State than any other State in the Nation. The metropolitan area of Portland and the counties of Multnomah, Clackamas, and Washington, Oreg., and Clark County in Washington State, have been declared distress, surplus-labor areas, eligible for certain special Government procurement contracts. However, the economic situation is not confined to the Portland area, but exists throughout the State.

Mr. President, I am indeed pleased to learn that the Governor of Oregon, Robert D. Holmes, has sent to the Secretary of Labor a telegram in which he urges that the entire State of Oregon be declared a labor-surplus area and eligible for Government contracts.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as part of my remarks, the telegram I have received from Governor Holmes.

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

SALEM, OREG., *March 14, 1958.*

Senator RICHARD NEUBERGER,
Senate Office Building,
Washington, D. C.:

The following wire was sent to the Secretary of Labor this date, quote: "It has been called to my attention that the Army Corps of Engineers will purchase on Wednesday, March 19, some 35 million feet of lumber to be used in Korea, these lumber orders to be bids in open competition for purchase in all parts of the world. Oregon's lumber industry is in very bad economic straits and needs all or part of this order. I urge you to designate the entire State of Oregon as an area of labor surplus under section 3 (c) of Executive Order 10582, issued by the President pursuant to his authority under the 'Buy American Act.' Oregon's lumber industry's present condition is caused partially by competition from foreign producers. Total unemployment rate in Oregon as of mid February was 11.1 percent of covered employees, and is expected to remain well above the criterion of 6 percent through May. Oregon's present insured unemployment rate is 11.5 percent, the second highest in the Nation. This rate would be considerably higher had not about 10,000 unemployed already withdrawn all of their potential benefits. Claims are now being exhausted at the rate of from 800 to 1,000 per week, and will increase as time goes on. This level of exhausting is about 2½ times that of last year. This request for the designation for the entire State as an area of substantial labor surplus is realized as being a departure from the usual procedure of classifying only metropolitan labor market areas, but the lumber industry, comprising over 50 percent of Oregon's manufacturing employment, is located almost entirely outside the Portland metropolitan area. Therefore, in assisting this industry within this State, the designation should encompass the total industry potential in order to be of any value. Furthermore, I feel that the defense policy No. 4 must be reactivated to further combat business recession in this distressed State."

Your immediate attention and favorable action on this request is earnestly desired.

ROBERT D. HOLMES,
Governor of Oregon.

Mr. NEUBERGER. Mr. President, my office has already called this telegram by the Governor to the attention of Mr. Robert C. Goodwin, Director of the Bureau of Employment Security of the Department of Labor.

I have received from Oregon lumber firms many telegrams in which they urge that the procurement of lumber for the Army Corps of Engineers be allocated to the States of Oregon and Washington, because of the severe economic distress in our area. I have conferred with officials of the Corps of Army Engineers, and I have urged that a high proportion of this procurement be set aside for labor surplus areas, under the provision of defense manpower policy No. 4. It is my hope that this can be done. It seems only fair that our Government encourage the placing of contracts in areas of current labor surplus and of high unemployment rates.

Mr. President, I ask unanimous consent to have printed in the RECORD the telegrams I have received from Oregon lumber firms.

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

PORTLAND, OREG., *March 13, 1958.*

Senator RICHARD NEUBERGER,
United States Senate,
Washington, D. C.:

Urgently request that you use your good offices to prevent other than United States suppliers from quoting on invitation ENG-35-026-58-165 issued by Corps of Engineers, Portland, Oreg., for export bids closing March 19. Under present provisions Canadian mills may participate in bidding. With conditions as they are in the Northwest this certainly is not protecting the common good of this country. We need all the support and all the potential business available to keep the wheels of the lumber industry in the Northwest going. Please do anything you can.

Kindest regards.

NIEDERMEYER-MARTIN CO.,
B. E. NIEDERMEYER, JR.,
General Manager.

PORTLAND, OREG., *March 12, 1958.*

Senator RICHARD NEUBERGER,
United States Senate,
Washington, D. C.:

Our belief under invitation covering lumber items for export INV-35-026-58-165 issued by United States Army Engineer District, Portland Corps of Engineers, would be unfair to United States lumber industry for foreign interests to be allowed to quote. Hereby request that you do everything possible in behalf of lumber industry in United States.

COLUMBIA WOODWORKING CO.,
CHARLES D. COMBS,
Vice President.

PORTLAND, OREG., *March 12, 1958.*

Senator RICHARD NEUBERGER,
Senate Office Building,
Washington, D. C.:

We request that you vigorously protest to the United States Army Engineers permitting Canadian mills to bid on their invitation No. ENG-35-026-58-165, approximately 32 million feet of lumber destined for Korea. We feel that the Canadians should not have same opportunity and consideration and are unfair competition to us as manufacturers.

GEO. E. MILLER LUMBER CO.

PORTLAND, OREG., *March 12, 1958.*

Senator RICHARD NEUBERGER,
United States Senate,
Washington, D. C.:

Reference invitation ENG-35-026-58-165. Bids closing March 19, 9:30 a. m., Pacific standard time, Corps of Engineers, Portland, Oreg., our contention United States suppliers only should be allowed bid due to lumber market conditions this area. Any intervention you can make in behalf of best interests of our country would be greatly appreciated.

AMERICAN TIMBER & TRADING CO.

NEWPORT, OREG., *March 13, 1958.*

Hon. RICHARD NEUBERGER,
United States Senate,
Washington, D. C.

DEAR SIR: We feel it unfair that Canadian mills have been invited to compete with American mills on Army Engineers' invitation to bid ENG-35-026-58-165 for the purchase of 32 million feet of lumber for Korea. We know of your good work for the forestry industry and that you will do your best to eliminate foreign competition.

CASCADIA LUMBER CO.
TOLEDO, OREG.

PORTLAND, OREG., *March 13, 1958.*

Hon. RICHARD NEUBERGER,
United States Senate,
Washington, D. C.:

We wish to protest deletion of article 14 of the Buy American Act in reference to 30 million feet of lumber the United States Army Engineers intend to purchase through bids to be opened March 19. The Northwest lumber industry is in a demoralized state with many mills down and our own mill employing 100 men shut down last night. Under the circumstances any Government purchases of lumber should be confined to American producers.

PORTLAND LUMBER MILLS.

PORTLAND, OREG., *March 13, 1958.*

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.:

On March 18 United States Government will purchase 32 million board-feet construction lumber, United States Engineers bid No. ENG-35-026-58-161 through 165. We understand Canadian mills are also being requested to bid. We protest the admission of Canadian lumber on such bids because of the very depressed conditions in the west coast lumber industry of which you are fully aware. It would be shameful if foreign lumber were purchased by our Government when thousands of men in our lumber camps and mills are now unemployed due to lack of business. We respectfully request you use every effort to limit the bidders on this important bid and other Government purchases to American mills. Immediate action is necessary because of the short time available before March 18. Please advise what action you take and the results.

Thanks.

JAMES L. BUCKLEY,
Vice President, Georgia-Pacific Corp.

FORMULA FOR TAXING OF LIFE-INSURANCE COMPANIES

The Senate resumed the consideration of the bill (H. R. 10021) to provide that the 1955 formula for taxing income of life-insurance companies shall also apply to taxable years beginning in 1957.

The PRESIDING OFFICER (Mr. FREAR in the chair). The question is, Shall the bill pass?

Mr. CARLSON. Mr. President, the Senate is about to vote on House bill 10021.

Unless H. R. 10021 is passed by the Senate and enacted into law, income taxes on life-insurance companies payable in 1958 will be increased over their 1957 taxes by as much as 50 percent in the case of some large companies, as much as 70 percent in the case of many smaller medium-sized companies, and as much as 95 percent in the case of the very smallest companies. In Kansas there are a number of very fine small life-insurance companies, and I am not willing to have them and their policyholders saddled with this extra burden, at least, without more information than has been developed on the merits of the subject.

Mr. President, I hold in my hand a letter which I received this afternoon from the National Reserve Insurance Co., of Topeka, Kans. The letter reads as follows:

NATIONAL RESERVE LIFE INSURANCE CO.,
Topeka, Kans., March 12, 1958.

Hon. FRANK CARLSON,
United States Senator, United States Senate, Washington, D. C.

DEAR SENATOR CARLSON: When in your office last week you expressed a desire to have some definite information as to how the Mills bill and the other taxation law would affect our respective company.

We will try to give the information herewith:

National Reserve's net investment income in 1957 was $1,980,496.

If we were to revert on the basis of the 1942 law, tax would be $224,570. Under the Mills bill, tax would be $135,978; incidentally, this would be 165 percent increase over Mills bill.

If we reverted to the 1950 law, tax would be $297,000, resulting in an increased tax, as compared with the Mills bill, of 218 percent.

By very careful management and somewhat reduced investment in agency plant during 1957, we had an increase in surplus of $188,000. This is an increase of approximately 4 percent of our reserves for 1957 which we feel is about one-half the increase in surplus necessary to provide adequately for increased contingencies involved in the business. In other words, our factor of safety actually did not increase in proper proportion to our general responsibilities.

One can easily determine from the above figures, what any additional taxation above the Mills bill does to the factor of safety which we consider necessary to properly protect our policy owners and beneficiaries.

It is interesting to note that our company had a gross return before Federal taxes of 3.75 percent on its assets, after Federal tax; the net return was 3.51 percent.

We hope this information will be helpful for your consideration in addition to that of the witnesses who appeared at the hearings of the Senate Finance Committee last week.

We certainly thank you, Senator, for the courtesies extended in connection with the above matter.

With kind personal regards, we are,
Yours very truly,

H. O. CHAPMAN,
President.

Mr. President, that letter states the position which is typical of the Kansas life insurance companies, or at least of the smaller companies in my State.

For that reason, Mr. President, I cannot vote against proposed legislation of this type.

In 1942, Congress enacted a law relating to life insurance company income taxes. That law was based on a complicated, intricate, and what proved to be a very volatile formula. The vagaries were such that the taxes fluctuated radically, out of all proportion to changes in circumstances. For instance, by 1947, no income taxes were payable at all. Now, under the same law, the taxes would be seriously increased without a corresponding increase in life insurance company income.

Since 1949, life insurance companies have been taxed under a series of temporary measures, each one expiring on December 31 of the year of its passage. The Mills law, under which the companies have been taxed on operations for 1955 and 1956, with the taxes being payable in 1956 and 1957, respectively, passed the House after extensive hearings, and was originally intended by its

author as permanent legislation. Because of Treasury objection, it was finally enacted on a temporary basis. The Treasury had originally planned to recommend a permanent law in time to apply to 1957 operations. Because of the complications and complexities of the problem, it did not produce a plan which it was willing to recommend at that time, but has now given definite assurance that such a plan will be offered for consideration by April 7. It seems to me, and it so seemed to a large majority of the Senate Finance Committee, that the fair thing to do was to hold this matter in status quo until the Treasury proposal for a permanent tax plan could be given adequate consideration.

This bill was recommended unanimously by the Ways and Means Committee, was passed by the House without dissent, and is recommended by the Secretary of the Treasury, who stated in a letter to Senator BYRD, chairman of the Senate Finance Committee, "I believe it to be generally agreed that the application of the 1942 formula would, after a lapse of 8 years, produce some inequitable results."

The Senate Finance Committee conducted hearings on this subject for a day and one-half; and to a considerable majority of us, it seemed that equity required the passage of this bill. The extra burden of taxes would, of course, fall primarily upon the more than 100 million citizens of our country, the small savers of the Nation, who are sacrificing currently to provide life-insurance protection for their families; and it would fall even more onerously upon the numerous dependents of deceased policyholders who are living on the proceeds of life-insurance policies.

Mr. GORE. Mr. President, the pending bill relates to the income-tax liability of insurance companies for the year 1957. It proposes to forgive insurance companies for an estimated $124 million of taxes already accrued and owed by the said companies on their 1957 incomes. The due date for payment is tomorrow, March 15. However, the taxes have been owed and have been fully accrued since December 31, 1957.

So, Mr. President, the bill not only is a tax-reduction measure, but it is a measure for retroactive tax reduction for the prior calendar year.

In the beginning of my remarks on this troublesome and technical subject, I wish to disclaim any bias against insurance companies or against the insurance business, as such.

Instead, I wish to acknowledge that the insurance companies have assumed—although upon what justification, I am not certain—that the Congress would see fit to enact a measure which would relieve them of the necessity for paying their taxes under present law.

Statements have been made on the floor that the insurance companies were given assurance that this would be done. I have heard that statement before, but I know of no citation of record as to who gave such assurance. I know of no one who had the authority to give such assurance. I know of no valid reason why the insurance companies should assume that the clerk of a committee or a member of a committee could give that kind of assurance. The tax laws of the country are enacted by the Congress of the United States. Retroactive tax relief is not within the power or the province of any agency other than the United States Congress.

Now that the taxes are owed, and have been owed since January 1 of this year, are fully accrued, and the due date for payment is tomorrow, the United States Senate is meeting in a night session on the night before the due date for payment.

Senators will search in vain the hearings before the Senate Finance Committee to find justification for this action. They will search in vain the records of the Finance Committee for precedents to find justification for this proposed action.

A tax reduction that is retroactive to the prior calendar year, in which the taxes have fully accrued and for which they are owed, is, I submit, a very questionable procedure, and should be resorted to only when clear justification is established and undue hardship is shown. Did the application of the present law on the income of insurance companies in 1957 impose an undue hardship? Not so, according to the Treasury of the United States.

On page 23 of the hearing before the Finance Committee it will be found that the junior Senator from Tennessee interrogated Mr. Dan Throop Smith, deputy to the Secretary of the Treasury, who appeared as the spokesman of the United States Treasury, as follows:

Senator GORE. I asked you if you were aware of any undue hardship under the present law, which is the 1942 law.

Mr. SMITH. Hardship? No; I am not aware of any.

Senator GORE. Then upon what basis did the Treasury agree to go along with the so-called stopgap bill?

I digress from a reading of the hearings, Mr. President, to say that the Treasury of the United States agreed to "go along," to use their words, with enactment of this retroactive tax reduction. The Treasury has not come forthrightly forward and recommended it. Upon one occasion the Treasury spokesman said the Treasury would go along with this retroactive tax reduction. On another occasion the committee received a letter in which the Treasury Department said it "joined with the Ways and Means Committee" in enactment of this bill. I have searched the record in vain to find where the Treasury has said, "We recommend enactment of the bill."

Going back to the record of the hearings, I asked Mr. Smith:

Then upon what basis did the Treasury agree to go along with the so-called stopgap bill?

Mr. SMITH. Because it seemed to us not unreasonable, in what we hope will be the last year for an interim form of legislation before the adoption of what we hope will be a permanent formula, to have a continuation of what has been in effect in the 2 preceding years. To repeat, it would not be unreasonable, rather than adopt a still substantially different method with differing impacts upon different companies, for a single year.

Senator GORE. Do you mean to say by that that the present law, the 1942 formula, is unreasonable?

Mr. SMITH. I do not say that.

Senator GORE. Do you say it is or is not unreasonable?

Mr. SMITH. I say it would not be unreasonable to continue a stopgap for 1 more year.

Senator GORE. Well, would it be unreasonable to allow the insurance companies, to permit them, to require them, to pay their taxes, their tax liability, as levied under the present law?

Mr. SMITH. Not to my knowledge. That would not be unreasonable either.

Is it because the insurance companies cannot afford to pay the taxes they owe?

Mr. President, I have before me a number of financial statements of insurance companies. I attempted in the hearings to find the identity of the principal beneficiaries of the proposed legislation. The information was not supplied for the record. The staff has assisted the committee since the committee reported the bill and recommended its passage, and has obtained certain information.

Would it not have been better, Mr. President, to have had the information before the committee acted, rather than to have a member of the committee bring it to the attention of Senators by placing it on their desks in the Senate Chamber, after the committee has acted and recommended passage of the bill?

I should like to invite attention to the financial statement of the Metropolitan Life Insurance Co. On page 4 of that statement I should like to read certain entries. "Net investment income for 1957: $506,244,047.98." With some adjustments up or down for tax exempt income and for other minor items, this figure with not too much readjustment is the sum upon which the insurance company has been taxed, and it is the sum upon which it would be taxed, or upon which its tax liability would be calculated, if we set aside the present law and retroactively gave this company the benefit of the so-called stopgap measure which is under consideration.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. YARBOROUGH. How much money did the distinguished Senator from Tennessee mention? Was that the profit for 1 year?

Mr. GORE. I have given the net investment income for 1957.

Mr. YARBOROUGH. For 1 year?

Mr. GORE. One year.

Mr. YARBOROUGH. How much was the figure, please?

Mr. GORE. Five hundred and six million two hundred and forty-four thousand and forty-seven dollars and ninety-eight cents.

Mr. YARBOROUGH. Over a half billion dollars?

Mr. GORE. This is only the income from investments.

Mr. YARBOROUGH. It does not include the life-insurance income?

Mr. GORE. This is, I repeat, only income from investments.

I wish to point out to the able Senator that the present law—which is also

true of the proposed bill—would levy taxes based largely on income from investment, but not at a 52-percent rate, as other corporations pay, and not on a graduated scale, as is true with respect to taxes levied on the income of individuals. The Senator might be quite surprised to know what the rate is.

Under the present law—I mean the present law under which this company and all other insurance companies already owe their taxes for 1957—the rate is only 11.6 percent of income from investments.

Mr. YARBOROUGH. Does the Senator mean that is the top bracket? The insurance companies do not pay taxes at any higher rate than that on income?

Mr. GORE. That is the percentage of taxation on investment income, and income from investment is practically all that is taxed. This is the top rate which is levied by the present law, and which has been levied against the investment income of 1957.

What are we asked to do? We are asked to substitute for the law under which the taxes are already owed a so-called stopgap formula. Why we call it stopgap I do not know.

Mr. YARBOROUGH. Does the Senator know any gap that it stops up? Does it not open one up for tax evasion?

Mr. GORE. Let me state what is proposed, and the Senator can place his own interpretation on it, as to whether it is a stopgap or a let-the-bars-down proposal.

The stopgap bill which we are asked to pass on the night before Christmas for the insurance companies provides that taxes on 1957 income from investment, and only on the income from investment, would be reduced from 11.6 percent to only 7.8 percent.

Why? Why? Upon what justification are we asked to reduce the small rate of 11.6 percent which has already been applied to the 1957 income to only 7.8 percent to be applied to only the net investment part of the income?

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. YARBOROUGH. Is the distinguished Senator from Tennessee a member of the committee which heard testimony on the bill?

Mr. GORE. I am a member of the committee which conducted hearings, but I must confess that I gained little knowledge from the hearings, because the principal witness read a long, 20-page statement which did not touch the issue top side or bottom.

Mr. YARBOROUGH. Was there any reason shown for the tax reduction for the insurance companies in the hearings? Was any logical reason given?

Mr. GORE. No reason has been given, as I would interpret the word "reason."

The plea has been made that the present law is inequitable. I am not prepared to say that there are not some inequities in our tax laws on insurance companies or otherwise. I know of no inequity so great as to allow but a $600 exemption for a dependent child.

Let me go on as to this company for just a moment.

Mr. SPARKMAN. Mr. President, will the Senator yield to me at that point in connection with this particular matter?

Mr. GORE. I yield.

Mr. SPARKMAN. There is one thing which has made quite an impression upon many. In the minority views, I find this statement:

> In fairness to the insurance companies, it should be said that the 1942 law has upon several occasions been superseded by temporary legislation, and that many insurance companies presumed, or were led to believe, that it would again be superseded with respect to 1957 income. Congress has not done so, however, and 1957 taxes are now owed.

I gather from the majority report that the stopgap arrangement—not this one, but some stopgap arrangement—has been the pattern ever since 1950. Furthermore, I gather that the Treasury Department was supposed to work out a formula for a permanent tax program so as to avoid the necessity for stopgap provisions.

What I find hard to dismiss is that a pattern had been set by Congress, so if there was any fault in leading the insurance companies to believe that the same course would be followed again, it was the fault of Congress and not of the insurance companies. I wish the Senator would clear up that point.

Mr. GORE. I would not undertake to say that the United States Congress is at fault because it did not, in the calendar year 1957, enact a law to give temporary relief or permanent relief to the insurance companies. It is true, as the Senator has stated, and as the minority view acknowledges, that upon several occasions the Congress has interposed a temporary revenue statute with respect to insurance companies, but it did not do so in 1957.

Mr. SPARKMAN. I believe it had done so since 1950.

Mr. GORE. The present law was not set aside in 1947 or 1948. It so happened that in those years the application of the present law yielded no revenue whatsoever from the insurance companies. As the Senator will recall, that was a period of low interest rates. That was a period when the insurance companies did not show significant income from investment for tax purposes; and, let me repeat, it is primarily upon income from investment that either the present law or the proposed law levies a tax liability.

In 1957 the benefits of high interest rates pyramided, and insurance companies owe a considerable tax bill on their income for 1957.

Back in 1947 and 1949, when the same law imposed no tax liability whatsoever, it was proposed that the Congress enact a law setting aside this inequitable law—so inequitable that the insurance companies owed nothing whatever for either of 2 years—and apply retroactively a law which would exact taxes from the insurance companies. But the Finance Committee of the United States Senate said "No." The record of that report has already been read in the debate today, and I shall not repeat it. The committee said that such action would violate a deep principle which we must not violate. When the calendar year is closed and the tax liability has accrued and is owed, the door is shut. Now the door is shut, under the present law, on the 1957 taxes. In all candor, I would not say to the junior Senator from Alabama that I would refuse to give retroactive tax relief in all circumstances; but it is a questionable procedure which, in my opinion, should be resorted to only when there is clear justification and unquestioned and undue hardship.

I wonder if there is justification or undue hardship in this case. Yesterday I gave the Senate a preliminary estimate, from the investigations my staff had made, to the effect that the pending bill would give tax forgiveness of $75 million to 10 large insurance companies. We have now made what we think is a correct calculation. The amount is not $75 million. It is $81,400,000. The Metropolitan Life Insurance Co., to whose financial statement I was referring at the time the distinguished junior Senator from Alabama propounded an interrogatory, shows a net income from investment—and, mind you, that is by no means all the income of an insurance company—net income from investment in 1957 of $506,244,047.98.

On line 28 on page 4 I see the entry "net gain from operations before dividends to policyholders and excluding capital gains and losses, $390,744,014.77."

After dividends, on line 37, there is this entry:

> Net gain to surplus account, $90,393,704.95.

Let me say to the junior Senator from Alabama that this company alone, under the pending bill, notwithstanding its tremendous profits and its strong financial position, would be given tax forgiveness of more than $20 million. Where is there undue hardship which would justify this action? Where is there extreme justification, upon which the Congress can, with justice and equity, pass a bill which would give to this company an unneeded tax forgiveness of $20 million?

I refer next to the Mutual Life Insurance Company of New York. A great deal has been said in the debates to the effect that mutual companies are something special, that they belong to the policyholders. I advise Senators not to try to will to anyone their share of such companies. I advise them not to try to collect their share. It is a peculiar kind of ownership if the policyholders own them. The extent of the ownership of a policyholder is limited by the terms of his policy.

It is said that the policyholders run the company. On page L-1 of the schedules of the company for 1957, I find the record of the election of directors. There were 10 places to fill. There were 10 candidates for the places. Although this company has a million and a half policies outstanding, how many votes did these directors get?

Each candidate got exactly 136 votes by policyholders present in person. The first man, Mr. David T. Beals, received by mail, 29 votes. Mr. Robert T. Stevens was almost defeated. He got only 26 votes. The lowest man got 26 votes by mail, and the highest man got 29. This is a democratically run institution, Mr. President. The miracle of compound interest has placed a concentration of wealth and capital in the hands of a few men, and the Senate should give consideration to this fact. Are Senators aware that one insurance company in this country has assets greater than any commercial bank in the country by about 50 percent, has assets equal to those of General Motors combined with the Ford Motor Co., plus the United States Steel Corp., added thereto?

The policyholders, it is said, control the company. I just read the record of the election. Oh, how democratic it is. We always hear about the widow who has a policy. The president of the company draws a salary of $134,500. I suppose that, too, is approved by the widows who hold policies. The 10 largest life insurance companies have total assets of more than $62 billion. Oh, the miracle of compound interest.

If this is continued, I leave it to the Senate to contemplate the future.

There must be equitable taxation of insurance companies. That we have not had. I agree with the distinguished senior Senator from Virginia [Mr. BYRD] that the Treasury of the United States should be severely reproached for not recommending to the Congress an equitable and fair system of taxation on insurance companies. Instead, we have here not a recommendation, I repeat, but a willingness on the part of the Treasury to go along with this tax forgiveness.

It is alleged by some that present law is inequitable because it lays a heavy hand on the small companies. Where is the evidence? That is something we cannot take upon assumption or idle rumor. Where is the evidence? Where is the hardship? Where is the undue hardship? The Deputy Secretary of the Treasury said he was not aware of any. Where is there unreasonableness when insurance companies pay their taxes according to the law on their income for 1957, just as the senior Senator from North Dakota must pay his, just as every man and woman with sufficient income to have tax liability must pay, and just as other companies must pay their taxes? Why on the night before the due date is the Senate to do this? Is it justified? What is the justification? I cannot find justification. The justification was not submitted to the committee, in my opinion. Some vague statements were made about inequity. I am not prepared to assert that inequitable results will not be forthcoming, but I would like to have them identified. Are we sure that the passage of the stopgap bill will not create more inequities than it will relieve? What about the inequity of giving $81,400,000 in tax forgiveness to 10 companies? Is that equity? Is that fairness? Who says so? Upon what evidence?

This is an unusual action the Senate is called upon to take.

I have before me a large stack of financial statements of insurance companies. I sent telegrams to a number of companies requesting them to supply me with their financial statements. Most of the companies complied. I appreciate their cooperation. However, I do not find in their financial statements the justification for retroactive tax reduction. I think it should be only upon clear justification and, let me repeat, undue hardship that we should resort to this unusual procedure.

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

The PRESIDING OFFICER (Mr. THURMOND in the chair). The Secretary will call the roll.

The Chief Clerk called the roll and the following Senators answered to their names:

Aiken	Gore	Monroney
Allott	Green	Morse
Barrett	Hayden	Morton
Beall	Hennings	Mundt
Bible	Hickenlooper	Neuberger
Bricker	Hill	Pastore
Bridges	Hoblitzell	Payne
Bush	Hruska	Potter
Butler	Ives	Proxmire
Byrd	Jackson	Purtell
Capehart	Jenner	Saltonstall
Carlson	Johnson, Tex.	Schoeppel
Carroll	Johnston, S. C.	Scott
Case, S. Dak.	Kennedy	Smathers
Clark	Kerr	Smith, Maine
Cooper	Knowland	Smith, N. J.
Cotton	Kuchel	Sparkman
Curtis	Langer	Stennis
Dirksen	Lausche	Symington
Douglas	Long	Talmadge
Dworshak	Magnuson	Thurmond
Eastland	Malone	Thye
Ervin	Mansfield	Watkins
Flanders	Martin, Iowa	Wiley
Frear	Martin, Pa.	Williams
Fulbright	McClellan	Yarborough
Goldwater	McNamara	Young

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). A quorum is present. The question is, Shall the bill pass?

Mr. MORSE. Mr. President, I have received from representatives of insurance companies in Oregon telegrams in which they urge me to vote for the pending bill. In fairness to those constituents, I believe their representations should be included in the RECORD. Accordingly, I ask unanimous consent that the telegrams be printed at this point in the RECORD.

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

PORTLAND, OREG., *March 7, 1958.*

Hon. WAYNE MORSE,
United States Senator,
Washington, D. C.:

Urge your presence and favorable vote when H. R. 10021 is up for consideration by Senate on Wednesday, March 12. Unless passed and signed by March 15, Federal income tax on life insurance companies will increase as much as 95 percent on 1957 business. In our own case tax would be on approximately $285,000 instead of $170,000. Being a mutual company this would be a direct charge to policy owners' funds creating a grossly unfair situation acting against those who are protecting their families through life insurance. Over 70 percent of our insurance is on residents of Oregon. The bill merits your full support.

GARNETT E. CANNON,
President, Standard Insurance Co.

EUGENE, OREG., *March 10, 1958.*

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.:

Respectfully urge passage of H. R. 10021 to prevent an unjust tax burden on life insurance companies.

GEORGE B. SCHWIEGER, Jr.

PORTLAND, OREG., *March 11, 1958.*

WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Respectfully urge passage of H. R. 10021 to prevent an unjust tax burden on life insurance companies.

TED LODER.

Mr. MORSE. Mr. President, I have studied this bill very carefully. I have reached the conclusion that the bill is not a sound one. I shall vote against the bill, for the reasons I have already stated for the RECORD.

I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, an article published today in the Wall Street Journal. The article points out that the Bureau of Internal Revenue has announced that there will be an extension to June 15 of the requirement that the insurance companies pay their taxes.

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

[From the Wall Street Journal of March 14, 1958]

TAX AGENCY EXTENDS INSURANCE CONCERNS' DEADLINE FOR FILING

WASHINGTON.—The Internal Revenue Service took the pressure off the insurance industry on its 1957 tax bill.

As a result of the confusion over just how the industry is to be taxed—a problem awaiting settlement in Congress—the IRS delayed the final filing deadline for insurance companies.

This extension allows insurance companies to apply for the extension and get a delay up to June 15—if they pay half of their estimated tax now.

IRS officials say that since they don't know just how the insurance companies are to be taxed, they can't get the forms ready. And since they can't get the forms ready, the delay was extended on the filing deadline.

The now-revised deadline for payment of the insurance taxes had been Saturday. If the bill pending in the Senate is not passed, companies would have to pay on the basis of a 1942 law which would increase their tax liability by $124 million.

The House-passed bill would apply a 1955 formula to insurance company taxes.

Mr. MORSE. Mr. President, I recognize that, according to the chairman of the committee, these companies may be required to make some payment before June 15. But I believe the action on the part of the Internal Revenue Service granting the insurance companies an extension removes any necessity for any fast action on this bill.

Although I recognize that in this matter there are some equities the insurance companies can make out for themselves, the fact remains that the mass of the American taxpayers have much greater equities.

In view of the fact that it has been impossible to have added to the bill amendments to protect the great mass of the taxpayers, I do not propose to vote to have the insurance companies

given at this time such a handout. In my opinion, the bill provides for a loophole which would favor big business, at the expense of the people. Therefore, I shall vote against the bill.

Mr. McNAMARA. Mr. President, in a very short time, we are going to vote on the pending measure. I have no illusions about the outcome of the vote. But I want to make it clear that I am unalterably opposed to this measure, and will cast my vote against its passage.

In simple language, Mr. President, what we are doing here is giving a $124 million retroactive tax cut to the life-insurance companies, and we are doing it without any justification whatsoever.

I scrutinized the report of the Finance Committee on this bill, and I studied very thoroughly records of the hearings on it. I must assume that the Finance Committee has some secret justification for recommending the passage of this bill; but, if it has, it has not revealed it to me.

I grant that life-insurance companies expect us to give them this free gift of $124 million, and would perhaps be grievously disappointed if we refused. But I submit, Mr. President, that this is not a sufficient reason for giving away $124 million of the taxpayers' money.

This body voted down amendment after amendment to the pending measure—amendments which, while not altogether perfect, would have, in my opinion, given tax relief to those who deserve it—to the people of these United States—and would have given it in a way which would have helped to lift this Nation of ours out of the doldrums of this Republican prosperity.

This body chose to vote down those amendments; I certainly hope it will vote to defeat the bill itself—this bill which is unjust, unfair, untimely, and wholly unjustified.

I urge my colleagues not to give away the taxpayers' money in this inexcusable way to institutions that need it the least, and I urge them to do as I shall do—vote against the passage of the bill.

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD a statement relating to the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia?

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

STATEMENT BY SENATOR BYRD

To sum up, the bill now pending for the taxation of insurance companies is exactly the same as the law for 1955 and 1956.

It is not intended as permanent legislation.

The legislative record of this pending bill is as follows:

It was approved unanimously by the Ways and Means Committee, and, operating under an open rule for amendments, passed the House unanimously. It has been unequivocably endorsed by the Treasury Department for the taxation year of 1957.

The budget, when submitted to the Congress in January, included as a part of the Federal revenue, collections from insurance companies on a basis not of the 1952 act but on the basis of the tax bill now pending.

It was approved by the Senate Finance Committee by a substantial majority.

The Congress has twice passed this same formula for 1955–56.

The Treasury Department has made a definite commitment to bring in recommendations by April 7, next, for permanent insurance taxation.

This will apply to the year 1958.

This recommendation will go to the Ways and Means Committee, where, of course, hearings will have to be held, as well as in the Senate Finance Committee, and will apply for 1958 taxation.

The pending bill does not provide for a decrease in insurance taxation as compared to the previous year of 1956.

In fact, it will increase taxes for the year 1957 above actual collections in 1956 by $23 million. It will increase in 1957 above collections in 1955 by $48 million. It will increase in 1957 above 1954 by $114 million.

If this pending bill is enacted, it will bring in the highest revenue taxation of any year.

Had this formula—namely the Mills formula, as passed by the House—been in operation since 1942, the total collections from 1942 to 1956, inclusive, would have been $2,334,000,000 instead of $1,736,000,000 under the 1942 formula. The 1942 formula has not been in effect since 1949.

The following tables show the taxes collected from insurance companies and the tax comparisons under the different formula:

Taxes collected from insurance companies

Year:	*Millions*
1942	$27
1943	34
1944	34
1945	25
1946	22
1947	--
1948	--
1949	43
1950	73
1951	127
1952	144
1953	161
1954	177
1955	243
1956	268
1957 [1]	291

[1] Assuming passage of the pending bill.

Although for 1957 the 1955 formula would yield less than the 1942 formula, if the 1955 formula had been applied for all years beginning with 1942 (including 1957) it would have yielded far more revenue than that formula. The comparison is as follows:

[In millions of dollars]

Year	Tax under 1942 formula	Tax under 1955 formula
1942	27	65
1943	34	71
1944	34	74
1945	25	80
1946	22	79
1947		83
1948		91
1949	2	101
1950	30	122
1951	67	161
1952	101	184
1953	155	199
1954	212	222
1955	276	243
1956	336	268
1957	415	291
Total	1,736	2,334

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). The question is on passage of the bill. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas (when his name was called). On this vote I have a pair with the distinguished junior Senator from New Mexico [Mr. ANDERSON]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Louisiana [Mr. ELLENDER], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Idaho would vote "nay." The Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay." The Senator from Florida [Mr. HOLLAND] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Florida would vote "yea" and the Senator from Minnesota would vote "nay." The Senator from Montana [Mr. MURRAY] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Montana would vote "yea" and the Senator from Wyoming would vote "nay." The Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Virginia would vote "yea" and and the Senator from Georgia would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business and if present and voting, he would vote "yea." The Senator from New Jersey [Mr. CASE] and the Senator from West Virginia [Mr. REVERCOMB] are detained on official business. If present and voting, the Senator from New Jersey [Mr. CASE] would vote "yea." The Senator from New York [Mr. JAVITS] is necessarily absent, and if present and voting, would vote "yea."

The result was announced—yeas 61, nays 19, as follows:

YEAS—61

Aiken	Curtis	Ives
Allott	Dirksen	Jenner
Barrett	Douglas	Johnston, S. C.
Beall	Eastland	Kennedy
Bible	Ervin	Kerr
Bricker	Flanders	Knowland
Bridges	Frear	Kuchel
Bush	Fulbright	Long
Butler	Goldwater	Magnuson
Byrd	Hayden	Malone
Capehart	Hennings	Mansfield
Carlson	Hickenlooper	Martin, Iowa
Case, S. Dak.	Hill	Martin, Pa.
Cooper	Hoblitzell	McClellan
Cotton	Hruska	Morton

Mundt	Smathers	Thye
Potter	Smith, N. J.	Watkins
Purtell	Sparkman	Wiley
Saltonstall	Stennis	Young
Schoeppel	Symington	
Scott	Talmadge	

NAYS—19

Carroll	Lausche	Proxmire
Clark	McNamara	Smith, Maine
Dworshak	Monroney	Thurmond
Gore	Morse	Williams
Green	Neuberger	Yarborough
Jackson	Pastore	
Langer	Payne	

NOT VOTING—16

Anderson	Holland	O'Mahoney
Bennett	Humphrey	Revercomb
Case, N. J.	Javits	Robertson
Chavez	Johnson, Tex.	Russell
Church	Kefauver	
Ellender	Murray	

So the bill (H. R. 10021) was passed.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON] to lay on the table the motion of the Senator from Virginia [Mr. BYRD].

The motion to lay on the table was agreed to.

ACCELERATION OF MILITARY CONSTRUCTION PROGRAMS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Senate Concurrent Resolution 69.

The PRESIDING OFFICER. The concurrent resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A concurrent resolution (S. Con. Res. 69) favoring the acceleration of military construction programs for which appropriations have been made.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

Mr. BUTLER. Mr. President, I move that the resolution be read for the information of the Senate.

The PRESIDING OFFICER. Is there objection to the reading of the resolution?

Mr. JOHNSON of Texas. Mr. President, if I may have my motion acted upon, it will take only a minute. We have told Senators we expect to act upon the resolution. I am informed there will be only 2 or 3 minutes of debate on this side. We had hoped to avoid a Saturday session and the consideration of any controversial legislation on St. Patrick's Day, which will be Monday.

I have a brief announcement I should like to make, when it is in order. If I may have the motion acted upon, I shall be glad to have the resolution read, if desired.

Mr. BUTLER. I thank the Senator from Texas.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON].

The motion was agreed to; and the Senate proceeded to consider the concurrent resolution (S. Con. Res. 69) favoring the acceleration of military construction programs for which appropriations have been made, which had been reported from the Committee on Armed Services with amendments on page 1, line 2, after the word "substantial", to strike out "and growing"; in line 3, after the word "since", to strike out "many" and insert "some"; in line 4, after the word "are", to strike out "either"; in line 5, after the word "idle", to strike out "or" and insert "and many are", and in the same line, after the word "partially", to strike out "occupied" and insert "utilized"; at the beginning of line 6, to strike out "there is a clear danger involved in"; in line 7, after the word "unchecked", to strike out "until it becomes unmanageable and unresponsive to even a maximum effort" and insert "makes it less responsive"; on page 2, line 1, after the word "to", to strike out "take"; and after line 12, to insert:

The Congress commends the President and the executive agencies for such action as they have taken to accelerate these programs.

So as to make the concurrent resolution read:

Resolved by the Senate (the House of Representatives concurring), That since there is substantial unemployment in many areas of the country; since some of the productive facilities of our economy are idle and many are only partially utilized; since permitting an economic downturn to continue unchecked makes it less responsive to corrective action; and since there are many authorized and urgently needed military construction projects for which substantial appropriations have already been made;

It is hereby declared to be the sense of the Congress that all such military construction programs for which funds have been appropriated should be accelerated to the greatest practicable extent so as to achieve the desirable objectives of reducing unemployment, putting our productive facilities to fuller use, and moving forward the date of completion and availability of these projects which are vital to our national defense.

The Congress commends the President and the executive agencies for such action as they have tken to accelerate these programs.

ORDER FOR CALL OF CALENDAR ON MONDAY

Mr. JOHNSON of Texas. Mr. President, I should like to announce the legislative program for next week insofar as I am able at this time to determine it. On Monday we will have a call of the calendar, and I ask unanimous consent that, immediately following the completion of morning business, the unobjected to measures on the calendar be called from Calendar No. 1368.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, following the call of the calendar, at the earliest practical opportunity, the following measures will be brought before the Senate:

Calendar No. 1378, S. 3420, extending and amending the Agricultural Trade Development and Assistance Act.

Calendar No. 1392, S. 3441, providing for a minimum-acreage allotment for corn and other purposes.

Calendar No. 1393, S. 3408, amending the Agricultural Adjustment Act of 1938, as amended, to provide that cotton-acreage allotments for the States for 1958 and subsequent years shall be no less than in 1956.

Calendar No. 1394, S. 3385, amending section 114 of the Soil Bank Act with respect to compliance with corn-acreage allotments.

Calendar No. 1395, S. 3295, amending the Fish and Wildlife Act of 1956 in order to increase the authorization for the fisheries loan fund established under such act.

Calendar No. 1380, S. 3406, amending the Agricultural Adjustment Act of 1938, as amended with respect to wheat acreage history.

Calendar No. 1404, S. 2937, providing equitable treatment for producers participating in the Soil Bank program on the basis of incorrect information furnished by the Government.

Calendar No. 727, S. 72, increasing annuities payable to certain annuitants from the civil-service retirement and disability fund.

Calendar No. 1315, H. R. 9271, authorizing National Society of the Sons of the American Revolution to use certain real estate in the District of Columbia as the national headquarters of such society.

Calendar No. 1074, S. 984, conferring jurisdiction on Court of Claims to make findings in connection with uranium claimants.

In addition, early in the week we plan to take up the motion to reconsider S. 3149, increasing the lending authority of the Export-Import Bank. We shall give adequate notice to the Senator from Indiana [Mr. JENNER] and others.

It is also anticipated that early in the following week the road bill reported from the Public Works Committee will be considered. The Treasury-Post Office appropriation bill from the Appropriations Committee should be ready by the middle of next week.

I am confident that during the week other bills will be reported from the standing committees, many of which will require prompt consideration by the Senate. It is our expectation that these measures will be dealt with as quickly as circumstances permit.

I should like to state to the Senate that it was necessary to act upon the bill just passed before March 15 otherwise the Treasury informed us, it would cause a very complicated bookkeeping situation.

I am very grateful to Senators for the hard week they have put in, and I think it will not be necessary to have a Saturday session or to have any controversial legislation or any yea-and-nay votes on next Monday.

I think next week will be a relatively light week. We have no deadline to meet. We will perhaps have an appropriation bill for consideration, but, so far as I can tell, it will not be controversial.

The following week we shall have for consideration the road bill.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. AIKEN. Did the Senator say that Calendar No. 1378, S. 3420, to extend and amend the Agricultural Trade Development and Assistance Act of 1954, would be taken up for consideration early next week?

Mr. JOHNSON of Texas. Yes, sir. I wanted to give notice.

Mr. LAUSCHE. Mr. President, will the Senator speak a little louder?

Mr. JOHNSON of Texas. The Senator asked if Calendar No. 1378, Senate bill 3420, would be taken up next week. I announced that was one of the bills to be considered.

Mr. AIKEN. The bill will come up for consideration early in the week?

Mr. JOHNSON of Texas. Yes, sir. I would not expect it to come up Monday.

Mr. AIKEN. No, sir.

Mr. JOHNSON of Texas. If there is any controversy, I hope to avoid any yea-and-nay votes on Monday.

Mr. AIKEN. There is one provision in the bill which may be controversial.

ACCELERATION OF MILITARY CONSTRUCTION PROGRAMS

The Senate resumed the consideration of the concurrent resolution (S. Con. Res. 69) favoring the acceleration of military-construction programs for which appropriations have been made.

Mr. JOHNSON of Texas. Mr. President, this is the companion resolution to the measure which we passed the other day by a vote of 93 to 1. It would express the desire of Congress to accelerate military construction projects which we have already authorized and for which funds have been provided.

The Deputy Secretary of Defense appeared before the Senate Armed Services Committee yesterday and expressed his willingness to cooperate. As of the end of January, he said the Department had $1,715,000,000 in unobligated balances.

Since spending was very slow during the first 6 months of the fiscal year, this, in and of itself, would represent acceleration.

Mr. President, as a general rule it is probable that military spending of any type is not a good, long range, antirecession measure. But as a short-term proposition, the effects can be substantial.

We are confronted with an immediate situation. We have 5,200,000 unemployed. We hope it is a short-range situation. But whatever it is, there is an immediate need to put men and women to work.

The military construction projects that will be covered by this bill are essential to the security of our country. They have been examined carefully by Congress and the Defense Department. The only thing we are requesting in this resolution is that the projects be built a little faster so we can get some of the economic benefits.

Mr. President, I think all of us are aware that equal benefits would flow from acceleration in contracts for defense procurement. They are not included in this resolution simply because procurement of military hardware—which represents the great bulk of Defense Department spending—is a more complicated question. It involves strategic decisions and decisions on types of weapons that will be used.

I want the Senate to have assurances, on behalf of the Senate Preparedness Committee, that we are going to continue to urge faster decisions on the Defense Department. These decisions would be followed by contracts which would do a great deal to put men and women back on payrolls.

Many of these defense contracts would be placed in areas of greatest unemployment. They would be translated directly into production lines.

We are not unmindful of the need for action in this field, too.

Mr. President, I understand that the executive agencies are responding rapidly to the Congressional call for action. I commend this resolution to my colleagues so we can send it to the House quickly and clearly express the Congressional determination to combat unemployment.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter written by me to the Secretary of Defense, dated February 19, 1958, and a letter from the Deputy Secretary of Defense, in reply to my letter, dated March 6, 1958.

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

FEBRUARY 19, 1958.

Hon. NEIL H. MCELROY,
Secretary of Defense,
Washington, D. C.

MY DEAR MR. SECRETARY: Upon reflection and study, I have reached the conclusion that it is possible to accomplish two very desirable results by a single action within the capabilities of the Department of Defense. The present economic recession has temporarily idled many of our country's workers and much of its resources.

I should like to recommend for your consideration the immediate adoption of a policy of accelerating the completion dates of each authorized construction project in the Military Establishment located in areas where there is substantial unemployment. I hope that this suggestion can receive your immediate consideration and I shall be very pleased to discuss it with you and to receive your reactions and comments at any time.

Sincerely,

LYNDON B. JOHNSON.

THE SECRETARY OF DEFENSE,
Washington, March 6, 1958.

Hon. LYNDON B. JOHNSON,
United States Senate.

DEAR SENATOR JOHNSON: I wish to thank you for your recent suggestion that this Department accelerate the completion dates of authorized construction projects located in areas where there is substantial unemployment.

Of course, our overriding aim in management of the Defense program must be to do those things that will contribute the most to our national security. Nevertheless, we are fully alert to the economic implications of the program. In this regard, it is significant that the rate of contract placement for major procurement and construction during the last 6 months of the current fiscal year will be more than 50 percent greater than the comparable rate during the first 6 months of the fiscal year. This substantial increase during the months ahead will unquestionably provide a desirable impetus to the economy. Moreover, the effect of this increase will extend beyond the end of the current fiscal year, as defense contractors translate the increase in their order backlogs into procurement from their own subcontractors and suppliers and into employment of labor.

With reference to your specific suggestion, we have checked our construction program and find that there are approximately $450 million of projects currently authorized and funded which will involve construction within the labor market radius of cities that have been designated as areas of substantial labor surplus by the Department of Labor. Construction of these projects is being initiated as expeditiously as possible. We are also exploring the feasibility of accelerating construction projects already under way in labor surplus areas without increasing the total cost to the Government.

Sincerely yours,

DONALD A. QUARLES, *Deputy.*

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the resolution, so that all Senators will be on notice.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. SCHOEPPEL. Mr. President——

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. SCHOEPPEL. Mr. President, in lending my support to the principle established in this resolution I want to compliment the committee on that portion of its report on page 6 where special emphasis is placed on the reserve facilities. I should also like to invite attention to page 3 of the report, where there is shown the amount of money available for the construction of this type of facilities.

Senators will note that the Defense Department had available at the beginning of this fiscal year $142 million, and that the Defense Department plans to obligate $72 million, leaving a carryover from fiscal year 1958 to fiscal 1959 of $70 million—and that the Defense Department has only obligated as of January 31, 1958, $15 million of the $142 million available.

I think these figures clearly indicate what can be done in the reserve construction field.

I do not think I have to say here how important the National Guard and the Reserve programs are to our national defense. We all know that this phase of our defense program has been the backbone of our national defense during every emergency period.

I sincerely hope that the Secretary of Defense will vigorously pursue the construction of these facilities, and that he will make every effort to reduce the planned carryover of $70 million to the lowest advisable figure.

All of us have known instances of the Congress having appropriated money for armories and the like and the States and the local areas having, with much sacrifice to themselves floated bond issues and bought sites for the construction of such facilities. Yet many of these projects are no further along than someone's file case in the Pentagon.

In my own State of Kansas, nearly $3 million of approved armory projects are ready for immediate contract letting. Most of these projects are located in the southeast and south central sections of Kansas, where current unemployment is much greater than it was a year ago. In fact, I have been advised that unemployment in this area of Kansas is double that of the State average.

I am informed that projects for which building sites have been selected and which have been scheduled for construction in this fiscal year—but which are not yet contracted for because of lack of funds—are as follows: United States Army Reserve Training Centers at Pittsburg, Coffeyville, Independence, Galena, Emporia, Lawrence, Osawatomie, Ottawa, and Topeka. National Guard armories in this category are as follows: Yates Center, Neodesha, Colby, and Smith Center.

Mr. President, I realize my State is not the only State in this condition. I think it important that tonight we leave no area of doubt concerning our firm belief in the desirability of expediting this construction, especially in those areas where such construction will in its way help relieve the unemployment problem.

Mr. CASE of South Dakota. Mr. President, the resolution in the form in which it comes before the Senate is identical in language with the resolution which the Senate adopted the other day relating to civil works construction. The Committee on Armed Services adopted generally the same amendments as in the other resolution, including the amendment commending the President and the executive agencies for such action as they have taken to accelerate these programs.

Mr. President, the hearings on the resolution, as was true with regard to the civil works resolution, disclosed that there were certain basic reasons for such a lag as there may have been in the commitment and obligation of construction funds.

There were four primary reasons that could be assigned for a lag in the military construction program. The first was the debt ceiling.

The second was the nature of the weather, and the fact that, going into the fall and winter months, construction usually lags behind authorizations, whereas spring is the period of time when construction activity goes at a faster tempo.

The third reason was the readjustment and review necessary of the military program by reason of developments in the field and the activities of the Preparedness Subcommittee of the Armed Services Committee, resulting in a review of the essentialities or priority of certain military construction programs.

The fourth reason for some lag, as developed by the hearings, was the natural limitations or restrictions found in certain pieces of legislation. For example, there were the requirements which had to be met in connection with military housing, particularly the Capehart housing, which made some lag almost inevitable, because of acquisition of certain Wherry housing projects, and things of that sort, which had to be gotten out of the way before the projects could be carried on.

Circumstances have changed with respect to those four reasons. The debt ceiling has been changed. The Treasury now has elbow room in which to manage the public debt.

The time of year has changed. We are coming into spring, when construction will naturally open up.

The review of the priorities in military construction has been carried on, and the Defense Department is able to give a clear go-ahead sign with respect to many projects, which it could not do last fall.

Finally, the natural restrictions inherent in certain programs are being met in the time available for them.

Senators will find on pages 4205–4206 of yesterday's RECORD, a complete tabulation of all the construction funds available, both in the civil public works and the military construction programs.

They will find in one column the unexpended balances as of December 31, and in the next column the unobligated balances as of December 31.

As the Senator from Texas [Mr. JOHNSON], the author of the concurrent resolution, pointed out many times, there was a total of $7 billion in unexpended balances, and $4 billion in unobligated balances for the two classes of programs, civil works and military works.

The $4 billion in unobligated balances was divided almost equally between civil works and military or defense works. The unobligated balance of $2,071,000,000 as of December 31, in the Defense Public Works Program is substantially half of the $4 billion available. The breakdown of the various categories is set forth in detail.

I am glad that the Senator from Kansas has called attention to the reserve program. No part of the military construction program comes home more sharply to Members of Congress than the reserve program, which embraces the armory construction program.

The report of the committee clearly brings out the fact that the committee brought to the attention of Mr. Quarles and other representatives of the Defense Department the interest of the Congress in seeing that the reserve armory construction program should go forward at an accelerated rate.

The distinguished ranking minority member of the Armed Services Committee, the Senator from Massachusetts [Mr. SALTONSTALL], conducted the interrogation; and from what I have been able to see from the report and read in the RECORD, he brought out the facts substantially as I have stated them here. I wish to commend him and his colleagues on the committee for the facts which they developed.

I hope the concurrent resolution will be adopted by a unanimous vote.

Mr. SYMINGTON. Mr. President, in recent hours there have been several opportunities in this body to vote for tax reductions. Personally I think it is more important to consider people who have no work than to reduce the taxes of people who have work.

With respect to the pending concurrent resolution, and the testimony of the Deputy Secretary of Defense, some interesting facts developed.

As of July 1, 1957, and at the beginning of the fiscal year 1958, $2,751,000,000 was available for obligation in order to increase construction in the Military Establishment of the United States. How much of that do Senators suppose was obligated in the first 7 months? The amount was $315 million. Four of those seven months were after sputnik.

I was interested in the statement of the Deputy Secretary of Defense, who testified before the committee that one of the reasons why construction work had not been started, except to the extent of 11 percent of the money available, lay in the rigid expenditure ceiling which was placed on the Defense Department last spring.

The other reason was problems incident to the debt limitation.

I hope that, because of unemployment conditions in the country, the remainder of this money will now be utilized in the 5 months of this fiscal year.

Mr. SALTONSTALL. Mr. President, I agree with what the Senator from South Dakota [Mr. CASE] has said. I believe that the Defense Department is now going ahead fast with military construction.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks certain excerpts from the committee report, which I have marked.

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

Before I outline these in some detail, I would like to summarize the highlights that seem to relate most directly to Senate Concurrent Resolution 69. First of all, our plans call for the obligation of $1,715,000,000 in the 3 major military construction appropriations during the last 5 months of this fiscal year—this is 5 times as much as was obligated during the first 7 months. Similarly, during the last 5 months of this fiscal year we plan to obligate $57 million in the construction of Reserve facilities, or almost 4 times the amount obligated during the first 7 months of the year.

Although, for reasons I will discuss later, we cannot accurately forecast the amount of Capehart housing which can be funded by private capital, we hope that somewhere between a quarter- and a half-billion dollars of such housing will be contracted for this fiscal year.

With specific reference to the unemployment situation, I am pleased to report that some $450 million of these construction projects, not including housing, are planned for labor surplus areas during the last 5 months of this fiscal year.

I am sure that in the aggregate these various projects should have a beneficial impact on the surplus labor picture and can assure you they will have a most important and beneficial impact on national defense.

Taking the three major military construction appropriations as a whole, the Department of Defense carried over into the present fiscal year $706 million of unobligated appropriations. It received $1,995,000,000 of new obligational authority, including $520 million in the recent supplemental appropriation, and $50 million of reimbursements, so that its total fund availability for this fiscal year was $2,751,000,000. The Defense

Department's obligational plan for fiscal year 1958 called for obligation of $2,030,000,000. This would carry over at the end of this fiscal year some $721 million unobligated funds, virtually all of which represent the value of work under advertisement or negotiation at the end of the year, as well as amounts set aside to complete projects already under way. This is approximately the same as the carryover from the previous fiscal year.

The above applies to the program as a whole. I believe the committee would be interested in a further statement about the housing program. Of the 145,000 units authorized within the $2.3 billion mortgage insurance limit of the Federal Housing Administration, 35,237 units ($535 million) have been placed under contract. Additionally, we have accepted bids on 6,793 units, of which 1,600 units have FNMA financing. There are 9,172 units of Capehart housing being advertised for contract at this time. We are hopeful that these 15,965 units costing some $255 million will be placed under construction by June 30 of this year. In addition, there are 25,241 units for which plans and specifications are being prepared, and 6,624 of these units costing over $109 million will be advertised in the near future. We are hopeful that many of these 6,624 units may be started by the end of the fiscal year.

It must be recognized that the number of Capehart units which can be placed under contract is dependent on availability of mortgage financing.

With regard to Reserve Forces facilities, we carried forward $54 million of unobligated appropriations into the present fiscal year, and the Congress appropriated $88 million additional, so that the total availability for Reserve Forces facilities for the current fiscal year is $142 million. This includes $21 million Air Force Reserve facilities which are part of the overall Air Force military construction appropriation and which were, therefore, included in the construction figures mentioned earlier. Our program calls for obligating $72 million for this total in the present fiscal year, leaving $70 million for support, in part, of the fiscal year 1959 program. Of this $70 million, something like $22 million will have been released for commitments.

Of the $72 million obligations planned in fiscal year 1958, only $15 million had been obligated through last January. This leaves a forecast of $57 million to be obligated in the last 5 months of the present fiscal year, and the departments have plans for projects aggregating this amount. Moreover, we are reexamining this Reserve facilities program to see if it should be further accelerated.

Mr. SALTONSTALL. I place these excerpts in the RECORD because they show a very substantial advance in military construction. Many more housing projects are under contract, or are being obligated to be placed under contract. I think the showing is very helpful, and I hope we shall be able to proceed rapidly with military construction.

The PRESIDING OFFICER. Without objection, the committee amendments are agreed to en bloc.

The question is on agreeing to the concurrent resolution, as amended. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], Senator from Idaho [Mr. CHURCH], Senator from Louisiana [Mr. ELLENDER], Senator from Florida [Mr. HOLLAND], Senator from Minnesota [Mr. HUMPHREY], Senator from Tennessee [Mr. KEFAUVER], Senator from Montana [Mr. MURRAY], Senator from Wyoming [Mr. O'MAHONEY], Senator from Virginia [Mr. ROBERTSON], Senator from Georgia [Mr. RUSSELL], are absent on official business.

I further announce that if present and voting, all of the above Senators would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business and if present and voting, he would vote "yea."

The Senator from New Jersey [Mr. CASE] and the Senator from West Virginia [Mr. REVERCOMB] are detained on official business. If present and voting the Senator from New Jersey [Mr. CASE] would vote "yea."

The Senator from New York [Mr. JAVITS] is necessarily absent, and if present and voting he would vote "yea."

Also the Senator from Vermont [Mr. FLANDERS], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Kansas [Mr. SCHOEPPEL], and the Senator from New Jersey [Mr. SMITH] are necessarily absent. If present and voting, each of these four Senators previously named would vote "yea."

The result was announced—yeas 76, nays 1, as follows:

YEAS—76

Aiken	Green	Morse
Allott	Hayden	Morton
Barrett	Hennings	Mundt
Beall	Hickenlooper	Neuberger
Bible	Hill	Pastore
Bricker	Hoblitzell	Payne
Bridges	Hruska	Potter
Bush	Ives	Proxmire
Butler	Jackson	Purtell
Byrd	Jenner	Saltonstall
Capehart	Johnson, Tex.	Scott
Carlson	Johnston, S. C.	Smathers
Carroll	Kennedy	Smith, Maine
Case, S. Dak.	Kerr	Sparkman
Clark	Knowland	Stennis
Cooper	Kuchel	Symington
Curtis	Langer	Talmadge
Dirksen	Lausche	Thurmond
Douglas	Long	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Wiley
Ervin	Mansfield	Williams
Frear	Martin, Iowa	Yarborough
Fulbright	McClellan	Young
Goldwater	McNamara	
Gore	Monroney	

NAYS—1

Cotton

NOT VOTING—19

Anderson	Holland	Revercomb
Bennett	Humphrey	Robertson
Case, N. J.	Javits	Russell
Chavez	Kefauver	Schoeppel
Church	Martin, Pa.	Smith, N. J.
Ellender	Murray	
Flanders	O'Mahoney	

So the concurrent resolution (S. Con. Res. 69) was agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That since there is substantial unemployment in many areas of the country; since some of the productive facilities of our economy are idle and many are only partially utilized; since permitting an economic downturn to continue unchecked makes it less responsive to corrective action; and since there are many authorized and urgently needed military construction projects for which substantial appropriations have already been made;

It is hereby declared to be the sense of the Congress that all such military construction programs for which funds have been appropriated should be accelerated to the greatest practicable extent so as to achieve the desirable objectives of reducing unemployment, putting our productive facilities to fuller use, and moving forward the date of completion and availability of these projects which are vital to our national defense.

The Congress commends the President and the executive agencies for such action as they have taken to accelerate these programs.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which Senate Concurrent Resolution 69 was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

AUTHORIZATION FOR SIGNING OF HOUSE BILL 10021

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Vice President or the President pro tempore be authorized to sign, during the adjournment, the enrolled bill, H. R. 10021, which passed the Senate a short time ago.

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

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1378, S. 3420.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

AID TO FOREIGN NATIONS

Mrs. SMITH of Maine. Mr. President, I invite the attention of my colleagues to the editorial in today's Washington Star with respect to the thought-provoking and interesting proposal made by the distinguished junior Senator from Oklahoma [Mr. MONRONEY]. I ask unanimous consent that the editorial be printed in the RECORD.

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

NEW AID APPROACH

The lines have been firmly drawn for a major Congressional battle over foreign aid, with probably the bitterest division centering on the amount and nature of nonmilitary economic assistance. In brief, the administration is proposing extension of current programs in a total of $3.9 billion, of which $1.3 billion would be marked for various types of nonmilitary aid. In this form,

the administration plan is one of its highest priority legislative recommendations. It has strong bipartisan support in both branches of Congress, and it has influential backing from quarters outside Government. It has some equally tough and determined opposition, in Congress and out.

Against this background, Senator MONRONEY, a consistent supporter of foreign aid, has proposed a new approach. Dealing specifically with the question of promoting economic progress in the underdeveloped areas of the world, the Oklahoma Democrat has suggested establishment of a new international lending agency, to be designated the International Development Association, to supplement on a somewhat easier and more flexible credit basis the operations of existing agencies in this field. It would be associated most closely with the World Bank, but would be authorized to make long-term, low-interest loans which the bank, under present regulations, must reject. It would permit repayment of such loans either in dollars or in local currencies. Both the World Bank and the Export-Import Bank require repayment in hard currencies.

Mr. MONRONEY's proposal is a result of 18 months of study by the Senator, including consultation with qualified authorities both here and abroad, and discussion with members of both parties on Capitol Hill and with leaders in the executive branch. In submitting a resolution calling for Senate consideration of his plan, the Senator made a persuasive plea for some such step as this at a point when our foreign-aid program, sorely needed at this time, is in the gravest possible danger of defeat or mutilation. His warning of the danger is not by any means exaggerated. And the Monroney proposal offers a new approach which might be helpful and constructive. It should be examined seriously in the Senate.

REINVESTMENT BY AIR CARRIERS OF CERTAIN PROCEEDS FROM SALES OF PROPERTY AND EQUIPMENT

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 5822) to amend section 406 (b) of the Civil Aeronautics Act of 1938 with respect to the reinvestment by air carriers of the proceeds from the sale or other disposition of certain operating property and equipment, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MAGNUSON. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MONRONEY, Mr. SMATHERS, Mr. BIBLE, Mr. SCHOEPPEL, and Mr. PAYNE conferees on the part of the Senate.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

CONCURRENT RESOLUTION OF MISSISSIPPI LEGISLATURE

Mr. STENNIS. Mr. President, several weeks ago I called to the attention of the Senate the vital role of the National Guard in our overall national defense picture. The Mississippi Legislature has adopted a resolution calling on the Congress to maintain the National Guard at the maximum strength. I ask unanimous consent to have the resolution printed in the RECORD.

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

Senate Concurrent Resolution 130

A concurrent resolution of the Legislature of the State of Mississippi memorializing the Congress of the United States to maintain the strength and effectiveness of the National Guard of the United States by the enactment of legislation providing for a National Guard strength of at least 400,000 officers and men, retention of the present number of units in the troop allotment, strengthening of the armory construction program, and necessary appropriations therefor, together with necessary safeguards to insure release of such funds when the Congress has made such appropriations

Whereas from colonial days to the present the National Guard of the United States, composed of the patriotic citizen soldiers from every State, has performed vital services to the Nation and its people in thousands of emergency situations, including natural disaster in peacetime and the defense of our freedom in time of war; and

Whereas in these days of international peril and high defense costs the National Guard provides a most essential and effective link in maintaining our chain of strength to resist aggression and at only a fraction of the cost of providing a comparable full-time active duty force of regulars; and

Whereas it is essential to our national welfare and the defense of the Nation that the strength of the National Guard must be maintained if we are to preserve our freedoms, since the guard provides in constant readiness trained military manpower to be used with other forces against any future enemy and also a dispersed force in 2,600 communities which can be used to restore order from the chaos which would result if this country should be attacked; and

Whereas there are now afoot certain plans to reduce the strength of the National Guard and the units thereof, and other steps having been taken to lower its efficiency through such actions as that of the Bureau of the Budget in refusing to release funds for National Guard armory construction even though such funds are appropriated by the Congress; and

Whereas the Legislature of the State of Mississippi is deeply concerned at the proposals now being made to lower the strength and effectiveness of the National Guard and is desirous of expressing its unqualified opposition to such proposals and desires to register its strong support of a realistic program which will maintain the strength and effectiveness of the National Guard: Now, therefore, be it

Resolved by the Mississippi State Senate (the House of Representatives concurring therein), That the Congress of the United States of America be and it is hereby requested to provide for maintaining the strength and effectiveness of the National Guard of the United States by taking the following actions:

1. Provide by law for maintaining the National Guard strength at a level of at least 400,000 officers and men, and appropriate the necessary funds therefor, with necessary safeguards to insure release of such funds.

2. Make provision for retention of the present number of National Guard units in the troop allotment.

3. Appropriate sufficient funds for an orderly and adequate armory construction program for the National Guard, with necessary safeguards to insure the release of such funds when the Congress has made such appropriation; be it further

Resolved, That the secretary of state be, and he hereby is directed to send a duly certified copy of this resolution to the Senate of the United States and another copy to the House of Representatives in the Congress of the United States.

ADDITIONAL BILLS INTRODUCED

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

By Mr. MORSE:

S. 3493. A bill to amend the District of Columbia Unemployment Compensation Act of 1935, as amended; to the Committee on the District of Columbia.

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

By Mr. BARRETT (for himself, Mr. MALONE, Mr. THYE, Mr. WATKINS, Mr. POTTER, Mr. BEALL, Mr. PAYNE, Mr. ALLOTT, and Mr. HOBLITZELL):

S. 3494. A bill to extend the period during which unemployment benefits may be paid under the Railroad Unemployment Insurance Act; to the Committee on Labor and Public Welfare.

ADJOURNMENT TO MONDAY

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 8 o'clock and 46 minutes p. m.) the Senate adjourned until Monday, March 17, 1958, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 14, 1958:

IN THE REGULAR ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of title 10, United States Code, sections 3284 and 3298. All officers are subject to physical examination required by law.

To be first lieutenants

Anderson, John A., O77251.
Anderson, Richard L., O77253.
Bausler, Donald R., O77267.
Bowdoin, William R., Jr., O77275.
Burkard, Danny J., O77292.
Bush, Charles E., O77296.
Carlson, Gustaf R., O77306.
Caswell, Philip P., O77311.
Catalano, Victor J., O78257.
Cathcart, James E., O77312.
Cipriano, Alexander W., O77319.
Closs, William R., O77324.
Crawford, William R., O77342.
Crawley, Paul K., O77343.
Crook, George R., O78270.
Dickinson, John R., O78280.
Dreher, Henry E., O77368.
Early, Charles D., Jr., O72331.
Erickson, Roland S., O77379.
Folta, Russell J., O77391.
Garvais, Donald F., O77400.
Gorey, Paul J., O77409.
Gray, Robert L., O73150.
Greenwalt, James P., O74912.
Haendle, Karl V., O77421.
Hartrick, William L., O77433.
Hinkin, Paul E., O77447.
Hoffert, Charles E., O77451.

Holland, John J., O77455.
Huff, Don B., O77465.
Hurd, Chetwin M., O77469.
Jones, Burton D., O77489.
Jones, Glenn W., O74739.
Kaczenski, John A., O72337.
Kelly, William H., O77501.
Kirk, K. Leslie, O78388.
Kraak, Charles F., O77514.
Lorigan, Robert E., O77538.
Lovelace, Richard S., O77540.
Luthultz, Gene H., O74016.
MacManus, Frederick O., O77549.
Madigan, John J., 3d, O74763.
Malone, Howard E., Jr., O75015.
McBride, David M., O77560.
McDaniel, Cecil D., Jr., O77562.
McMillen, Earl J., O78427.
McNair, Jeptha I., Jr., O77574.
Miller, Louis G., O72523.
Moore, George D., Jr., O78440.
Moreau, Thaddee F., O77588.
Mulvanity, Donald C., O74786.
Munier, Paul L., O78448.
Neal, James W., O77595.
Nye, Jack G., O77602.
O'Leary, Francis D., O77609.
Owens, Frank E., O77614.
Pacelli, Vincent A., O77615.
Pede, August R., O72348.
Penney, Hubert F., O77621.
Poydasheff, Robert S., O71856.
Prescott, Warren T., O77628.
Register, Benjamin F., Jr., O77642.
Rider, Archie A., O77650.
Ripple, Larry M., O77652.
Robinson, Thomas J., O78480.
Roth, Bernard J., O77660.
Sato, Irving K., O77668.
Smith, Alfred L., Jr., O77693.
Smith, Richard R., O77695.
Stapleton, John R., O77702.
Stewart, William A., Jr., O77708.
Taylor, James O., O77723.
Thayer, Henry J., O77728.
Trowbridge, Clarence A., O78528.
Ueltschi, Donald R., O77746.
Ulrich, Charles F., O74875.
Valz, Donald J., O77749.
Vanderschaaf, John W., O77753.
Von Gortler, Frederick C., 3d, O77754.
Vosbein, Henry M., O77755.
Waltzling, John K., O77768.
Watson, Henry G., O72431.
Welsch, Hanno F., Jr., O77770.
Wendelken, William H., O77771.
White, Charles E., O77773.
White, Frederick B., O77774.
Winston, Neil C., O77784.
Wintz, Edward K., O77786.

To be first lieutenants, Women's Army Corps

Michael, Patricia A., L517.
Steelman, Lois M., L522.

To be first lieutenants, Medical Service Corps

Lawson, Lowell F., O72340.
Sommers, George A., O78171.
Stoltz, Richard B., O76833.

To be first lieutenant, Army Medical Specialist Corps

Latta, Patricia A., M10169.

The following-named officers for appointment in the Judge Advocate General's Corps, Regular Army of the United States, in the grades specified, under the provisions of title 10, United States Code, section 3292, and Public Law 737, 84th Congress, subject to physical examination required by law:

To be lieutenant colonel

Smoak, William Moore, Jr., O293736.

To be major

Beimfohr, Casper VanDyke, O349416.

To be captains

Oglesby, John Thomas, O2003605.
Parker, Charles H., O962882.
Rogers, William Thomas, O1305114.

To be first lieutenants

Katayama, Robert Nobuichi, O956843.
Thornton, James F., Jr., O2288859.

The following-named officers for appointment as chaplain in the Regular Army of the United States, in the grades specified, under the provisions of Public Law 737, 84th Congress, subject to physical examination required by law:

To be major

Shea, Daniel Patrick, O931372.

To be captains

Brooks, Porter Harrison, O1340051.
Goss, Charles Allan, O540376.
Rusnock, Michael Aloysius, O2266586.
Thompson, Parker Campbell, O999393.
Wood, Robert Jerome, O995316.

To be first lieutenant

Saylor, Daniel Theodore, O2276086.

The following-named persons for appointment in the Women's Army Corps, Regular Army of the United States, in the grades specified, under the provisions of title 10, United States Code, section 3311, and Public Law 737, 84th Congress, subject to physical examination required by law.

To be major

Harllee, Frances Elizabeth, L804185.

To be first lieutenant

Heinke, Selma Fay, L1010306.

The following-named officers for appointment in the Medical Service Corps, Regular Army of the United States, in the grades specified under the provisions of Public Law 737, 84th Congress, subject to physical examination required by law:

To be majors

Hoeg, Arthur E., Jr., O1014755.
Mikuluk, John Andrew, O1533864.

To be captains

Bailey, Robert Wilson, O1171040.
Blank, Jay Paul, O926215.
Georgeff, Boris, O968889.
Janbaz, Edward Harry, O980047.
Johnson, Andrew John, O2048666.
Roueche, Mossman, O1997330.
Sims, Howard Russel, O1547795.
Tate, Robert Warren, O1541109.
Touchette, Norbert Eugene, O988199.

To be first lieutenants

Allen, Harold E., O2275049.
Lucas, Walter Herman, O2279289.

To be second lieutenants

Jordan, France Felton, O4083249.
Maeder Donald Francis, O4059901.
Ortega, Frank Adolfo, O1876010.

The following-named officers for appointment in the Regular Army of the United States in the grades specified, under the provisions of Public Law 737, 84th Congress, subject to physical examination required by law:

To be lieutenant colonels

Carr, Robert Addison, O297287.
Derzis, Peter Nicholas, O305029.
Preiss, Hollis James, O311902.
Purcell, William Wood Rowe, O305056.
Shafer, Howard Thomas, O329852.
Stratta, Maurice Domonic, O345702.
Undercoffer, Charles E., O330490.

To be majors

Abrams, Bernard Bradson, O336100.
Ariail, Thomas Muldrow, O386457.
Bailey, Bernard Opison Arado, O1845729.
Bartelt, Robert Hernandoz, O331187.
Blaikie, John Woodrow, O390862.
Bone, George Addison, O418252.
Colley, Ernest John, O1174538.
Coulter, Joseph Stewart, O430515.
Crispell, John Phillip, O394995.
Dempsey, Albert, O1030025.
Einhaus, Gordon Madison, O340660.
Evans, William Evan, O1594823.
Flanders, Walter Clark, O399022.
Fox, Thomas Daniel, O1288884.
Fragala, Augustine Michael, O383531.
Giddings, Ralph Leander, Jr., O392688.
Goff, Robert Edward, O1584275.
Goodman, Paul, O454205.
Hamlin, John James, O1573254.
Heffelfinger, Harlan Bell, O405490.
Herzer, Arno Perry, O1100591.
Holochwost, George Gregory, O358502.
Kaufman, William Francis, O397883.
Knight, John Thornton, 3d, O1165249.
Kudrna, James Francis, O383217.
Lathey, Charles Edwin, O450979.
Leinhaas, Ralph Paul, O1595645.
Ligon, Walter Batchelor, O383499.
Lippencott, George Henry, O1633372.
Maiello, Ernest Anthony, O1824054.
McLaughlin, Hugh Sinclair, Jr., O454748.
McNeil, Murrell Bernard, O465176.
Mulvanity, Edward Donald, O359598.
Murray, Howard Carey, O400690.
Nason, Condee Conner, O413164.
O'Callaghan, James Patterson, Jr., O1100272.
O'Donnell, Charles Francis, Jr., O405798.
Patch, Lloyd Edwin, O364576.
Pierce, Gardner Thiele, O464878.
Quin, Hillrie Marshall, O1549579.
Rashid, Ralph James, O1285816.
Sanders, Joseph Lloyd, O404246.
Shelton, Earnest Allen, O414503.
Smith, Hulett Dewharton, O1000866.
Smith, James Park, O432951.
Stanek, Frank J., O453034.
Taylor, William Darrington, O418441.
Thompson, Edwin Gerard, O390956.
Townsend, Emmett Carpenter, O1031278.
Valencourt, Charles William, O1280901.
White, Stephen Harold, O338838.
Williams, John Joseph, O419980.
Willmann, William Godfrey, O461994.
Willson, Clayton Ross, O1059685.

To be captains

Adams, Lawrence Edward, O1913252.
Adler, George, O1013222.
Allen, Charles William, Jr., O1298334.
Allen, Robert Wilkinson, O1649176.
Almand, Benjamin Franklin, 3d, O1332124.
Almond, Hugh Harvard, O1581480.
Anderholm, Cecil Carl, O1587809.
Anderson, Andrew Milton, Jr., O1012709.
Anderson, Charles Wesley, O1299516.
Anderson, Warren Stanley, O522537.
Appleton, Rolland Dale, O1045012.
Armstrong, Robert Allen, O963011.
Asbury, Harold DeRoy, O1338899.
Bagot, Alfred William, O528257.
Banks, Ray Cushing, Jr., O956799.
Beckwith, Charles Miller, O959518.
Beers, Edwin Donald, O2011530.
Bell, Allan Duncan, Jr., O1688782.
Bettelli, Aldo, O2032970.
Beveridge, Theodore Melvin, O405520.
Bithos, Franklin John, O1017887.
Bledsoe, Thomas Dee, Jr., O1640237.
Blumenthal, Peter Julius, O514909.
Bovee, Warren A., O1289862.
Bowers, Verne Lyle, O1001516.
Bradley, Charles Richard, Jr., O1336602.
Branch, Raymond Lonnie, O982343.
Bridgman, J. Allington, Jr., O442090.
Brock, Ernest Otto, O2210174.
Brown, Charles Herndon, O1688791.
Burkett, Joseph Francis, Jr., O1299370.
Burks, John Royden, O1686744.
Burrus, Charles Colvin, O1643671.
Campbell, Norman Joseph, O1651944.
Chase, Lawrence Rexford, O1306062.
Clark, James Daniel, O451578.
Clark, John Edward, O1822110.
Close, Malcolm Robert, O993396.
Coe, George Burnet, O2204139.
Connors, William John, O1335627.
Conway, Walter Edward, O1292309.
Cook, Morris Gardner, O978443.
Corcoran, Frank, O565093.
Craig, Robert Jean, O862133.
Crochet, Harold Joseph, O1118354.
Cummings, Lloyd Russell, O2019141.
Dalton, Edward Joseph, O1913482.
Daly, David Jerome, O982348.
Davidson, Lonnie Melvin, O2019014.
Davis, Edward Milton, O394118.

Deming, Donald Allen, O400548.
Dews, Robert William, O997543.
Dixon, Willie Foster, O990744.
Dowell, Vern B., Jr., O531980.
Dudley, Thomas Duvall, O2020635.
Dundas, Gerald Wilbur, O1544395.
Falkenstein, Richard Charles, O1897774.
Faul, Lloyd Joseph, O1688527.
Fay, John Edward, O1039337.
Fell, Thomas Francis, O2050469.
Ferguson, Thomas John, O1638375.
Fessenden, Jack Clayton, O946828.
Fletcher Robert Alfred, O974255.
Fogleman, Paul Vernon, O1295529.
Fox, Thomas Joseph, O1183071.
Fraysse, Andre Louis, O1181602.
Frith, Kenneth Arnold, O993272.
Gaddis, Hubert D., O2045014.
Gaillard, Jack Wesley, O991832.
Garland, Albert Nutter, O519682.
Gemmer, Frederick Lewis, O1799276.
Getz, Wilbur Dean, O982479.
Gillentine, Lunceford Pierce, O1642097.
Gillette, Stanley Lawrence, O1336902.
Glasgow, Keith Arthur, O2037487.
Goepper, Edwin Saxby, Jr., O563115.
Goodlow, Edmund Raymond, O984566.
Goodwin, Andrew Lawrence, O1309547.
Gordinier, Ted Ernest, O1323921.
Green, Gordon, O1685409.
Gregoire, William Nelson, O1924976.
Grubbs, Alfred Thomas, O948971.
Guinan, Warren Alonzo, O496730.
Hackett, Edward Joseph, O1334282.
Hagerty, James Joseph, Jr., O1315302.
Haney, Billy Earl, O2207263.
Herzig, John Alois, O965123.
Hill, Benjamin Harvey, O1306095.
Hodges, William Judson, O1338596.
Holmes, Kenneth Eldridge, O1304387.
Hon, William MacLeod, O1172076.
Horne, Paul Rush, Jr., O1327235.
Horton, Max Griffith, O956673.
Hoshal, Quentin Stanley, O450304.
Hubble, Philip Cleveland, O1046137.
Jefferson, Alfred Roland, O984793.
Jones, Donald Merritt, O1317917.
Jones, Frank Phelps, O1292532.
Kisling, Richard Dunnam, O1341345.
Kruger, Robert Edward, O1326190.
Kussmaul, William Guy, Jr., O424031.
Lassetter, James David, O1334722.
Laue, Martin Walter, O966369.
Lavin, Peter Edward, O454591.
Law, William Thomas, O467726.
Leahy, Thomas Melvin, Jr., O2037731.
Ledda, Daniel Laureta, O1896803.
Leonhauser, Paul Constanz, Jr., O2019609.
Longsworth, Ned Vernon, O1286674.
Loy, Albert, O1331637.
Lynch, Thomas Bernard, O809391.
Mankin, Richard Thurmond, O551912.
Maxwell, Benjamin Beam, Jr., O392389.
Mayo, Leon Daniel, O995647.
McAleer, John Joseph, Jr., O1328826.
McAuley, Edward, O2032924.
McCabe, Jerome Michael, O2202010.
McClenahan, Frank Clifton, O417513.
McCoy, Clarence Ernest, O1080052.
McGilton, Howard James, O1056170.
McGurk, Jack Burress, O2206059.
McIntire, John Edward, O1948509.
McManus, John Joseph, O1924649.
Mejasich, Matthew Joseph, O1924838.
Melton, Paul Everett, O1641576.
Miller, James William, O1799468.
Mills, Stanley Raymond, O463314.
Montgomery, Burton William, O1547078.
Montondo, Robert Douglas, O435926.
Morley, Leonard Aardale, O2010785.
Morton, Ernest Loraine, Jr., O1046208.
Mulhern, John Francis, O1300687.
Myers, Joe Bartlett, O2205880.
Nelson, Ivan Chester, O1686310.
Nick, James Theodore, O1307063.
O'Connor, John Sheehan, O2033793.
Oravetz, Milan Joseph, O1305637.
Paris, Edward Joseph, O2210007.
Parish, Freddy Brady, O2206061.
Patton, Teddy Lee, O955981.
Pederson, Leonard Marvin, O1041875.
Perkins, James Hiram, O947814.
Philopena, Raymond Charles, O1037235.
Phinney, Jack Thomas, O451030.
Pickett, Edward Francis, O981452.
Powell, Joseph Lomax, O949627.
Powers, Louis Walker, O1342209.
Pribram, Otto Ewald, O946624.
Reinikka, Arnold John, O1342298.
Rheuark, George DeLeslie, O1107654.
Roberts, Stanford, O1647908.
Robitshek, Irving Herman, O948722.
Rolfe, Richard Lyle, O1698148.
Root, Donald Gene, O1339474.
Sams, James Harvey, O961466.
Scarbrough, Hobart Dewey, O1558974.
Smith, Charles Henry, O2208616.
Smith, Chester Roland, O413267.
Smith, Herbert Marvin, Jr., O2207712.
Smith, John Archibald, O962625.
Smith, Olin Earl, O1692940.
Smith, Wesley Coombs, O530183.
Smothers, William, O1329405.
Snodgrass, Homer Grant, Jr., O1171776.
Soucy, Robert Henri, O712688.
Spinello, Michael Samuel, O1583706.
Stacy, Thomas Judson, O977149.
Stiefel, Lawrence Elmer, O1311229.
Stiles, Lester Webb, O443139.
Stogsdill, Charles Herbert, O1045266.
Strube, Richard Lee, O1048209.
Swan, Charles Henry, O2200942.
Swank, Marcell Galen, O1950463.
Tesko, Stanley, O2275044.
Thomas, John Elam, Jr., O991917.
Thomas, Roderick Morton, O1166195.
Thomas, Wilson Eugene, O2204163.
Thrush, Francis Hoy, O1032737.
Tiemann, Philip Wyeth, Jr., O2201141.
Torrey, Clarence Tudor, O963135.
Tymchak, Michael, O1310948.
Vickers, John Dale, O1557388.
Waller, Elbert Cecil, O452575.
Walts, Charles Conrad, Jr., O408366.
Weible, Oscar Joseph, O1329539.
Weinzettle, John Joseph, O1557697.
Whipple, Howard Woodrow, O1340725.
Wickers, Charles Allen, O1897766.
Wieben, John Douglas, O1100392.
Williams, Howard Clark, O1111438.
Wilson, Charles Donald, O2055241.
Wilson, Charles Llewellyn, Jr., O2204214.
Winter, Leonard Marcus, O949680.
Wolfe, Melvin Merle, O1583858.
Wood, Burl Adock, O1001280.
Yonushonis, William Leonard, O1108435.
Zimmerman, Albert Charles, O1177260.

To be first lieutenants

Adams, James Edgar, O991392.
Alexander, John Venson, 3d, O2021870.
Anderson, Thomas Lee, O1891307.
Andy, Charles Wilbur, O4004406.
Arena, Darrell Ricardo, O2028657.
Austin, Freddie Clarence, O4024083.
Bardwell, Lloyd Richard, O1936145.
Barron, John Joshua, O962523.
Benedict, Alfred Payden, O1877341.
Bente, James Alvin, O1892202.
Bernstein, Harold, O4014788.
Bill, Gary R., O4038931.
Boman, Jack Dean, O2104896.
Bonsall, Edward Horne, 3d, O1925880.
Bowers, Ronald Clifton, O4010107.
Braley, Theodore Leroy, Jr., O2263580.
Brigman, Laneau Morris, Jr., O1885831.
Brockman, Harry James, O2274649.
Brown, Bury Guard, Jr., O1926317.
Bryan, Clyde Milton, Jr., O4042525.
Burnett, Clark Albert, O4005652.
Burns, Joseph Clarence, O4031921.
Carney, Harland Elmor, O1925000.
Caron, John Eugene, O4004803.
Carrasco, Valentine Enrico, O4003245.
Cesar, Edison Martins, Jr., O1876954.
Clatterbuck, Gary Lee, O4031751.
Cole, Carl Kermit, Jr., O4027979.
Crain, Leonard Bruce, O4012373.
Cravens, James Oscar, O1872375.
Creamer, Edmund John, Jr., O1935331.
Custer, Robert George, O4009681.
Deacon, Reynolds J., O4015645.
Dearborn, Charles Stanton, O4007060.
Dirkx, Gerard Mathias, O1876399.
Dorschler, Richard Kent, O4041037.
Downer, Harry Scott, Jr., O1926612.
Eckhart, Amil Joseph, O2266380.
Enright, Eugene Joseph, O4020612.
Fahey, James Paul, Jr., O1919226.
Fasone, James George, O2030490.
Fletcher, David Forbes, O4002286.
Francois, Frank, O1939867.
Garman, Frederick Edwin, O1935022.
Gilmore, Edward Rogers, O4013518.
Ginger, Walter Daniel, O4032700.
Goss, Wallace Fayette, Jr., O1926735.
Graham, Joseph E., O4036966.
Greany, Virgil Raymond, O4009032.
Guenther, Leo Andrew, O4009611.
Gunn, Robert L., O4005206.
Guyton, Robert Eldon, O1940518.
Hanlin, Emmert L., Jr., O1879140.
Hannas, Robert, O1938571.
Harrington, Robert Henry, O2262517.
Hastings, C. Frederick, Jr., O1890412.
Haxton, Owen Virgil, O2097428.
Heintz, John Peter, O4037251.
Higgons, Warren Westervelt, 2d, O4020771.
Hole, James A., O4020144.
Holloway, James E., O1940192.
Honeycutt, Weldon F., O2028700.
Huber, Helmut, O995151.
Huntley, David Larkin, O1936419.
Jimison, John Gordon, O2030474.
Johnson, Cornell, O4005222.
Johnson, Wilbert Theodore, Jr., O1695182.
Kennedy, Walter George, O2021824.
Kerby-Miller, John Craighill, O4014003.
Ketteman, Rollin Lee, O1929815.
King, James Archie, O2262218.
Langford, Paul Peden, O4009625.
Larkin, Phillip Samuel, O4006926.
Lauzon, Donald Ernest, O2028604.
Lawrence, Robert Sheldon, O1929229.
Linkous, Claude Douglas, Jr., O1890008.
Lucido, Jack Augustine, O4037840.
MacMillan, Richard Hunt, Jr., O4029376.
Mariani, John, O4030600.
Marsh, Martin Keith, O2102287.
Martin, Frederick Lee, O1885455.
Masterson, Joseph H., O1924620.
McAfee, Darwin Lee, O2105109.
McGreevy, Edgar Raymond, O1872437.
Means, John Arguyle, O2265782.
Millimet, Stanley, O956240.
Mitchum, Dwyer K., O1887750.
Mizell, John Joseph, Jr., O4012661.
Mooney, Charles Wallace, O2004652.
Morris, Patrick W., O4031694.
Morrissey, Robert James, O1893836.
Munroe, Robert Stetson, O1881340.
Northcut, Jimmy Eugene, O2265271.
Norwalk, Frank Edward, O1915631.
Nowalk, Charles Lawrence, O1936593.
Parmenter, Russell Eugene, O2103209.
Paul, Alfred Lee, O1931413.
Perkins, Andrew Douglas, Jr., O1940711.
Perkins, Rodney Blake, O1883275.
Perry, Ronald Clair, O4036938.
Peterson, Jon Houghton, O4015153.
Phillips, Calvin Fish, Jr., O4040529.
Pierce, Walter Hugh, O1919427.
Powel, Ben F., Jr., O4044196.
Purrington, Donald Eugene, O2021862.
Randall, Eugene Joseph, O4011573.
Rayl, Wallace Irvin, O4009778.
Rohrbach, Roger Brown, Jr., O4033125.
Rouchon, Anthony Claude, Jr., O4011772.
Rupert, Rodney Theodore, O2265528.
Russell, William Howard, Jr., O1881183.
Sandla, Robert Stephen, O4009273.
Santolli, Carl Joseph, O4038888.
Schoen, Frank Clifford, O4016706.
Schoendorfer, Frank Moyer, O4004277.
Schwarz, Charles Russell, O1916308.
Sheider, Augustus Lee, Jr., O4012688.
Smith, Harlan Van, O1914667.
Stallings, James Donald, O4044443.
Stevens, Story C., O1186859.
Sunell, Robert John, O4019661.
Surmiak, Edward P., O4034022.
Swann, H. L., Jr., O1917924.
Sweat, Melvin Harold, O1894201.
Therianos, Pericles Leonidas, O1938608.

Thomas, Joseph Trexler, O1892243.
Thomason, Dana Lee, O1876818.
Thompson, Duayne Benton, O4010240.
Thrasher, Billy John, O1932460.
Travas, John Edison, O4005745.
Trinkler, Kenneth Thomas, O1881843.
Troutman, Allen Coolidge, O1923527.
Utzman, Charles D., O1882641.
Vail, Ira Duffy, O1939423.
Van Horn, Robert Harlan, O1890078.
Vaughn, Lowell Wishton, O1915659.
Watson, Carroll Ross, O2102872.
Whalen, John J., Jr., O4005959.
Whitbeck, Robert Earl, O1937462.
Willard, Robert Boyce, O1936084.
Willwerth, Dean Richard, O1930453.
Wright, Bruce Tutwiler, O4003676.
Wright, Joseph, O4009233.

To be second lieutenants

Ament, Richard Glenn, O4050444.
Armstrong, Charlie Curt, O4028762.
Bender, Richard C., O4026323.
Berrey, Thomas Gilbert, O4050298.
Brugger, Karl A., W2206005.
Butler, John R., O4035208.
Chandler, John Coleman, O4004961.
Childres, James Hoyt, O2284135.
Christensen, Gerald L., O4069693.
Clarke, Walter Joseph, Jr., O4035179.
Craft, Vernon Edwin, O4027947.
Dugan, John Edward, O1925615.
Dunn, James Alan, O4029989.
Duxbury, Dean D.
Elder, Perry B., Jr., O4024829.
Emery, Ronald H., O5301681.
Fitzgerald, John Morton, 2d, O4046426.
Flitcraft, Anthony D., O4031191.
Foster, Robert Glade, Jr., O4031135.
Fraley, Robert Ray, O4045118.
Gamble, John Frederich, O2266255.
George, James R., Jr., O4025805.
Goad, Robert Earl, O1931759.
Grover, Dwight L., O4031309.
Heitman, Robert Donald, O4030781.
Hill, Robert Golden, O4045006.
Hoffman, John Francis, O4046099.
Holzheimer, Richard D., O4031314.
Hooker, Cloyd Talmade, O4048269.
Jones, Charles Edward, O4034098.
Jones, Robert Allen, O4025880.
Kattar, Richard J., O4031151.
Knepper, Charles Francis, O4042070.
Lawson, Richard Gregory, O4041178.
Lehner, Scott James, O4076868.
Love, Thomas Wilfrid, O4042112.
Lynch, Gerald H., O4044813.
McCulloch, William Crews, O1932433.
McCurdy, Neal Blake, O4049946.
McWilliams, Fred Miles, O4028196.
Meaney, Edward Joseph, Jr., O4064609.
Montgomery, Budd Vernon, O4044949.
Moore, William Baker, O4010516.
Nauman, Alan Arthur, O4042107.
Nelson, Thomas Clarke, O1890640.
Quirk, Edward Thomas, O4031353.
Rummler, Richard E., O4045925.
Schackman, Barry David, O4044767.
Schott, Richard Simpson, O1893247.
Shannon, Robert, O4038043.
Shirley, Frank Roy, Jr., O4059130.
Smisson, William Howard, O2267620.
Smith, Lloyd Andrew, O4004824.
Steffen, Albert Joseph, O4020203.
Syring, Herbert William, O4057226.
Tomlinson, Walter C., Jr., O4051479.
Vandergrift, Kennard Smith, Jr., O4069226.
Vaughan, Charles Upton, O4027535.
Wilkens, Walter Frederick, O4037685.
Young, Carl Louis, O4030967.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of Public Law 737, 84th Congress:

Dickover, Robert A.	Hopkins, Carl M., Jr.
Gillem, Richard D.	Jackson, Norwood E.
Haas, Willis J., Jr.	Patterson, Twyman L.
Hiland, Bobby A.	Tyler, James R.

The following-named distinguished military student for appointment in the Medical Service Corps, Regular Army of the United States, in the grade of second lieutenant, under the provisions of Public Law 737, 84th Congress:

Dickson, Richard C.

The following-named persons for appointment in the Regular Army of the United States, in the grades and corps specified, under the provisions of title 10, United States Code, section 3294, as amended by Public Law 497, 84th Congress; title 10, United States Code, section 3291, as amended by Public Law 85-155, 85th Congress:

To be lieutenant colonel

Stacy, Harold G., MC, O76662.

To be major

McKinley, Robert L., MC, O76416.

To be captains

Black, Mary L., ANC, N769738.
Brown, Virginia L., ANC, N763910.
Connolly, Margaret M., ANC, N754563.
DePriest, Oscar S., III, MC, O4039771.
Jones, Quitman W., MC, O2269201.
Peterson, James H., DC, O981030.
Rabke, Henry B., MC, O1941130.
Robinson, David M., Jr., MC, O4039749.
Venezia, Antonio, J., Jr., DC, O2271823.

To be first lieutenants

Abrams, Harold, MC, O2285087.
Acuff, Robert P., MC, O1930258.
Albert, Normande R., ANC, N901972.
Andrews, Billy F., MC, O2283907.
Benisek, George J., MC, O4073870.
Benway, Robert E., MC, O4011906.
Druepple, LeRoy G., MC, O2284735.
Durden, Walter D., Jr., MC, O2284384.
Farrell, Thomas E., MC, O2289185.
Geiger, Edwin R., Jr., MC, O4019391.
Gilmore, Mary E., ANC, N805479.
Hoja, Witold A., MC, O2285094.
Keenan, Richard L., MC, O2284039.
Kroening, Paul M., MC, O2284051.
Kruse, Audrey C., ANC, N902602.
Lewis, Betty J., ANC, N901459.
Lindell, Maurice E., MC, O5200549.
Mathews, Thomas P., MC, O2284045.
McIlroy, William, MC, O2284665.
Mittelmann, Michael, MC.
Patterson, Peter H., MC, O4067956.
Remsen, Wallace M., DC, O2289855.
Rogers, Robert E., MC, O1876559.
Rozanski, Thomas I. F., MC, O4064744.
Rudnicki, Richard P., MC, O2283967.
Scott, Monte M., MC, O2283876.
Smith, Darrell F., MC, O2288915.
Stiny, Constantine P., MC.
Thomas, Fred W., MC, O2284245.
Trobert, Betty J., ANC, N901264.
Wells, Ralph F., MC, O2284776.
Yancey, Henry A., Jr., MC, O2284867.

To be second lieutenant

Rhinehart, Grace A., ANC, N901924.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 14, 1958:

UNITED STATES ARMY

Maj. Gen. James Francis Collins, O16819, United States Army, to have rank of lieutenant general, while serving in a position of importance and responsibility to be designated by the President under subsection (a) of section 3066.

REGULAR AIR FORCE

Maj. Gen. Oliver S. Picher, 540A, Regular Air Force, to be assigned to positions of importance and responsibility designated by the President in the rank of lieutenant general, under the provisions of section 8066, title 10, of the United States Code.

ADDITIONAL APPOINTMENT IN THE REGULAR AIR FORCE

The nominations of Col. Robert F. McDermott, and 1,112 other officers for appointment in the Regular Air Force, which were confirmed today, were received by the Senate on March 6, 1958, and the complete list thereof may be found in the Senate procedure of the CONGRESSIONAL RECORD for that date, under the caption "Nominations," beginning with the name of Col. Robert F. McDermott, which occurs on page 3600 and ending with the name of Eldon T. Winston, which is shown on page 3604.

EXTENSIONS OF REMARKS

Address by Hon. Edward Martin, of Pennsylvania, to the Kiwanis International

EXTENSION OF REMARKS

OF

HON. EDWARD MARTIN

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Friday, March 14, 1958

Mr. MARTIN of Pennsylvania. Mr. President. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address which I delivered on October 7, 1957, to the Kiwanis International, in Pittsburgh.

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 PENNSYLVANIA STATE CONVENTION OF KIWANIS INTERNATIONAL IN THE PENN-SHERATON HOTEL, PITTSBURGH, MONDAY, OCTOBER 7, 1957

It is an honor to address this fine organization of patriotic Americans.

You represent the spirit of cooperation and constructive service which contributes so much to the progress of our Nation and the well-being of our people.

Kiwanis has gained an outstanding place of honor and prestige because in every respect it exemplifies all that is best in the American way of life.

It has always seemed to me proper and appropriate, in meetings such as this, to consider the problems that confront us as a Nation.

As Americans we are fortunate that we can discuss our problems against a background of achievement unparalleled in all world history. In less than 200 years of independence we have built a Nation with the greatest and most diversified industrial and agricultural production in the world. We have developed the highest living standards ever known to the human race. We have advanced to spiritual and cultural heights never before attained by any other people of the earth.

Although we are the richest and most powerful nation in the world today we are not free from danger. We would be lacking in Americanism if we failed to recognize the