profit under the Government of the United States; to the Committee on Armed Services.

H. R. 6078. A bill to authorize attendance of civilians at schools conducted by the Departments of the Army, Navy, and Air Force, and Joint-Service schools, and for other purposes; to the Committee on Armed Services.

By Mr. PETERSON:

H. R. 6079. A bill to authorize additional funds to continue the rehabilitation of civilian facilities on the Island of Guam, and for other purposes; to the Committee on Public Lands.

By Mr. KEE:

H. R. 6080. A bill to authorize temporary aid to and repatriation of needy nationals of the United States in foreign countries, and for other purposes; to the Committee on Foreign Affairs.

H. R. 6081. A bill to authorize the Secretary of State to evaluate and to waive collection of certain financial assistance loans, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BARING:

H. R. 6082. A bill to establish the office of Federal Minerals Coordinator; to the Committee on Public Lands.

By Mr. DOYLE:

H. R. 6083. A bill to provide for direct Federal loans to meet the housing needs of moderate-income families, to provide liberalized credit to reduce the cost of housing for such families, and for other purposes; to the Committee on Banking and Currency.

By Mr. FULTON:

H. R. 6084. A bill to establish a Federal Commission on Services for the Physically Handicapped, to define its duties, and for other purposes; to the Committee on Education and Labor.

By Mrs. ST. GEORGE:

H. R. 6085. A bill to provide that persons who served in the Women's Army Auxiliary Corps, under certain conditions, shall be deemed to have been in the active military service for the purpose of laws administered by the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. SUTTON:

H. J. Res. 346. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. FLOOD:

H. Con. Res. 127. Concurrent resolution relative to aid to Ecuador; to the Committee on Foreign Affairs.

By Mr. GOSSETT:

H. Con. Res. 128. Concurrent resolution authorizing the Committee on the Judiciary of the House of Representatives to have printed additional copies of the hearings held before said committee on the bills entitled "Amend the Constitution with Respect to Election of President and Vice President"; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLTON of Maryland:

H. R. 6086. A bill for the relief of Miss Nelly Jarg; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 6087. A bill for the relief of Mrs. Oksana Stepanovna Kasenkina; to the Committee on the Judiciary.

By Mr. JAVITS:

H. R. 6088. A bill for the relief of Josef Rubinsztjn; to the Committee on the Judiciary.

H. R. 6089. A bill for the relief of Nahum Bomze; to the Committee on the Judiciary.

H. R. 6090. A bill for the relief of Jose Ramon Pineiro; to the Committee on the Judiciary.

H. R. 6091. A bill for the relief of Stanislawa Waclawa Baltrunas; to the Committee on the Judiciary.

By Mr. JENNINGS:

H. R. 6092. A bill for the relief of Eleanor Deloris Woodward and Paul Woodward; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 6093. A bill for the relief of Masami Hiroya and Aiko Hiroya; to the Committee on the Judiciary.

By Mr. SADOWSKI:

H. R. 6094. A bill for the relief of Nikolas (Miklos) Fenakel and his wife, Millie (Mollie) Weiman Fenakel; to the Committee on the Judiciary.

By Mr. WILSON of Texas:

H. R. 6095. A bill for the relief of Universal Corp., James Stewart Corp., and James Stewart & Co., Inc.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1440. By Mr. SMITH of Wisconsin: Resolution of Wisconsin Society of Professional Engineers at a meeting of the board of directors at Green Bay, Wis., August 5, 1949, opposing Federal aid for local public works planning; to the Committee on Public Works.

1441. By the SPEAKER: Petition of Dr. George C. Shivers, secretary of the American Goiter Association, Colorado Springs, Colo., requesting to be placed on record as against any form of compulsory health insurance or any system of political medicine designed for bureaucratic control; to the Committee on Interstate and Foreign Commerce.

1442. Also, petition of Robert Yellowtail, chairman, Crow Tribal Council, Crow Agency, Mont., relative to requesting Congress to pass H. R. 4941 dealing with the Indian liquor law, which would save the young people of the Indian tribes of the United States; to the Committee on Public Lands.

1443. Also, petition of Harriett Holmberg and others, Warren, Pa., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1444. Also, petition of Oscar Fjarli and others, DeRidder, La., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1445. Also, petition of E. M. Coe and others, Miami, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1446. Also, petition of Charles Foster and others, Orlando, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1447. Also, petition of Mrs. L. D. Glenn and others, Pinellas County Townsend Clubs, St. Petersburg, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1448. Also, petition of L. R. Hayes and others, Bushnell, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

TUESDAY, AUGUST 23, 1949

(Legislative day of Thursday, June 2, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Robert N. DuBose, D. D., executive secretary, Commission on Christian Higher Education of the Association of American Colleges, Washington, D. C., offered the following prayer:

Almighty God, from whom every good and perfect prayer cometh, grant us in all our doubts and uncertainties the courage to ask what Thou wouldst have us do; that the spirit of wisdom may save us from false choices, and that in Thy light we may walk courageously.

We pray Thy blessing upon our national leaders. May they continue to give themselves in willing effort and patient toil, in sincerity of heart and purity of life, in unselfish service beyond the call of moral responsibility in their supreme duty of this hour. Give to them the spirit of love in the bond of peace, diligence, and guidance that with these tasks there may come a sense of dedication to Thee and to their fellow men. Save us from the perils of self-deception.

We pray for wisdom to use wisely the good things that still abound in this world, for courage to speak the truth with boldness, and for grace to speak the truth with love. Amen.

THE JOURNAL

On request of Mr. JOHNSTON of South Carolina, and by unanimous consent, the reading of the Journal of the proceedings of Monday, August 22, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On August 19, 1949:

S. 1949. An act to authorize the lease of the Federal correctional institution at Sandstone, Minn., to the State of Minnesota;

S. 1977. An act to extend the time within which legislative employees may come within the purview of the Civil Service Retirement Act; and

S. J. Res. 79. Joint resolution authorizing Federal participation in the International Exposition for the Bicentennial of the Founding of Port-au-Prince, Republic of Haiti, 1949.

On August 22, 1949:

S. 2170. An act for the relief of W. P. Bartel.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1250) to amend the Institute of Inter-American Affairs Act, approved August 5, 1947.

The message also announced that the House had agreed to the amendments of the Senate to the amendments of the House to the amendments of the Senate Nos. 46 and 74 to the bill (H. R. 4177) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1950, and for other purposes.

The message further announced that the House had passed a bill (H. R. 5472)

authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 259. An act to discontinue divisions of the court in the district of Kansas; and

S. 331. An act for the relief of Ghetek Pollak Kahan, Magdalena Linda Kahan (wife), and Susanna Kahan (daughter, 12 years old).

CALL OF THE ROLL

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. My understanding is that there is a unanimous-consent agreement to divide the time between 12:30 and 2:30 o'clock.

The VICE PRESIDENT. The time is to be divided from 12:30 until 2:30 o'clock.

Mr. WHERRY. In view of that, I suggest to the acting minority leader that there should be a quorum call.

Mr. JOHNSTON of South Carolina. I think so, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

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

Anderson	Hill	Mundt
Baldwin	Hoey	Murray
Bricker	Holland	Myers
Bridges	Humphrey	Neely
Byrd	Hunt	O'Mahoney
Cain	Ives	Pepper
Capehart	Jenner	Reed
Chavez	Johnson, Colo.	Robertson
Connally	Johnson, Tex.	Russell
Cordon	Johnston, S. C.	Saltonstall
Donnell	Kefauver	Schoeppel
Douglas	Kem	Smith, Maine
Downey	Kerr	Smith, N. J.
Dulles	Knowland	Sparkman
Eastland	Langer	Stennis
Ecton	Lucas	Taylor
Ellender	McCarthy	Thomas, Okla
Ferguson	McClellan	Thomas, Utah
Flanders	McFarland	Tobey
Frear	McGrath	Tydings
Fulbright	McKellar	Vandenberg
George	McMahon	Watkins
Gillette	Magnuson	Wherry
Graham	Malone	Wiley
Green	Martin	Williams
Gurney	Maybank	Withers
Hayden	Miller	Young
Hendrickson	Millikin	
Hickenlooper	Morse	

Mr. MYERS. I announce that the Senator from Kentucky [Mr. CHAPMAN] is absent on public business.

The Senator from West Virginia [Mr. KILGORE] and the Senator from Maryland [Mr. O'CONOR] are necessarily absent.

The Senator from Louisiana [Mr. LONG] and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Nebraska [Mr. BUTLER], the Senator from Massachusetts [Mr. LODGE], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The VICE PRESIDENT. A quorum is present.

LEAVES OF ABSENCE

Mr. BALDWIN. Mr. President, on behalf of the Senator from Wyoming [Mr. HUNT] and myself, I ask unanimous consent that we may be absent from the Senate on official business of the Senate beginning on Thursday next and continuing until on or about September 30, and on behalf of the Senator from Tennessee [Mr. KEFAUVER] I ask unanimous consent that he may have leave of absence beginning on September 2 and continuing until on or about September 30.

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

Mr. WHERRY. Mr. President, I ask unanimous consent that the Senator from Vermont [Mr. AIKEN] and the Senator from Nebraska [Mr. BUTLER] be granted an extension of leave until Friday night of this week.

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

Mr. TOBEY. Mr. President, on behalf of the entire membership of the Senate, who have been long suffering under the abuse of their time and energies by reason of a long-delayed and inefficient and impotent session, which exasperates the patience of mankind, to say nothing of irking the Senators, I ask unanimous consent that they may have leave of absence from now until January 3, 1950.

Mr. LANGER. Mr. President, I object.

The VICE PRESIDENT. Objection is heard, and the order is not entered.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. LUCAS, and by unanimous consent, the Committee on Armed Services and the Committee on Foreign Relations, meeting jointly, were granted permission to meet during the session of the Senate today.

INTERSTATE ADVERTISING OF ALCOHOLIC BEVERAGES—NOTICE OF HEARING

Mr. JOHNSON of Colorado. Mr. President, the Committee on Interstate and Foreign Commerce has received a substantial number of inquiries regarding hearings on the Langer bill, S. 1847, which would prohibit interstate advertising of alcoholic beverages.

I desire to announce on behalf of the committee that hearings will be held on this bill on January 12 and 13, next year, shortly after the second session convenes. Requests for appearances to be heard may be addressed to the committee.

Considerable attention has been focused on the problem of liquor advertising over the radio as a result of a recently announced proposal that one of the large distilling companies plans this type of advertising. The committee has received a very large number of protests against radio advertising of liquor, and it is expected that this phase of the question will be dealt with during the hearings on the Langer bill.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and resolutions and submit petitions and memorials and other routine matters, without debate.

The VICE PRESIDENT. Without objection, it is so ordered. That will have to be concluded by 12:30 o'clock. From that time until 2:30, the time is equally divided.

EXECUTIVE COMMUNICATIONS, ETC.

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

DAMAGES CAUSED AT PUBLIC AIRPORTS BY UNITED STATES MILITARY FORCES

A letter from the Secretary of Commerce, transmitting, pursuant to law, certifications by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair caused by United States military forces at certain public airports (with an accompanying paper); to the Committee on Interstate and Foreign Commerce.

RELIEF OF CERTAIN CERTIFYING OFFICERS OF TERMINATED WAR AGENCIES

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize relief of authorized certifying officers of terminated war agencies in liquidation by the Department of Commerce (with an accompanying paper); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

A petition of sundry citizens of the State of Massachusetts, relating to the inclusion of alcoholic beverages in any reduction of so-called luxury taxes; to the Committee on Finance.

The petition of the Coconut Grove (Fla.) Townsend Club No. 2, praying for the enactment of the so-called Townsend plan, to provide old-age assistance; to the Committee on Finance.

A letter in the nature of a memorial from M. S. Venable, China Lake, Calif., remonstrating against the closing of the Navy commissary at the United States Naval Ordnance Test Station, China Lake, Calif.; to the Committee on Armed Services.

A memorial of sundry citizens of the United States, remonstrating against the enactment of legislation providing military assistance to foreign nations; to the Committee on Foreign Relations and Armed Services, jointly.

A resolution adopted by the Crow Indian Tribal Council, favoring the enactment of House bill 4941, to remove the discrimination against Indians in the enforcement of Federal and State laws concerned with the use and sale of intoxicating beverages; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Riverside County Medical Association, Riverside, Calif., protesting against the enactment of legislation providing compulsory health insurance; to the Committee on Labor and Public Welfare.

A letter in the nature of a petition from the National Association of Physically Handicapped, Inc., Washington, D. C., signed by Mary Ruth Bass, president, relating to a circular letter over the signature of Paul A. Strachan, and stating "that the National Association of the Physically Handicapped was not affiliated with the American Federation of the Physically Handicapped"; to the Committee on Labor and Public Welfare.

NATIONAL HEALTH PROGRAM—MEMORIAL

Mr. McCARTHY. Mr. President, I present for appropriate reference a memorial signed by 20 citizens of Brodhead, Wis., remonstrating against the enactment of Senate bill 1581, creating a national health agency, and I ask unanimous consent that the memorial may be printed in the RECORD with the signatures attached.

There being no objection, the memorial was referred to the Committee on Labor and Public Welfare and ordered to be printed in the RECORD, with the signatures attached, as follows:

AUGUST 9, 1949.

To Senator McCARTHY:

We, the undersigned citizens of Brodhead, Wis., and outlying rural communities, do hereby earnestly petition you, our honorable Senator McCARTHY, to vigorously protest bill S. 1581, which would disrupt the effective services now being provided by the Food and Drug Administration and further dismember the Children's Bureau. We request that this petition be inserted in the CONGRESSIONAL RECORD.

Mrs. F. A. TenEyck, Mrs. Cora Berryman, Miss Laura Mitchell, Mrs. Charity Henry, Miss Bessie M. Lake, Mrs. Beatrice Wheeler, Mrs. Elma Stephens, Mrs. Claire Miller, Mrs. Jessie Newcomer, Mrs. Millicent Mitchell, Mrs. Jessie Douglas, Mrs. Nellie Fleek, Mrs. Lesa Wraight, Jessie B. Atkinson, Helen J. Beckworth, Elizabeth Bernstein, Minnie Douglas, Zell Barnes Gordon, Mrs. Emma Condon, Mrs. Henry Schrader, all of Brodhead, Wis.

UNIFORM CODE OF MILITARY JUSTICE

Mr. TOBEY. Mr. President, I present for appropriate reference, a letter and resolution which I have received from George L. Rodgers, Jr., past commander of the American Legion Securities and Exchange Commission Post, No. 65, Department of the District of Columbia. The letter and resolution pertain to my amendments (a to z) which have been printed and which I propose to offer when the uniform code of military justice bill, H. R. 4080, is before the Senate for thorough discussion and legislative action.

I ask unanimous consent that the letter and resolution be printed in the RECORD.

There being no objection, the letter and resolution were ordered to lie on the table and to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
SECURITIES AND EXCHANGE
COMMISSION POST, No. 65,
Washington, D. C., August 8, 1949.

Hon. CHARLES TOBEY:
Senate Office Building,
Washington, D. C.

DEAR SENATOR TOBEY: It occurred to me that you might be interested in the enclosed copy of a resolution relating to the uniform code of military justice which was sponsored by our post and was adopted on July 29, 1949, by the department convention of the Department of the District of Columbia of the American Legion. The resolution will be presented in due course to the national convention of the American Legion at Philadelphia, which convenes on August 29, 1949.

I understand that you have introduced various amendments to the proposed code (H. R. 4080) designed to correct some of the defects in this legislation. On behalf of the members of our post I desire to wish you the best of success in securing adoption of amendments which will eliminate those features of the code which would impair the rights now given by law to accused personnel.

Very truly yours,
GEORGE L. RODGERS, Jr.,
Post Commander.

[Enclosure]

RESOLUTION RELATING TO UNIFORM CODE OF MILITARY JUSTICE PRESENTED BY SECURITIES AND EXCHANGE COMMISSION POST, NO. 65, ADOPTED BY THE DEPARTMENT CONVENTION, DEPARTMENT OF THE DISTRICT OF COLUMBIA, THE AMERICAN LEGION, ON JULY 29, 1949

Whereas by legislation previously endorsed by the American Legion, approved June 24, 1948, certain amendments were made to the Articles of War which improved the system of military justice in the Army and Air Force and created additional safeguards for the benefit of accused military personnel; and

Whereas there is now pending in the Senate of the United States a bill (H. R. 4080) to establish a so-called "uniform code of military justice," which would, if enacted in the form passed by the House of Representatives, substantially impair many of the rights now given by the Articles of War to accused personnel in the Army and Air Force, including, among other things the rights of accused enlisted men to have enlisted men sit on court martials, the right to demand trial by court martial in lieu of accepting disciplinary punishment imposed by commanding officers, the right to have a legally trained law member sit as a member of a general court martial, protection from the imposition of penitentiary punishment for minor offenses, protection of Reserve personnel on inactive duty from jurisdiction to be tried by court martial, and effective protection of a statute of limitations against trial of stale offenses; and

Whereas, an opportunity should be given for a fair trial by the Army and Air Force of the changes made in the 1948 law, prior to making additional changes in the Articles of War, without prejudice to the enactment of whatever changes may be appropriate in the articles for the government of the Navy: Therefore be it

Resolved, That this department disapproves of the proposed uniform code of justice to the extent that it would alter or impair any of the above specified or other rights now given by law to accused personnel in the Army and Air Force.

RESOLUTIONS OF ANNUAL CONVENTION OF OREGON STATE FEDERATION OF LABOR

Mr. MORSE. Mr. President, I present a series of resolutions adopted by the forty-sixth annual convention of the Oregon State Federation of Labor, A. F. of L., with which I am happy to associate my own views, and I ask unanimous consent that they be printed in the RECORD.

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

Whereas there is now before the Congress proposed legislation which would insure greater educational opportunities for children by authorizing the Federal Works Administrator to make loans and grants to local public-school agencies to assist them in constructing adequate public schools, but none of such legislation has as yet been passed; and

Whereas an educated child becomes a part of an informed citizenry which is able, intellectually and morally, to face the grave problems confronting the Nation, with the consequence that Federal aid to education will safeguard the welfare of all the people; and

Whereas parents are handicapped today in educating their children because of social and economic conditions beyond their control and, as a result, many thousands of children are not receiving the educational opportunities which could otherwise be provided for them: Therefore be it

Resolved by the Oregon State Federation of Labor, American Federation of Labor, as follows:

1. That the secretary forward copies of this resolution to the President of the United States, the Governor of the State of Oregon, each Member of Congress from the State of Oregon, and the Federal Works Administrator; and that the secretary request W. C. Hushing, chairman of the national committee of the American Federation of Labor, to take all action appropriate to encourage the enactment of necessary legislation as recommended by this resolution;

2. That the time has come for Congress to face the educational problem and fulfill the grave responsibility the Federal Government has toward the children of the Nation by passing the legislation necessary to give them educational opportunities;

3. That the passage of legislation which would authorize the construction of public schools with the help of Federal grants or loans, or both, would constitute a realistic and practical solution to a problem which is becoming ever more acute; and

4. That the Federal Government must, as part of its true functions, render financial aid to provide for the education of children; and be it further

Resolved, That the State federation of labor go on record as favoring Federal aid to schools, either for building purposes or for the promotion of general education, only if funds are allocated on the basis of need and with proper safeguards to prevent the Federal Government from interfering with the administration of schools either on the local or the State level.

Whereas a much bigger shelf of State and local public works blueprinted and ready for the contractor is required satisfactorily to meet the need of providing employment should the occasion arise therefore; and

Whereas the reservoir of public works which had been created with the aid of advances made by the Federal Works Administrator pursuant to the War Mobilization and Reconversion Act of 1944 is rapidly dwindling as more and more construction is being undertaken, and

Whereas a program of advance planning for public works is necessary to assure the highest selection and orderly flow of public construction, and the range of needs is so great that careful selection and timing are imperative; Therefore be it

Resolved by the Oregon State Federation of Labor, American Federation of Labor, as follows:

1. That the secretary forward copies of this resolution to the President of the United States, the Governor of the State of Oregon, each Member of Congress from the State of Oregon, and the Federal Works Administrator; and that the secretary request W. C. Hushing, chairman of the national committee of the American Federation of Labor, to take all action appropriate to encourage the enactment of necessary legislation as recommended by this resolution;

2. That Congress pass the legislation which is now pending before it to give the Federal Works Administrator the basic authority under which he can make advances for the planning of public works;

3. That such a forward-looking policy should include the reestablishment of the authority of the Federal Works Administrator to make advances to States and local public bodies to prepare plans, designs, and studies of the public works requirements of their localities; and

4. That this federation is of the opinion that such a sound public construction policy can held us meet the future with confidence.

Whereas this federation is appalled at the terrific pollution of the Nation's streams because of waste products and the fact that we are not meeting the problem adequately, notwithstanding the antipollution legislation that has already been adopted; and

Whereas because action cannot be undertaken under the Water Pollution Control Act, residues and wastes and industrial wastes are still polluting the Nation's streams; and

Whereas the solution of the problem cannot be worked out until funds have been appropriated with which to inaugurate the program authorized by the Water Pollution Control Act: Therefore be it

Resolved by the Oregon State Federation of Labor, American Federation of Labor, as follows:

1. That the secretary forward copies of this resolution to the President of the United States, the Governor of the State of Oregon, each Member of Congress from the State of Oregon, and the Federal Works Administrator; and that the secretary request W. C. Hushing, chairman of the national committee of the American Federation of Labor, to take all action appropriate to encourage the enactment of necessary legislation as recommended by this resolution;

2. That the restrictions upon the amounts of loans and grants now embodied in the Water Pollution Control Act be eliminated so that projects which are necessary to effectuate the purposes of the act may be undertaken;

3. That the immeasurable value to the country, resulting from preserving the Nation's waters unpolluted and preventing disease to the people and further mass death of wildlife, warrants Congress immediately appropriating the funds necessary to commence the water-pollution control program; and

4. That the time has come for action by the Congress to make Federal appropriations available to preserve the Nation's streams unpolluted.

Whereas Robert N. Denham, general counsel for the National Labor Relations Board, has by his every action shown himself to be hostile to the American labor movement in general and to the International Typographical Union in particular; and

Whereas from the moment of his appointment until the present time, Robert N. Denham, by his arbitrary, biased, and contradictory rulings and unjust decision has proven himself to be wholly unfitted for the office he now holds; and

Whereas the National Labor Relations Board, under Labor Dictator Denham, has been converted into an agency for antiunion employer organizations; and

Whereas Government injunctions in labor disputes have been issued against American Federation of Labor, Council of Industrial Organizations, and independent unions, with the sole purpose of destroying historic collective-bargain rights of labor: Therefore be it

Resolved, That the officers and delegates to the Oregon State Federation of Labor voice their disapproval and condemnation of Mr. Denham and request that Harry S. Truman, President of the United States, remove him from office; and be it further

Resolved, That copies of this resolution be forwarded to President Truman and to our Representatives in Washington.

Whereas great numbers of workers have and many are still working for various political subdivisions, not covered by the Social Security Act; and

Whereas many of them have already lost credits earned prior to this work, and many more will in the future: Therefore be it

Resolved, This forty-sixth annual convention instruct its officers to present to the A. F. of L. convention a resolution asking them to work for an amendment to the Social Security Act, whereby those workers penalized at the present time for having worked for a political subdivision of the Government not covered by the act, shall have credit allowed the same as though they had worked for a covered employer; and be it further

Resolved, That our Congressmen and Senators from Oregon be asked to work for such an amendment, as well as various State federation of labor organizations of other States.

Whereas the Social Security Act having now been in operation for more than 10 years, and the contributions to the act have been frozen at the original 1 percent, instead of the proposed 3 percent in the original act; and

Whereas the benefits being paid by the Social Security Act, due to the low contributions to the fund by the workers and the employers, are very small and inadequate making it impossible for anyone to live on; and

Whereas by increasing the contribution by the employer and the workers to 5 percent instead of the present 1 percent now being collected, an adequate and just and livable benefit would be paid; and

Whereas many of our members never reach the retirement age of 65 and if they do they are too old to enjoy retirement; and

Whereas a great number of our members do not come under the act due to the nature of their work; and

Whereas if everyone were covered under the act at a 5-percent contribution, labor would not have to negotiate pension plans in their collective bargaining agreements, but instead could get the cost of such plans included in the wage scales; and

Whereas under this liberalization of the Social Security Act, many now on city, county, or State welfare would find such relief unnecessary, thereby relieving the taxpayers of a heavy tax burden: Therefore be it

Resolved, That the Oregon State Federation of Labor Convention of 1949 go on record advocating the following amendments to the Social Security Act:

1. Increasing the present 1-percent contribution to 5 percent for both the employer and the worker, and the benefits increased in accordance to the increased contributions.

2. Include all workers under the act, regardless of whether they are agricultural workers, State, county, or city employees or whatever other category they may come under.

3. That the age for eligibility be lowered from 65 to 60 for both male and female workers.

4. That the minimum benefits under the act be not less than $75 per month; and be it finally

Resolved, That copies of this resolution be sent to Oregon's Senators and Representatives in Congress, to the A. F. of L., and to each State Federation of Labor in the United States and its Territories, requesting their assistance in enacting these proposed amendments into the Social Security Act.

MIDDLE-INCOME HOUSING BILL—ATTITUDE OF VETERANS OF FOREIGN WARS

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed in the RECORD a telegram received by me today from Lyall T. Beggs, commander in chief of the Veterans of Foreign Wars of the United States, telling of the action of the annual convention of the Veterans of Foreign Wars unanimously approving a resolution asking Congress to enact a middle-income housing bill, reported from the Senate Banking and Currency Committee as Senate bill 2246.

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

MIAMI, FLA., *August 22, 1949.*

Senator JOHN SPARKMAN,
United States Senator,
Washington, D. C.:

Fiftieth Annual Convention, Veterans of Foreign Wars of the United States, today unanimously adopted resolution calling upon Congress to enact middle-income housing bill in form as reported from Senate committee, S. 2246. Opposed to H. R. 5987 in form as bill emerged from House committee. Convention unalterably opposed to any legislation which would continue in effect so-called section 505 combination GI-FHA loan. Strongly urge Congress to continue and expand GI loan program of GI bill of rights. Convention would be exceedingly grateful for your assistance in further objectives of this mandate for a million and one-half overseas veterans.

LYALL T. BEGGS,
Commander in Chief, Veterans of Foreign Wars of United States.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KERR, from the Committee on Interior and Insular Affairs:

H. R. 5205. A bill to quitclaim certain property in Enid, Okla., to H. B. Bass; without amendment (Rept. No. 949).

By Mr. McFARLAND, from the Committee on Interior and Insular Affairs:

S. 1542. A bill to authorize the withdrawal of public notices in the Yuma reclamation project, and for other purposes; with an amendment (Rept. No. 953).

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

S. 1706. A bill to authorize the Public Health Service to admit to its hospitals persons committed by State courts who are beneficiaries of the Service or narcotic addicts, and for other purposes; without amendment (Rept. No. 950);

S. 2227. A bill to amend the act approved July 18, 1940 (54 Stat. 766; 24 U. S. C., 1946 edition, sec. 196b), entitled "An act relating to the admission to St. Elizabeths Hospital of persons resident or domiciled in the Virgin Islands of the United States," by enlarging the classes of persons admissible into St. Elizabeths Hospital and in other respects; without amendment (Rept. No. 951); and

S. 2228. A bill to amend the Public Health Service Act with respect to venereal disease rapid-treatment centers, and for other purposes; with amendments (Rept. No. 952).

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 23, 1949, he presented to the President of the United States the following enrolled bills:

S. 259. An act to discontinue divisions of the court in the district of Kansas; and

S. 331. An act for the relief of Ghetel Pollak Kahan, Magdalena Linda Kahan (wife), and Susanna Kahan (daughter, 12 years old).

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

BILLS INTRODUCED

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

By Mr. KERR:

S. 2469. A bill for redress of grievances of Milton Roe Sabin and Bertha Florence Sabin, husband and wife; to the Committee on the Judiciary.

By Mr. WILEY:

S. 2470. A bill for the relief of Brother John Muniak; to the Committee on the Judiciary.

By Mr. MORSE:

S. 2471. A bill to provide for the operation of general surgical and medical hospitals at the Veterans' Administration domiciliary facility, Clinton, Iowa, and at the Veterans' Administration domiciliary facility, Medford, Oreg.; to the Committee on Labor and Public Welfare.

By Mr. FULBRIGHT:

S. 2472. A bill to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. TYDINGS:

S. 2473. A bill to authorize additional funds to continue the rehabilitation of civilian facilities on the island of Guam, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MCFARLAND:

S. 2474. A bill to amend the act of August 24, 1935, so as to bring issuers of workmen's compensation insurance policies within the protection of payment bonds required of contractors under such act; to the Committee on Public Works.

By Mr. MYERS:

S. 2475. A bill for the relief of Dr. Yuan Yuen Kwei; to the Committee on the Judiciary.

AMENDMENT OF FAIR LABOR STANDARDS ACT—AMENDMENT

Mr. FLANDERS (for himself, Mr. WHERRY, and Mr. GILLETTE) submitted amendments intended to be proposed by them, jointly, to the bill (S. 653) to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes, which were ordered to lie on the table and to be printed.

INTERIOR DEPARTMENT APPROPRIATIONS—AMENDMENT

Mr. MURRAY submitted an amendment intended to be proposed by him to the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

MILITARY ASSISTANCE TO FOREIGN NATIONS—AMENDMENTS

Mr. RUSSELL (for himself, Mr. BYRD, Mr. GURNEY, Mr. SALTONSTALL, and Mr. MORSE) submitted amendments intended to be proposed by them, jointly, to the bill (S. 2388) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, which were referred to the Committees on Foreign Relations and Armed Services, jointly, and ordered to be printed.

INCREASE OF PAY OF MEMBERS OF ARMED SERVICES—AMENDMENT

Mr. MYERS submitted an amendment intended to be proposed by him to the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes, which was ordered to lie on the table and to be printed.

HOUSE BILL REFERRED

The bill (H. R. 5472) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, was read twice by its title, and referred to the Committee on Public Works.

ADDRESS BY SENATOR WILEY TO THE ST. BARTOLOMEO SOCIETY AT WAUKESHA, WIS.

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address delivered by him on August 20, 1949, to the St. Bartolomeo Society at Waukesha, Wis., which appears in the Appendix.]

LUCAS DAY—EDITORIAL FROM THE PEORIA JOURNAL

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD an editorial entitled "LUCAS Day," published in the Peoria Journal of August 19, 1949, which appears in the Appendix.]

PENNSYLVANIA'S OIL VALUES

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an article entitled "Chemist Foretold Pennsylvania Oil's Value as Early as 1855," which appears in the Appendix.]

KAISER ALUMINUM HAS BANNER YEAR—ARTICLE FROM AMERICAN METAL MARKET

[Mr. CAIN asked and obtained leave to have printed in the RECORD an article regarding the Permanente Metals Corp., published in the August 23, 1949, issue of the American Metal Market, which appears in the Appendix.]

BAN ON GIVE-AWAYS—EDITORIAL FROM THE WASHINGTON POST

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an editorial entitled "Ban on Give-Aways," from the Washington Post of August 23, 1949, which appears in the Appendix.]

COLOR TELEVISION—EDITORIAL BY FRED OTHMAN

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an article entitled "Killjoy FCC," by Fred Othman, from the Washington News of August 23, 1949, which appears in the Appendix.]

FEDERAL POWER POLICY FOR THE PACIFIC NORTHWEST

[Mr. MORSE asked and obtained leave to have printed in the RECORD an article entitled "Case for a Federal Power Policy for Pacific Northwest, Stated by H. G. West," written by H. G. West, vice president of the Inland Empire Waterways Association, which appears in the Appendix.]

THE SPANISH PROBLEM

[Mr. MORSE asked and obtained leave to have printed in the RECORD a letter received by him on a certain phase of the Spanish problem, which appears in the Appendix.]

LOYALTY PLEDGES—EDITORIAL FROM EUGENE (OREG.) REGISTER-GUARD

[Mr. MORSE asked and obtained leave to have printed in the RECORD an editorial entitled "Why Not a Constructive Pledge?" published in the Eugene (Oreg.) Register-Guard of July 25, 1949, which appears in the Appendix.]

DON'T SELL EDUCATION SHORT—EDITORIAL FROM JOURNAL OF THE ASSOCIATION FOR EDUCATION BY RADIO

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Don't Sell Education Short," written by Tracy F. Tyler, and published in the Journal of the Association for Education by Radio for September 1949, which appears in the Appendix.]

PAY OF CLERICAL ASSISTANTS OF SENATOR MCGRATH

Mr. HAYDEN. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be discharged from the further consideration of Senate Resolution 159, submitted by Mr. GREEN on August 22, 1949, and that the Senate proceed to its consideration.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution was considered and agreed to, as follows:

Resolved, That the clerical assistants in the office of Senator J. HOWARD MCGRATH, appointed by him and carried on the pay roll of the Senate when his resignation from the Senate takes effect, shall be continued on such pay roll at their respective salaries for a period not to exceed 15 days, to be paid from the contingent fund of the Senate.

AMERICAN TREATY RIGHTS IN MOROCCO

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter dated August 22, 1949, addressed to me by Robert Emmet Rodes, commander of Morocco Post, No. 1, of the American Legion, commenting on remarks made by me during the debate on an amendment to the ECA bill together with certain related papers.

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

AUGUST 22, 1949.

Hon. ALLEN J. ELLENDER,
United States Senate,
Washington, D. C.

DEAR SENATOR ELLENDER: You hit the nail on the head in your remarks to the Senate about State Department acceptance of a Moroccan decree which nullifies a treaty ratified by the Senate. I refer to the following from page 10816 of the CONGRESSIONAL RECORD:

"It seems to me that such a decree was in direct violation of the treaty; and if I am correct, then the Executive has no right to assent to such a decree. The treaty should have been presented to the Senate in a revised form so as to cover the action taken by the Moroccan authorities and thereby affect our nationals."

It has long been the custom of the Moroccan Government to submit local laws to our Government prior to their promulgation if there appeared to be a question of noncompliance with treaty arrangements. If our Government determined there was no treaty violation, the law was accepted; if it determined that the law was contrary to treaty, it stated its reasons, and enforcement was delayed until an agreement was concluded.

This procedure is not and never was intended to be a mechanism for the voiding of one of our treaties. This question has been raised with the State Department by Foreign Service personnel and American citizens in Morocco and by Members of the Senate and

House of Representatives. The Department of State has carefully refrained from giving an official opinion.

On March 12, 1949, I wrote to the chairman of the Foreign Relations Committee on this subject as follows:

"When action changing our status is taken, it should be judged immediately, solely on legal grounds and solely by experienced legally qualified persons. The status quo should be preserved strictly until the decision is made. Any other procedure subjects United States citizens to government by decree and to loss of property without process of law."

"If a modification of the existing status is desired it should be proposed in an orderly way with reasons advanced by the proponents. (Such proposals should not be considered until any unilateral action already taken were rescinded and appropriate restitution made). The views of technical and liaison personnel of the State Department and other agencies should be sought and considered only in connection with such proposed revisions. Certainly our Government should not tolerate an illegal impairment of its citizens' rights no matter how much sympathy its perpetrators find among their American opposites. Furthermore, Americans whose interests are affected should have every opportunity of expressing their views. The burden of proof should rest upon proponents of changes of the status quo."

A reply has not been received, undoubtedly because the State Department is unwilling to admit that it has usurped functions of the Senate.

In some instances the Department of State has said that our treaty rights are fully protected because the assent to the embargo against our trade is temporary. This excuse was advanced by Mr. Ernest Gross in his reply to Senator SALTONSTALL (p. 10764 of the CONGRESSIONAL RECORD of August 4, 1949):

"This Government did not relinquish the rights of most-favored-nation and 'open door' treatment in assenting to this decree. United States assent was given as a temporary expedient with full reservation of existing United States treaty rights."

The foregoing was the State Department's contention in a discussion with the Department of Commerce. I wrote the Secretary of Commerce, with a copy to the Secretary of State, on April 12, 1949, as follows:

"Our most-favored-nation agreements with Morocco are in the form of treaties ratified by the Senate. If such an agreement may be abrogated for a limited period by the executive branch, it follows that the period may be extended, even indefinitely. This is tantamount to alteration of treaties by simple Executive action, nullifying the constitutional requirement of Senate approval."

Answers carefully avoid this question.

Mr. Gross' letter to Senator SALTONSTALL ends:

"The Department's objective is to assure an appropriate measure of protection to the interests of Americans in the French Protectorate of Morocco, and the choice of methods for achieving this objective has to be determined in the light of changing circumstances."

This would lead to chaos if applied generally to the carrying out of treaty provisions, just as it would if other officers charged with administering laws took it upon themselves to enforce, disregard, or alter them "in the light of changing circumstances." The handling of this decree is an excellent example. It completely upsets traditional commercial relations that had always been jealously guarded, and on which dozens of businesses were based. These all lost the fruit of years of work, with only 13 days' advance notice.

This was after Americans in Morocco had been informed, with State Department knowledge and approval, that certain redress would be required and other safeguards established that could not have been accomplished in less than 6 months. The attached letter to the Department of State, dated March 25, 1949, and a cable sent, with State Department approval to Americans in Morocco, indicate the arrangements. These were the basis of all discussions and were reported, with State Department knowledge, to interested Senators.

The State Department suddenly changed its decision and none of the conditions promised were carried out. The official most closely concerned excused this by saying that they merely represented what the Department of State considered reasonable demands, but that heavy French pressure had made it impossible to obtain them. This "heavy French pressure," undoubtedly, is what Mr. Gross describes as "changing circumstances."

What happened was that Frenchmen who oppose Americans in Morocco saw high French officials, including the Prime Minister. (While the Under Secretary of State was too busy to see me.) The Secretary of State was in Paris at the time. A French newspaper stated that the French delegation had been assured on June 8 that we would capitulate on June 10. This was entirely correct, although on June 9 I was informed verbally that negotiations were in process, but were secret and could not be revealed to me. On June 11 the Department of State advised me that negotiations were still in progress. This was in a letter signed by C. H. Humelsine, Chief, Executive Secretariat, which ended:

"Assent to the decree in question, if given, would be predicated on terms considered satisfactory by this Department and other interested agencies of the Government."

As Senator RUSSELL stated, the Moroccan situation is small in dollar volume but broad fundamental principles are involved. The Constitution provides legislative safeguards to protect our citizens from precisely the foregoing type of abuse. If they had been followed the political pressure of a French financial clique, converted into heavy French (diplomatic) pressure could not have caused a notoriously weak government agency to abandon its own citizens' admitted rights and interests.

Another question far graver than Morocco is raised by this whole action. When the Department of State, in granting voluntary concessions to a friendly nation to which we are giving $60,000,000 per month, cannot obtain what it has determined to be reasonable and equitable for our citizens, what earthly chance has it of defending our rights under less auspicious circumstances? It would seem that the recent record of the Department requires more, rather than less, legislative restrictions.

One of the questions asked the Department of State but avoided in Mr. Gross' reply, is:

"I would appreciate * * * your opinion as to how far the executive branch may go in abrogating a treaty without formal modification, including Senate ratification."

Apart from legality, a very dangerous precedent is being set because all of our postwar relationships in Morocco have shown that any yielding on our part is seized as a precedent by the anti-American clique.

As Senator SALTONSTALL informed the Senate, this acceptance was given June 10, 1949, for a temporary period of 3 months. It is tantamount to the abrogation of a treaty of the executive branch, rendering the constitutional requirement of Senate ratification meaningless. It causes ruinous losses to a group of Americans who had assumed that they could rely on our treaties as they could on any other law. It represents a backward step, regimenting an economy that was gradually freeing itself. (Please see the attached copy of letter to Willard Thorpe.)

The State Department relies on its Commercial Policy Division for formulation of policy in this matter. That Division (which would become useless with the establishment of free economy) has consistently shown partiality for regimentation. It also has shown that it is unwilling to press European nations in order to obtain fair treatment for Americans. If the Senate does not intervene, the State Department will continue in its acquiesence in the abrogation of our treaty rights.

On my own behalf and on that of the Americans in Morocco, I take this opportunity of thanking you for your support, and of hoping that some type of Senate action will reestablish constitutional law in our relations in Morocco and will block the anti-American campaign, beginning with the refusal to continue the embargo on our trade when it expires September 10.

Yours sincerely,

ROBERT EMMET RODES,
Commander, Morocco Post, No. 1, American Legion; President, American Trade Association of Morocco.

COPY OF CABLE TO AMERICAN TRADE ASSOCIATION OF MOROCCO

MARCH 24, 1949.

After full conference state proposes consider Dahir (Decree) without commitment to accept, after performance. To test protectorate's treatment of Americans including: Release all merchandise, reimbursement all over payments customs and taxes, full share all official business, discontinuance all discrimination. Business as usual during trial period. Am insisting ultimate acceptance unsatisfactory any basis but conceding foregoing acceptable compromise if trial basis 1 year if officials consistently guilty anti-American acts removed and if US sole judge performance. Please comment.

R. E. RODES.

MARCH 25, 1949.

The honorable the SECRETARY OF STATE,
Washington, D. C.

MY DEAR MR. SECRETARY: In a conference yesterday with members of your staff concerned with the Moroccan situation, I repeated that Americans in Morocco are unalterably opposed to any arrangement to accept the Moroccan Protectorate's decree of December 30, 1948, restricting imports. I suggested that the Resident General of Morocco be informed that, whatever the Department's original intentions had been, it could not act favorably because of the illegal and discriminatory acts against Americans that have come to light during your consideration of the matter; of the anti-American official statements made when the decree was promulgated; and of the illegal application of the decree to Americans, without your Department's consent. I asked that this be accompanied with a demand that all illegal or discriminatory acts against Americans cease; that officials consistently guilty of them or of public anti-American utterances be removed and that customs duties and taxes paid in excess of legal rates be reimbursed.

After further discussion, it was proposed that the Department instruct the Chargé d'Affaires at Tangier to inform General Juin that we would agree to consider, without commitment to accept, the decree in question on condition that Americans participate in official business fairly; that all discriminatory and illegal acts cease; that duties and taxes collected in excess of legal amounts be reimbursed; that final judgment would be after a trial period had proved that the conditions had been met, not on any promise or engagement of the Protectorate.

I repeated my views on acceptance but stated that if the trial period is for 1

year; if consistently anti-American personnel are removed and if United States Foreign Service officers are final judges in all matters of equal treatment, this formula might be acceptable.

Mr. Martin indicated that the trial period might be less than 1 year, and that consideration would be given to removal of anti-American officials. Mr. Vernon stated that the designation of our consular officials as sole judges would be asking for considerably more than we are allowed at the present time. I explained that all action on economic affairs in Morocco is based on our having accepted wartime exchange controls; since this was with the proviso that the acceptance could be withdrawn at any time, we may insist on any condition that pleases us in refraining to withdraw this acceptance.

As you will see from the above, the two positions are not nearly so divergent as they were during the first discussions with State Department personnel. The admission by all concerned that there is a definite anti-American policy in Morocco and that this policy has caused many illegal, discriminatory, and unfair acts against Americans, is extremely gratifying.

It is suggested that instead of linking acceptance of the decree with the insistence on adjustment of our complaints, that the failure to make these adjustments be pointed out and that remedial action be required and observed over a long period. If this action proves satisfactory, the matter of acceptance of the decree then might be considered but Foreign Service Field personnel would not be informed of this intent.

There are three reasons: One is that the proposal to consider after certain action has been taken might create misunderstanding with the French claiming a commitment to accept. Another reason is that the acquisition of rights which already are our due should not be linked with any other promise or concession on our part. If our diplomatic officers are unable to obtain these rights simply because our treaties assure them without other inducement, this inability should govern future decisions. This course, although only a slight modification of what your Department proposes, would remove all urgency from the problem and give ample time for full objective consideration of the whole Moroccan policy as related to the many long-range considerations that are fundamentally involved.

I sincerely hope that your decision may be modified to the extent requested above, but if it cannot, I shall appreciate the opportunity of going over the matter again personally with Mr. Gross before final action is taken.

I have cabled Casablanca and shall write you again suggesting points for consideration in requesting action by Protectorate officials, and shall appreciate an opportunity of conferring with your personnel assigned to work out the details.

Yours sincerely,

ROBERT EMMET RODES,
President, American Trade Association of Morocco.

JUNE 2, 1949.

Mr. WILLARD THORPE,
Assistant Secretary of State,
New State Building,
Washington, D. C.

DEAR MR. THORPE: One point I neglected to stress this morning is that our treaty situation permits the achievement in Morocco of all our stated objectives for foreign trade and world economy. The assertion of our rights will divorce Moroccan and French exchange, making the former seek its real level. American investments in this backward area are perfectly protected. Treaties preclude confiscation, either admitted or in the guise of taxes. All litigation is before our own courts. Return on investments is assured by the right to unlimited export of their product. Unrestricted imports, also guaranteed by treaty, permit acquisition of equipment, supplies, and raw materials under the most favorable circumstances. Equal treatment allows enterprises to bring in American skilled personnel without visas or formalities.

It seems entirely logical to use Morocco to show the Eastern Hemisphere what our system can accomplish. Evidently people whose jobs, power, and profit depend on regimentation believe this. Their efforts to remove our foothold is far greater than justified by our present trade. In addition to demonstrating the soundness of the broader aspects of our economy, especially to the French Empire and the rest of Africa, Morocco will permit unequivocal comparisons of our products, methods, and skills with those of Europe. In the competitive situation that is rapidly developing this will be extremely important.

Freeing Moroccan economy will have the approval of almost the entire French and Moslem population.

Thanking you again for the attention you are giving this matter, I am,

Yours sincerely,

ROBERT EMMET RODES.

WORK OF THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. GILLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I made this morning before a subcommittee of the Committee on Agriculture and Forestry relative to the work of that committee.

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

STATEMENT BY SENATOR GILLETTE

The subcommittee meets this morning pursuant to the call of the chairman to take testimony from Mr. Isaac Fogg, president, Atlas Powder Co., Wilmington, Del. He represents a concern that makes a food emulsifier.

Before we hear from Mr. Fogg I should like to make a statement for the record and for the benefit of those who have been following the hearings.

This distinguished Senator from North Dakota [Mr. YOUNG] and myself, on behalf of the subcommittee, introduced S. 2432 last week proposing to provide a 4-percent minimum content of fats and oils in bread. The bill has been referred to the Senate Committee on Interstate and Foreign Commerce, which is, according to the Parliamentarian, the proper committee to handle such legislation. The decision to introduce the legislation was not hastily arrived at, was not intended to be conclusive as to the need therefor, but was rather a belief gained from these hearings that the American people were not in all cases securing the nutrient value in bread they had a right to expect, and a belief that the time had come for the proper committee of the Senate to look into the matter in greater detail. It seemed the only proper way to bring the matter to the attention of the Senate Committee on Interstate and Foreign Commerce.

At least a half dozen reputable witnesses have testified before this subcommittee since April 27 on this subject of bread emulsifiers, and I should like briefly to review some of that testimony.

Mr. Carl H. Wilkin, economic analyst, Raw Materials National Council, told the committee:

"With the use of 1 pound of chemical with a fatty base that can be made from petroleum, the experts claim that they can replace 6 pounds of fats and oils by adding 5 pounds of water to their pound of chemicals."

Mr. L. Blaine Liljenquist, representing the Western States Meat Packers Association, said:

"Lard and vegetable shortenings are facing a serious threat from so-called chemical emulsifiers or bread softeners which are beginning to be used in volume in the bakery industry. Advertisements have stated that in one bakery mix 1 pound of the chemical compound, plus 5 pounds of water, will replace 6 pounds of shortening."

The general counsel of the National Independent Meat Packers Association, Mr. Wilbur La Roe, Jr., stated:

"There is a tremendous new chemical development in the field of fats and oils. The potentialities are so great that we are at a loss to know how to appraise them. We do know that chemicals resulting from the work of chemists employed by I. G. Farben Co. in Germany, and more recently by Procter & Gamble, Atlas Powder Co., and others in this country have resulted in developing chemicals to be used as a total or partial substitute for lard and for shortening which are being extensively used by bakers in the United States.

"I am not a chemist, but the chemicals are the mono- and di-glyceride concentrates and the Atlas 'Tweens and Spans.' Whatever these chemicals are, some sellers are advertising widely in their literature that they can do away with a large part of shortening, if not with all shortening, and also that they will eliminate all milk and other so-called bread improvers. One advertiser says that egg yolks can be reduced by 20 to 50 percent by the use of these chemicals. * * *

"When we bear in mind that the baking and cereal industries consume 1,350,000,000 pounds of lard and shortening annually, we see the terrific potentialities of these new chemicals."

Mr. George L. Prichard, Director, Fats and Oils Branch, Production and Marketing Administration, Department of Agriculture, appeared before the subcommittee on several occasions. He told the committee that:

"It is known that synthetic materials manufactured from petroleum and coal tar are entering into competition with fats and oils as raw materials not only in the detergent field, but to some extent in varnishes, and in food products."

There was placed in the record the text of Mr. Prichard's speech at Urbana, Ill., on March 30, last, in which Mr. Prichard stated:

"There is one adverse factor which should be mentioned. That is the so-called chemical emulsifier or bread softener. These softeners are now being used to some extent in the baking industry. Incidentally, fats and oils are not the only farm commodities which would be affected by their use. Advertisements have stated that in one bakery mix 1 pound of chemical compound, plus 5 pounds of water, will replace 6 pounds of shortening. In addition, it is alleged that eggs can be reduced from 15 to 4 pounds per mix and that in some cases milk may be entirely eliminated.

"The baking industry's consumption amounts to about 40 percent of the lard and shortening production. It is estimated that if these softeners come into widespread use in the baking industry, six hundred to seven hundred million pounds of shortening, lard, butter, and oils would be eliminated from the baking industry's annual consumption of fat. This is equivalent to the production of soybeans from approximately 3,500,000 acres."

The Honorable FRANK B. KEEFE, Member of the House of Representatives from the Sixth District of Wisconsin, described to the committee the hearings currently being held by the Pure Food and Drug Administration to establish new bread standards so as to include in the standards of bread these chemical emulsifiers and bread softeners. Mr. KEEFE stated:

"That these chemical manufacturers have developed and are developing products designed to supplant and replace nature's products, to inject into the food supply of the Nation inorganic materials as against the utilization of organic materials.

"Now, they are not seeking it; they are doing it."

So far as I am aware there has not been a single witness appeared before this subcommittee to refute any of the statements or charges—if they be considered charges—referred to above. The subcommittee has been patient and I believe has given a hearing to everyone who requested same, and has heard many who came on invitation from the chairman.

I feel that the members of this subcommittee would be remiss in their duties as Senators if, on the basis of this record, they did not call the attention of the proper standing committee of the Senate to the situation. That has been done through the introduction of S. 2432 by Senator YOUNG and myself. The introduction of the bill is by no means a final determination. Any objecting to it will be given their day when the bill comes up for hearings in the Senate Committee on Interstate and Foreign Commerce.

There is one more thing I want to mention. This subcommittee is not primarily interested in the question of whether or not the so-called emulsifiers are toxic or injurious. The present food and drug laws should be broad enough to give the Federal Security Agency power to act if they are such. Yet if there is developed in the course of these hearings a basis for believing the public is being sold products that are toxic or injurious, and the Federal Security Agency lacks proper authority to act, or is failing to act, it becomes the duty of myself, the subcommittee or any other Senator to take action in the public interest. The Congress will not consent to having its hands tied, nor protection of the public delayed, by administrative agencies. Primarily, the administrative agencies are best suited to determine such things as to what ingredients are injurious or as to the nutrient required in food. But the Congress can act in these matters if it becomes necessary. And it may become necessary if the Federal Security Agency prolong their hearings, or fail in their duty to protect the public.

Nor do I believe the people of the country or the Congress, in view of the growing demand for clarification, definition, prohibition or whatever is necessary, will long be satisfied with answers such as we received from the Acting Secretary of Agriculture the other day in which it is stated:

"We need much more information than is presently available as to the extent to which the use of agricultural products is being reduced by technological developments, as well as the effects upon the nutritive value and the wholesomeness of the resulting products."

It is pertinent to inquire, in view of the statement that has been made, what steps have they taken or do they contemplate taking to acquire this information? The question is immediate and vital and if they are not assiduous in pursuing it this subcommittee intends to be. In any event we will gladly supplement the work they are doing in gathering the necessary information.

INTERIOR DEPARTMENT APPROPRIATIONS, 1950

The Senate resumed the consideration of the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes.

Mr. KERR. Mr. President, yesterday I advised the Senate that today I would offer an amendment to House bill 3838. I now offer the amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 7, it is proposed to strike out lines 21 and 22 which read "of transmission lines and appurtenant facilities of public bodies, cooperatives, and privately owned companies," and insert in lieu thereof "of facilities for the transmission and distribution of electric power and energy to public bodies, cooperatives, and privately owned companies."

Mr. KERR. Mr. President, in the debate on this bill objection has been made to the provision adopted by the House for the continuing fund for the Southwestern Power Administration, on the basis that under the language in the bill the Administrator would be authorized to rent generating facilities from rural cooperatives or others. It was not the purpose of the language of the bill to make that provision. It is not the desire of the Administrator to have authority. It is the purpose of this amendment to clarify the language so that there can be no misunderstanding, and in order that any doubt that might exist in the mind of any Senator that this continuing fund, if authorized, would be used for that purpose, may be removed.

The VICE PRESIDENT. The hour of 12:30 having arrived, the time from now until 2:30 p. m. will be equally divided, to be controlled by the Senator from Oklahoma [Mr. THOMAS] and the Senator from Alabama [Mr. HILL], under the unanimous-consent order previously entered.

The Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, I yield myself whatever time I desire to take, of the 1 hour available to my side.

The VICE PRESIDENT. The Senator from Oklahoma may proceed.

Mr. THOMAS of Oklahoma. Mr. President, the time I shall consume will be devoted entirely to an explanation of the issue now before the Senate.

The VICE PRESIDENT. The Chair will state, before the Senator begins his address, that the pending question is the amendment offered by the Senator from Oklahoma [Mr. KERR] to the committee amendment on page 7, in lines 21 and 22.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. Will the time to discuss that amendment come out of the time between now and 2:30?

The VICE PRESIDENT. It will.

Mr. THOMAS of Oklahoma. I shall discuss it very briefly, then.

Mr. President, the section which was passed by the House proposes to amend the existing section of the law. It proposes to increase the existing allowance of $100,000 a month as a continuing fund to $300,000 as a continuing fund. That is amendment No. 1. Of course, that is legislation.

The amendment further provides for broadening the authority of the Administrator. Under section 5 of the Flood Control Act, the Administrator can do only one thing, namely, sell electricity. Under this amendment, if it is agreed to, he cannot only sell electricity, but he can purchase electricity and can rent transmission lines and can rent appurtenant facilities. That is wholly legislation. The purpose of the amendment is to enable the Western Electric Cooperative, consisting of 11 companies in southwestern Oklahoma, to build a power plant at Anadarko, and then rent that power plant to the Southwestern Power Administration.

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

Mr. THOMAS of Oklahoma. Mr. President, I cannot yield; my time is limited. The Senator from Texas will have his own time to discuss this matter.

Mr. President, the purpose is to enable the Administrator to have sufficient money with which to pay rent on a steam plant that is now proposed to be built not by an appropriation from the Congress but by a loan from the REA to these cooperatives, so as to generate electricity and to firm up whatever hydroelectric power may be developed.

Mr. President, the Administrator has this checking fund. At this time I pause to inquire whether any Senator knows of any department of the Government, save the high-ranking officials, that has a checking fund. I hear no response.

But under existing law—not under this amendment but under the present law, which was slipped through the Congress 4 or 5 years ago—the Administrator has $100,000 a month as a checking fund, subject only to his check. Now the proposal is to increase that checking fund from $100,000 a month to $300,000 a month, which means, in 12 months, $3,600,000 a year. Or to give the matter a different construction from that given by the Treasury Department, if we may assume that the $300,000 checking fund will be available to the Administrator every day, that could amount to almost $100,000,000 a year.

Mr. President, as I said the other day, this section is a joker in the proposed legislation. Six thousand pages of testimony, embraced in four books the size of the two I now display to the Senate, were taken; but the Administrator never mentioned the purpose for which he desires this increase in his continuing fund.

So this matter is one of the amendments upon which we shall vote en bloc, altogether.

The first amendment upon which the Senate will be called upon to vote will, if agreed to, increase the Senate committee's recommendation. The House approved the appropriation of $4,000,000 cash to be available for the building of transmission lines. The Senate committee cut that amount down to $1,616,115. The House approved an item of $525,000 for overhead expenses—management and operation expenses. The Senate committee cut that down to $330,000. The House approved $5,000,000 for the purpose of authorizing expenditures to be paid for next year. The Senate committee cut that amount down to $2,257,905. In other words, the Senate committee recommends that the Senate approve sufficient funds for the completion of the lines that already are under construction, namely, the line from the Denison Dam, in Texas, up through central Oklahoma, and then northeast to Norfork, Ark. This map [indicating]

does not show Arkansas, but it does show all of Oklahoma. That line has been begun. The money to be appropriated by this bill will complete it, but that is not all. The money recommended by the Senate committee will provide for the construction of a branch line from the main line to the Fort Gibson Dam, which will be in production in the next 3 or 4 years. It will also provide for the construction of a branch line from the main backbone line to Tenkiller Ferry Dam, which will be in production in the next 3 or 4 years. It will also provide for the construction of a branch line from Norfork to the Bull Shoals Dam, which likewise will not be in production until the next 3 or 4 years—all depending upon how liberal Congress may be in appropriating money to complete the work.

So the issue is plain and simple. It is a question of whether we shall appropriate money—$9,000,000 for the building of transmission lines, when there is little power now to be distributed.

So it is the opinion of the committee, as I understand, that when we provide the funds for completing the line which now is under construction and also for building three branch lines to the three dams which will come into production in the next 3 to 5 years, that is all we should be asked to do at the present time; and that is what the committee recommends.

Mr. President, I shall devote myself strictly to what I conceive to be the issue in this case. I have talked about this continuing fund. That is the fourth part of the amendment.

In order that I may not be mistaken, I exhibit to the Senate the law approved December 23, 1943. It is the act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944. On page 12, there is found the original law which created and set up the Southwestern Power Administration; and in that appropriation act, one section provided that there should be set aside as a continuing fund, from the receipts from these dams, the sum of $100,000. Here is what the existing law says:

> This money shall be put up to the credit of the Administrator, subject to check by him to defray emergency expenses and to insure continuous operation.

In the amendments on which we shall vote in a few minutes, it is proposed to amend that section by increasing the $100,000 continuing fund to a $300,000 continuing fund.

The existing law also gives the Administrator the right to use the fund for emergency expenses and to insure continuous operation. The amendment now before the Senate would broaden that authority so as to enable the Administrator to purchase electricity and power and to pay rentals for the use of transmission lines and appurtenant facilities of public bodies, and so forth. The term "appurtenant facilities" is intended to cover the steam plant, when it is constructed.

We have heard much about the Texas contract. We have heard it said the Administrator offered the Texas contract to these companies. We have his word for that. But if he has offered the Texas contract to the companies, the companies now are willing to accept the Texas contract. I shall place in the RECORD a letter signed by the head of the 11 companies, operating in the Southwest, the names of which are found in the letter. The head of the organization comprising those companies is Mr. R. K. Lane, president, of Tulsa, Okla.

I desire to place in the RECORD at this time, if I may, a copy of a letter sent by Mr. Lane, representing all the companies, to the chairman of the subcommittee, the Senator from Arizona [Mr. HAYDEN], under date of July 21, 1949. I shall read a portion of it:

> In this connection, I am unanimously authorized by the companies submitting these contracts to say that they do not agree that this is a correct statement.

That is a reference to the statement made by Mr. Wright that they had refused. Mr. Lane further says:

> And all of these companies now specifically state and make it clear that they stand ready and willing to execute agreements containing the identical provisions of the Texas Power & Light Co. contract with the Southwestern Power Administration.

That is a positive statement on behalf of the 11 companies that they will accept the Texas Power & Light Co. contract, the only necessary changes being in the names of the companies and the dates.

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

Hon. CARL HAYDEN,
Member Senate Committee on Appropriations, Senate Office Building, Washington, D. C.

DEAR SENATOR: With reference to appropriations for the Southwestern Power Administration contained in the Department of the Interior appropriations bill, it has been suggested in the testimony of Mr. Douglas Wright, Administrator of the Southwestern Power Administration, that the contracts which the private power companies in the area have executed and tendered to the Administrator materially differ from the contract which the Administration has entered into with the Texas Power & Light Co. covering the distribution of hydroelectric power from the Denison Dam on Red River.

In this connection, I am unanimously authorized by the companies submitting these contracts to say that they do not agree that this is a correct statement, and all of these companies now specifically state and make it clear that they stand ready and willing to execute agreements containing the identical provisions of the Texas Power & Light Co. contract with the Southwestern Power Administration.

The companies also want to make it clear that they will construct, maintain, and operate their systems such that they will be adequate to receive the hydroelectric power from the reservoir projects in the Southwest area and to deliver firm continuous power from their systems to the Government for the supply by the Government to its customers, as provided in the above-mentioned Texas Power & Light Co. contract.

Very truly yours,

R. K. LANE,
President, Public Service Co. of Oklahoma.

(Chairman, negotiations for the following Southwestern companies tendering contracts: Arkansas-Missouri Power Co., Arkansas Power & Light Co., Empire District Electric Co., Gulf States Utilities Co., Louisiana Power & Light Co., Missouri Public Service Corp., Missouri Utilities Co., Oklahoma Gas & Electric Co., Public Service Co. of Oklahoma, Southwestern Gas & Electric Co.)

Mr. THOMAS of Oklahoma. Mr. President, yesterday the Administrator, Mr. Wright, sent to the Senator from Arizona, chairman of the subcommittee, a letter, dated August 22, 1949, in which he takes almost a page and a half, single space, to say what he will do. But at no place does he say in the letter that he will give the companies the Texas contract. He so evades the question that it would take what we term in my country a Philadelphia lawyer to find out just what he does say. Without trying to interpret his letter, I ask that it be made a part of the RECORD, at this point.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR,
SOUTHWESTERN POWER ADMINISTRATION,
Washington, D. C., August 22, 1949.

Hon. CARL HAYDEN,
United States Senate,
Washington, D. C.

MY DEAR SENATOR HAYDEN: In reply to your inquiry I am pleased to advise that it has always been the policy of this Administration to utilize existing facilities in discharging our responsibility of distributing and marketing power wherever it has been possible to make reasonable arrangements to do so. Insofar as I know no agency of the Department of the Interior has rejected any reasonable offer of this character. I am very happy to outline to you the basic principles stated in my testimony before the Senate committee which I believe might form a basis for such arrangements in the Southwest area to permit the maximum possible utilization of existing facilities.

Stated briefly the principles would include (1) the right in the Government to request the contracting company to deliver to the Government or for its account to a certain customer or customers certain specified amounts of electric power and energy; (2) the right in the contracting company to determine whether or not it desired to comply with the Government's request and an obligation on the company to advise the Government within 30 days whether it would or would not comply with the Government's request; (3) if the company determined that it would not comply with the Government's request such advice to the Government would constitute fulfillment of its obligations in this connection; (4) if the company determined that it would comply with the Government's request then it would be obligated to undertake delivery of the required power and energy to specified customers as soon as facilities could reasonably be provided for such delivery; (5) the Government would be obligated to undertake the delivery to the company of a compensating amount of power and energy to the company when the company started delivery to or for the account of the Government; (6) the compensating amounts of power and energy to the company to be in accordance with the principles of the Texas Power & Light Co. contract; and (7) the Government's obligation to deliver power to the company to be related to and exist only so long as the company is delivering power to or for the account of the Government to each such customer or customers.

As I advised your committee it is our intention to continue our efforts in negotiations with the companies to arrive at reasonable arrangements for the maximum utilization of existing facilities wherever possible and it will not be our policy to construct transmission lines whenever reasonable arrangements for the use of existing facilities can be made. It is our opinion that

the chances of our completing successful negotiations for the use of existing facilities will be greatly increased if the appropriations passed by the House of Representatives are allowed us by the Senate.

I trust that this furnishes you with the information you desire in this connection. If I can be of any further service to you do not hesitate to call upon me.

Sincerely yours,

DOUGLAS G. WRIGHT,
Administrator.

Mr. THOMAS of Oklahoma. Mr. President, after this letter was made public, I asked Mr. Lane, the head of these various companies, to consider it, and I now have before me a copy of a letter of this date, August 23, 1949, sent to the Senator from Arizona, the chairman of the subcommittee, signed by Mr. Lane, in which he reiterates the desire of all of these companies to accept the Texas contract. He tries to explain what Mr. Wright's letter means, but it will take too long for me to explain it, so I submit it for the RECORD, for what it stands for.

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

AUGUST 23, 1949.

Hon. CARL HAYDEN,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I have a copy of the letter of Mr. Douglas G. Wright, Administrator of Southwestern Power Administration, addressed to you dated August 22, 1949, outlining seven provisions of an agreement between the private power companies of the southwest area and the Southwestern Power Administration proposed by Mr. Wright. These provisions are not the same as those contained in the Texas Power & Light Co. agreement which the Appropriations Committee on July 13, 1949, recommended should be the basic principles on which the companies and the Southwestern Power Administration should get together. Under the provisions proposed by Mr. Wright, the Southwestern Power Administration would not be obligated to request the companies to serve any customer of the Government. The companies would not be obligated to serve any customer of the Government if requested by Mr. Wright. It is therefore clear that the proposals of Mr. Wright would not constitute a binding contract upon either the Government or the companies.

Under the provisions of the Texas Power & Light Co. contract, the Government would agree to deliver and the companies would be required to take and pay for all of the power from Government projects, whether firm, secondary, or dump power. The companies would be required to deliver to the Government for its customers continuous firm power equal to a minimum of 70 percent, and a possible 100 percent, of the electric energy taken from Government projects.

It is said by some that the companies would receive free 30 percent of the power taken from Government. This is not the fact. The companies would pay for 100 percent of all of the power received from the Government. The Government would pay to the companies the same average rate for the amount of power delivered to Government for its customers. It is therefore clear that companies would get no power free.

To be entirely frank, the proposal of Mr. Wright is a complete evasion and avoidance of the terms and provisions of the Texas Power & Light Co. contract which the Southwestern Power Administration has entered into for the distribution of power in Texas. All of the companies in the southwest area stand ready and willing to enter into such contract for the distribution of power in their respective service areas. I enclose copy of my letter of July 21, 1949, on behalf of the 10 companies involved.

If the Congress appropriates the money requested by the Southwestern Power Administration for the building of these unnecessary lines in the Southwest area, the result will be that all of the money will be spent and all of the lines requested by Mr. Wright will be built. The companies in the southwestern area will not be given a contract containing the provisions of the Texas Power & Light Co. contract for the distribution of power for the Government as intended by the Senate Appropriations Committee. These conclusions are implicit in the letter written to you by Mr. Wright.

Sincerely yours,

R. K. LANE,
President, Public Service Co. of Oklahoma.

(Chairman, negotiations for the following southwestern companies tending contracts: Arkansas-Missouri Power Co., Arkansas Power & Light Co., Empire District Electric Co., Gulf States Utilities Co., Louisiana Power & Light Co., Missouri Public Service Corp., Missouri Utilities Co., Oklahoma Gas & Electric Co., Public Service Co. of Oklahoma, Southwestern Gas & Electric Co.)

Mr. THOMAS of Oklahoma. Mr. President, I am supporting the recommendation of the subcommittee to the main committee. The main committee accepted the recommendation of the subcommittee, and it becomes the recommendation of the Appropriations Committee of the Senate. The recommendation, found in the committee report, in part, reads as follows:

TRANSMISSION OF ELECTRIC ENERGY

The private electric utility companies, operating in the area of the Southwestern Power Administration, have advised the committee that they will make the entire transmission and related facilities of their respective systems available to the Government, without charge to the Government's customers, for the carrying of electric power and energy from the Government-owned transmission system to preferred customers of the Government as defined in section 5 of the Flood Control Act of December 1944.

I desire to place the remainder of that portion of the report in the RECORD.

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

These companies have also advised the committee that they will supply all the electric energy which may be required by the Government, in addition to that produced by the Government at its hydroelectric plants, for the service of preferred customers of the Government. The compensation for such transmission and additional energy to be in conformance with the principles found in the contract between the Southwestern Power Administration and the Texas Power & Light Co.

The committee directs that the Administrator of the Southwestern Power Administration report to the Senate and House Appropriations Committees by January 1, 1950, on progress made on entering into contracts with private power companies in the area where the Southwestern Power Administration operates.

Mr. THOMAS of Oklahoma. With respect to the continuing fund, the committee said:

The said "continuing fund" was intended to be used for the "purchase of electric power and energy and rentals for the use of transmission lines and appurtenant facilities of public bodies, cooperatives, and privately owned companies," and the committee reports that no law exists authorizing appropriations for such purposes.

That is the recommendation of the Senate Appropriations Committee. It recommends in effect that we appropriate the money with which to complete the lines. It further recommends that the Interior Department be directed, acting through Mr. Wright, to tender and if possible execute a contract with the 10 companies serving the southwestern area of the United States. If he will do that, and if the companies will accept the contract—and they say they will—then there is no excuse for any larger appropriations than those carried in this bill as reported by the committee. Of course, when a line is started it should be completed. The committee is anxious and willing to appropriate money with which to complete the line which has already been started. Then, when the line is completed, every dam now in operation, and three dams which are to come into operation during the next period of from 3 to 5 years, will be connected with the backbone line. Then, in the future, if the companies will not build lines where, in the opinion of Congress, they should be built, all that will be necessary will be for the REA's to come to Washington and say the companies refuse to build a line where they know it is needed, and convince the Congress it should be done. If I am in the Senate at that time I shall favor appropriations in such amount as may be necessary in order to build lines where they are needed, in the event the companies refuse and fail to build such lines.

Mr. President, I think that is a fair proposition. Before I conclude, I desire to say I am receiving a vast number of telegrams. As I walked from my office a few moments ago I was handed the last batch of telegrams that has been delivered. I have in my hand something like 75 such messages. In order that the RECORD may show the tenor of the telegrams, I shall read a few of them. I have not read them all. There may be some telegrams which criticize me, but as I come to them I shall read them. Here is one from my home county seat of Lawton:

LAWTON, OKLA., *August 20, 1949.*

Hon. Senator ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I own a farm, operate a dairy, and have electric service. Satisfied with my rate. Agree with you we do not need SPA lines.

J. N. SUTTON.

The next is from my home town of Lawton:

LAWTON, OKLA., *August 20, 1949.*

Hon. Senator ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I am a farmer on REA line and still believe in a democratic Government. I don't want SPA lines duplicating private company lines and increasing our tax burden. Keep up your good fight.

HORACE PORTER.

The next is from Altus, in the second county west of me:

ALTUS, OKLA., *August 20, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I am a farmer. Have dependable electric service at reasonable rates. Please don't have my taxes increased further to provide me with electricity.

L. V. ETHERIDGE,
Headrick, Okla.

The next is from Temple, in the next county south of me:

TEMPLE, OKLA., *August 20, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I am definitely opposed to Government building "high" lines when it is not necessary. The first thing the Communists did in Russia was to take over the electric utilities and build the big Dneiper Dam. The SPA is trying to do the same thing in this county. Help keep our freedom by keeping the private utilities that serve the public.

PERRY A. CAMPBELL.

The next is from Temple:

TEMPLE, OKLA., *August 20, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I am a farmer. Use REA service. Unnecessary to spend Government funds to build "high" lines.

F. W. GOODWIN.

The telegrams are not from city people, Mr. President, They are from people living on farms, people who get their mail through the rural free delivery. I have another telegram from Sayre, in the western part of my State, adjoining the great State of Texas, reading as follows:

SAYRE, OKLA., *August 22, 1949.*
Senator THOMAS,
Senate Office Building,
Washington, D. C.:

United States farmers already have cheap and plenty of power, thanks to the private utilities companies. Keep out Government ownership through SPA.

JOHN W. CAMPBELL.

The next is also from Sayre:

SAYRE, OKLA., *August 22, 1949.*
Senator THOMAS,
Senate Office Building,
Washington, D. C.:

The stand you have taken against SPA will help us farmers. I have REA and am well satisfied with it. We do not want Government ownership.

RAYMOND WILLIAMS.

The next is from Grandfield, south of my town, in the next county, reading:

GRANDFIELD, OKLA., *August 22, 1949.*
Hon. Senator ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

From the farmers standpoint it looks like his Government is trying to socialize the power industry. Let's stop this un-American trend.

HERMSO MOTOR.

The next is from Altus, reading:

ALTUS, OKLA., *August 22, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I have dependable electric service to my farm home at reasonable cost. Please see that my taxes are not increased to furnish me with more electric power.

AGGIE HARRIS.

The next telegram is from Altus, Okla., reading as follows:

ALTUS, OKLA., *August 22, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I am a farmer and have adequate electric service at reasonable cost. Don't increase our taxes in an effort to furnish us cheaper electricity.

H. P. DARBY,
Duke, Okla.

The next telegram is from Sayre, Okla., reading as follows:

SAYRE, OKLA., *August 22, 1949.*
Senator ELMER THOMAS,
Senate Office Building, Washington, D. C.:

I am a farmer using REA and I am well satisfied with my rates. We have plenty of electricity to spare. Keep out Government ownership.

ROY WALL.

The next telegram is from Grandfield, Okla., reading as follows:

GRANDFIELD, OKLA., *August 22, 1949.*
Hon. ELMER THOMAS,
Senate Office Building, Washington, D. C.:

I am a farmer and I am highly in favor of the Government stopping this unnecessary spending for high-voltage transmission lines.

Mrs. EWELL M. HART.

The next telegram is also from Grandfield, reading as follows:

GRANDFIELD, OKLA., *August 22, 1949.*
Hon. Senator ELMER THOMAS,
Senate Office Building, Washington, D. C.:

I am a farmer and have been for a number of years and I have no complaints about my electric service. But I would definitely like to see the Government get out of the power business.

PAUL BURCH.

The next telegram is from Weatherford, Okla., reading as follows:

WEATHERFORD, OKLA., *August 22, 1949.*
Senator ELMER THOMAS,
Senate Office Building, Washington, D. C.:

Even the women of our community are watching with interest your opposition to SPA appropriations and urge you to continue your fight.

Mrs. CLYDE GORDON.

The next telegram is from Hollis, Okla., reading as follows:

HOLLIS, OKLA., *August 22, 1949.*
Hon. Senator ELMER THOMAS,
Washington, D. C.:

I farm 640 acres of land, have good electric service at my farm home at a reasonable rate, and am serving as county commissioner in my county. I ask you not to destroy any of our taxpaying industries by trying to furnish us with a service we are now receiving. We need tax money far more than we need Government in business.

SAM EARLS,
Gould, Okla.

The next telegram is also from Hollis, reading as follows:

HOLLIS, OKLA., *August 22, 1949.*
Hon. Senator ELMER THOMAS,
Washington, D. C.:

We don't need duplicating transmission electric lines in Oklahoma, but we do need REA lines of larger size so that we farmers can use motors and appliances at a reasonable rate.

CHARLES E. CURRY.

Mr. President, there is complaint from some sources that farmers are not receiving the kind of voltage they require. Here is the difficulty: These electric lines were built away back when there were only a few members, a few contributors, so they started to build lines with small wire. Later, as the farmers saw the benefits of electricity, the lines were extended, until today the lines are too long and the wires are too small. It is not because of lack of electricity, but it is because the small wires will not carry the volume of electricity the farmers can consume. It is true that in some places in my State the voltage is low, but that is not the fault of the power companies. They have power to sell. They have made a low rate of 5 mills, ½ cent, a kilowatt-hour. The difficulty is with the lines. In order to give the farmers better service they must rebuild the lines by putting in larger wires or having more connecting points on the highline to tap at certain points so the power can be firmed up.

Mr. President, the next telegram is from Elk City, Okla., which reads as follows:

ELK CITY, OKLA., *August 22, 1949.*
Senator ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

The REA is a big help to us farmers. The rates are fair to us with plenty of electricity. SPA couldn't do any better. Keep it out.

F. H. SCHWER.

The next telegram is from Altus, Okla., which reads as follows:

ALTUS, OKLA., *August 22, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I have good electric service to my farm at reasonable cost and would not want my taxes increased to supply me power by the Government.

W. D. SMITH,
Elmer, Okla.

The next telegram is from Hollis, Okla., which reads as follows:

HOLLIS, OKLA., *August 22, 1949.*
Hon. ELMER THOMAS,
Washington, D. C.:

Most of we farmers already have electricity. The rate isn't too high. I ask you to oppose those appropriations that would increase our taxes to provide us with service we are now receiving.

CECIL SANFORD.

The next telegram is from Altus, Okla., which reads as follows:

ALTUS, OKLA., *August 22, 1949.*
Hon. ELMER THOMAS,
Senate Office Building,
Washington, D. C.:

I am a farmer and have adequate electric service at reasonable cost. Please see that my taxes are not increased to supply me with more electricity.

BOB HARRIS.

The next telegram is from Hartshorne, Okla., which reads as follows:

HARTSHORNE, OKLA., *August 20, 1949*
Senator ELMER THOMAS,
Washington, D. C.:

Appreciate your efforts to prevent destruction of private enterprise by Government competition.

S. W. MITCHELL.

Mr. President, I could go on reading telegrams. They are all of the same tenor, so far as I know. This is only the latest batch which came to my office. I have telegrams by the thousands. Occasionally I receive one on the other side of the subject, but now they are running 100 to 1 in favor of the position which

I took on the floor of the Senate last Monday.

Mr. President, in order that those who read the RECORD may have an opportunity to express their viewpoint with respect to this debate, at this point I ask that there be inserted in the RECORD, as a part of my remarks, what I choose to call a ballot. It asks two questions. I am having it inserted in the RECORD so that those who read the RECORD and thereafter have any convictions about the matter may clip this ballot and fill it in with their names and mark their answers, "Yes" or "No," and send it to one of their Senators.

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

BALLOT ON A PUBLIC POWER POLICY

(Clip this ballot, mark it, and mail it to your Senators)

How do you feel about:

1. A public power policy requiring the Government to build steam plants and a network of transmission and distribution lines with substations and related facilities in order to develop and deliver electric power and energy to preferred consumers (rural electric cooperatives and public bodies). Yes ☐. No ☐.

(Secretary Krug estimates that such a program will cost from twelve to fifteen billion dollars over a period of 20 years.)

2. A public power policy calling for the development of electric power at flood control and reclamation dams to be absorbed by the existing power systems under contracts providing that such existing systems will purchase all of the power produced at rates to be fixed by the Federal Power Commission and thereafter permit the Government to withdraw from such systems firm continuous power to serve preferred customers (rural electric cooperatives and public bodies) at the same rate fixed by the Federal Power Commission for such power. Yes ☐. No ☐.

(This plan will produce power to preferred customers (rural electric cooperatives and public bodies) at the same rate that the Government receives for such power and will save the twelve to fifteen billion dollars estimated by the Secretary of the Interior.)

Name _____
Street address _____
City and State _____

Mr. THOMAS of Oklahoma. Mr. President, before I conclude, let me say that our difficulty is that we have no public power policy. The only such policy we have is found in one section of the flood-control law of 1944. That is the difficulty in which we find ourselves.

The law is not all-embracing; it is not explicit. When bills come before the Appropriations Committee all we can do is to say either "Yes" or "No" to the amount requested in the House bill. The House is presuming to make the public power policy for the United States. I will go further back. It is not the House of Representatives in the first instance. It is the appointed officials in the Interior Department, who were never elected to any office. They are the ones who are endeavoring to make the public power policy for the United States.

I have called the attention of the Congress to this defect on numerous occasions, but so far Congress has not even undertaken to develop an over-all public power policy. I have introduced a bill which is now before the appropriate committee. The chairman of the committee having jurisdiction over the subject, the Senator from New Mexico [Mr. CHAVEZ], promised that when the bill reached the committee he would send it to the proper department having jurisdiction of the subject matter, with the request that the Department advise his committee with respect to the provisions of the bill and make such suggestions, criticisms, and amendments as the Department deems appropriate. The Senator from New Mexico has advised me that not only has he asked the Department to advise the committee of what it thinks about the public power bill but he is going out through the country during the coming fall to hold hearings before a subcommittee in areas where public power is being developed, and he will hear witnesses who will tell him what they think should be incorporated in a public power policy.

The chairman of the committee further states that when he comes back to Washington at the next session of Congress in January he is planning to hold open hearings on the subject of the development of a public power policy. During the first few weeks of the session there will not be much business to be transacted, and if he carries out his promise, which he will if he can, his committee will consider the recommendations, information, and data coming from all available sources. I am hopeful that the committee may agree on some kind of a public power policy. I cannot write the public power policy for the Congress. I think I know what it should be, but no one person can write a public policy on anything for the Congress of the United States. When the committee has completed its hearings and begins to write a bill, and when later on it brings the bill before the Senate, we shall have an opportunity to consider it and pass upon it, and then, in cooperation with the other House, I hope we may finally get together on what may be construed to be a satisfactory public-power policy for the Nation. When that time comes, as a member of the Appropriations Committee, I shall be glad to follow the dictates of the public-power policy thus established. If the Congress says it shall be the policy of the Congress and of the Nation to build competing transmission lines and competing steam plants, to go into business on a grand scale, I shall be bound by the law, except to point out extravagancies in the amounts of money appropriated for that purpose.

I hope, Mr. President, that that may be the outcome of these unending fights which come before the Senate each year. As I remember, the first pronounced fight was in 1946.

Later we did not have such fights, because for some reason the money was not requested. But now the officials come forward with this new request. The request now is for $31,000,000 over the period of the next 3 years, and of the $31,000,000 they are asking for $9,000,000 now. If we approve the $9,000,000 now, then in a sense we commit ourselves to the balance of that appropriation, which will be subject to requests in the next 3 years. This appropriation is not necessary; it is entirely out of order from my standpoint.

I should like also to say for the RECORD something as to the condition of the Federal Treasury. I read in a newspaper, I think last night, that the total budget requests for 1951 will amount to more than $44,000,000,000. If we add to the $44,000,000,000 the $17,000,000,000 required by cities, counties, States, and districts, what will the total tax bill be? The total tax bill for all purposes each year is now more than $60,000,000,000, and gradually increasing at the rate of from two to five billion dollars a year.

Mr. President, how much money is $60,000,000,000? It is equal to twice the amount of all the gold in the world. Gold is one of the most precious of metals. It has been sought for and hunted for ages and centuries, and of all the gold in the world about which we now know, gold that is used for money, the people of this country are required to earn by the sweat of their brows sums which, when added together in taxes, total twice the value of all the monetary gold in the world.

Mr. President, that is not all. In this country we produce about a billion bushels of wheat a year. The yield is more than that this year. It was more than a billion bushels last year, but an average of a billion bushels a year is produced. Suppose that all the wheat produced in America, a billion bushels a year, were sold for a dollar a bushel. I have seen it sell for as low as 19 cents a bushel in my State, and for a high as $3 a bushel and more. But for the purposes of my argument, let us suppose that all the wheat grown in America, a billion bushels a year, were selling for a dollar a bushel. It would take 44 crops, 44 years, to produce enough wheat at a dollar a bushel to pay the taxes collected by the Federal Government for just one year. In addition, it would take all the wheat we could grow, a billion bushels a year, selling for a dollar a bushel, 17 years of wheat supply, to pay the city, county, district, and State taxes for 1 year.

Mr. President, I have said many times before the committee that we cannot continue on this road. The tax load will be too topheavy after a while—and I fear very soon. People cannot continue to pay these heavy taxes, $60,000,000,000 a year of Federal, State, county, city and district taxes. It is impossible. If prices should go down perceptibly, if they should fall again to the point they reached in 1931 and 1932, all the money all the people of America could earn, gross, would pay only about two-thirds of the tax bill now for 1 year.

The only way to stop this increase in taxes is to cut out unnecessary appropriations, and here we have a chance to save $5,000,000 and perhaps the balance of $31,000,000. That expenditure is not necessary. It is a waste of money, as is said in thousands of telegrams I have in my office from farmers, who reiterate what I have been trying to say.

Mr. President, in a few minutes we will have a chance to pass on this matter. It is now 1 o'clock and 5 minutes, and I yield the floor for the time being for some of the opposition to speak.

Mr. HILL. Mr. President, I yield 20 minutes to the junior Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER (Mr. GRAHAM in the chair). The Senator from Texas is recognized for 20 minutes.

Mr. JOHNSON of Texas. Mr. President, since so many have said so much about this question and since many others are prepared to say still more, I hope to be brief.

Our primary purpose here, as representatives of the people, is to determine the wisest use of the people's money—including money already invested, as well as money which we may now commit to public service.

The people have invested heavily in public power. That investment has been sound. Time has proved it safe. Insofar as the Southwestern Power Administration is concerned, Congress has appropriated $8,601,000 to the agency during the six fiscal years of its existence, since 1944. Of this amount, $173,417 has been returned to the Federal Treasury, unexpended; $6,533,524 in revenues from projects operated by the agency has been deposited with the Treasury. Eventually, the agency will pay for itself—and that is good business.

The investment with which we are now concerned, however, includes more than the expenses of the Southwest Power Administration. Fifty-four million of the taxpayers' dollars have been invested in Denison Dam, on the Red River; $30,000,000 have been invested in the Norfork Dam, on the White River in Arkansas. These dams, costing $80,000,000 in public funds, are, at present, generating the hydroelectric power which the Southwestern Power Administration was created to sell.

In addition to these investments in dams, the taxpayers have loaned $27,760,025 to rural cooperatives in western Oklahoma to build distribution systems dedicated to serve the farm homes in that area; $7,000,000 more will be invested before the work is complete. In southeastern Missouri and northwestern Arkansas, the taxpayers have loaned $19,642,127 for construction of cooperative distribution systems, and approximately $5,000,000 more will be loaned. Thus, the taxpayers have an investment of about $59,400,000 in distribution systems in these three States: Oklahoma, Missouri, and Arkansas. That is not the complete total investment, but it is the investment with which we are concerned in this debate.

At the moment, we are not debating the merits of these investments. This Congress, or no future Congress, is likely to undo what has been done.

Five years ago Congress passed the Flood Control Act of 1944. That act set forth a fair and prudent power policy for the use of the people's power generated at dams built with the people's money. It was decided, at that time, by the Congress that the people's power would be dedicated primarily to the use of the people's customers—thus, the rural cooperatives and public bodies were designated as preferred customers, entitled to first call on public power.

This designation and this policy were wise for two reasons: First, a supply of power was assured for the market in which the taxpayers had made great investments; and, second, a demand was assured for the supply in which the taxpayers had large investments. Furthermore, the policy was a measure of self-control and self-discipline for public power. Notice was served that public power would not be permitted to run rampant into the province of private enterprise, but would serve as a supplement, rather than as a substitute, for private power.

Obviously, in such an arrangement, transmission is the whole heart and soul of the policy. Without transmission facilities to wheel the power from the dam sites to the distribution systems, and to the farmers' homes, the taxpayers' investment in the dams would be futile and the investment in distribution systems would be wasted.

That is our problem in this debate today. How shall we transport the people's power from the dams to the customers the Congress said we should reach?

We have two choices to answer that question: First, the Government can build the transmission lines itself; or, second, the Government can let someone else build the transmission lines and let someone else transport the power.

Before that choice is made, let us consider these things:

First. Congress' first and foremost responsibility is to guarantee that transmission of this power will be accomplished; in other words, Congress is committed to get the power from the dams to the customers. How that is done, is, as I see it, a secondary matter. Whatever we do must be judged by the guaranty we have made.

Second. Congress cannot, without changing the basic law and fundamental philosophy of this Nation, exercise any control—and should not attempt to exert force—over anyone except governmental agencies. We cannot compel a private citizen or a private power company to work for the Government on the Government's terms.

Third. Congress cannot and should not attempt to negotiate and write detailed technical contracts in these Chambers. Our power is the power of law making, not the power of negotiating technical arrangements with power companies. If the will of Congress is to be binding, it must be expressed through a law—to which all concerned will be subject; it cannot be expressed by mere hopes.

With those thoughts in mind, consider what the Appropriations Committee proposes that the Senate do. The bill now before us contains no guaranty that transmission will be accomplished. That guaranty has been stricken out.

I might say in passing that this is not the first time the Senate committee has stricken out this guaranty. Before the Texas contract was entered into the House of Representatives appropriated $7,500,000 for construction by the Southwestern Power Administration, and as a result of appeals made during the hearings conducted by the same Senate committee—appeals made by the same individuals who were so persuasive this year—the Senate committee struck out the entire $7,500,000 appropriated by the House for that agency. I say to my colleagues that if the Members of the Senate had not at that time voted to override their committee and restore on the Senate floor, by a vote of 34 to 32, the House appropriation for the Southwestern Power Administration, there would be no Texas contract today.

What happened? By a vote of 34 to 32 men sitting in this Chamber restored that appropriation, $2,547,000 of which was for the building of transmission lines. The President signed that bill.

Mr. Douglas Wright, the Administrator of the Southwestern Power Administration, immediately returned to Texas and called in the representatives of the utility company involved. He said: "Gentlemen, the Congress has made provision for transmission of the people's power from the people's dam to the people's homes. If you will transmit that power for us on reasonable terms we will enter into a contract with you. If you will not, the Congress has provided me with the money to transmit it myself." Confronted with that dilemma, the power company, very wisely I think, said, "Tell us where you want us to pick up the power and tell us where you want us to take it, and we will contract with you to perform that service."

So, as the result, the Texas contract was born. The Texas contract was criticized by the extremists. I know that in this country we have some people who earnestly believe that we should have complete public ownership in the utilities field; that everything should be public power. There are, also, some who go to the other extreme and argue that everything should be private power; that for the Government to build a dam is to invade the province of free enterprise.

Mr. President, I associate myself with neither of those schools. I believe we can live and let live. I believe that public power can supplement and assist and advance the interests of the private utilities, and vice versa.

The bill which is before the Senate today contains no guarantee whatever that all the power which the Government has spent millions of dollars to produce will never be transmitted away from the dam site. Such a guaranty has been stricken from the bill. A casual reading of the record will show why it was stricken out. It was stricken out because certain private power companies came before the committee and asked that it be stricken out, and they were as persuasive with the Senate committee in the Eighty-first Congress as they were with the Senate committee in the Seventy-ninth Congress. If we should follow the proposal of the committee we would rest our entire policy in the hands of and leave it to the decision of a few power companies. These companies are immune from our control. Furthermore, the Senate cannot write a power contract and force these companies to sign it.

Mr. HILL. Mr. President, will the Senator yield for a brief question?

Mr. JOHNSON of Texas. I yield.

Mr. HILL. Are not these the same power companies which denounced so bitterly, as being criminal, the Texas contract?

Mr. JOHNSON of Texas. Mr. President, I should like to say to the Senator from Alabama—and if I may, I should like to have the attention of the senior Senator from Oklahoma [Mr. THOMAS] because he did not do me the courtesy of yielding to me although I wanted to give him some information which I thought would be helpful to him—that I should like to make a statement respecting the Texas contract. I understood the Senator from Oklahoma to say that he was not sure that the Texas contract had been offered to these power companies prior to this time. My time is limited, but, in view of the many years' experience I have had with public power projects in my State, in view of the part I took in the negotiation of the Texas contract, and the great pride I take in its operation, I think I should review the history of what has taken place, for the benefit of the Senator from Oklahoma, who stated that he was not sure the SPA had offered the Texas contract to other utilities.

When the Texas contract was entered into, then, as now, we had a problem of two extremes. The public power advocates felt that no kind of arrangement should ever be made with a private power company. The private power interests felt that no kind of a contract should ever be signed with the Government. Mr. Wright, who I think is a sound, able, constructive public servant, took the money which the Congress had appropriated and went to the power companies—not only the Texas Power & Light Co., but others. I should like to say for the benefit of the Senator from Oklahoma and the Senator from Alabama that Mr. Wright went to the Oklahoma companies, and the other power companies in the area, and said, "Here is an arrangement which we have worked out for the benefit of the Government, the private companies, and, more important, the people. The Texas Co. has agreed to sign it, and we would like to have you sign it, so that we will not have these constant fights before the Appropriations Committee over the question of transmission lines."

If the Senator from Oklahoma is doubtful about whether such a contract was offered, I remind him that the power companies branded it as "criminal." That was the first thing. They said that any power company agent who would sign such a contract would be performing a criminal act. Second, they said that it was an "inquitous" contract. Iniquitous" is the word used for the president of one of the power companies which was offered this contract. Third, they said that it would break any company which signed it.

That was what we were confronted with from the utility industry when we offered them this contract which the Texas Co. had signed. What did they say? They said that the contract was iniquitous, that it would be criminal for them to sign it, and that it would break them if they did sign it.

On the other hand, there were certain advocates of public power who, as I stated a few moments ago, thought that any arrangement with a private power company was a bad arrangement. They said, "You are selling the REA into slavery."

Mr. President, I am glad to say that Mr. Wright did not allow himself to be subjected to the pressures of either extreme. He signed the contract with the Texas Power & Light Co., and he offered it to the other companies. His offer was answered with the statement that it was criminal, iniquitous, and would break the companies. So let there be no doubt in the mind of anyone as to whether this contract has been offered to the companies.

What happened after that? The Texas contract was put into operation. The Government said to the Texas Co., "We generate power at Denison. We want it delivered over here. You have a line already built. We would like to have you carry the power. If you do, we will put in 100 kilowatts here and take out 70 there, which will compensate you for operating losses and line expenses." The Texas Co. said, "You tell us where to pick it up and deliver it, and we will act accordingly." That did not involve duplication. That did not involve paralleling lines. That did not involve confiscating anyone's property. The proposal before us today is the same proposal.

Then what happened? Mr. Wright said, to the other utilities, "Submit to me the kind of a contract that you will sign." The companies said, "We will sign a contract that provides that you sell us your power at the dam site and let us do what we wish with it." But that would have been contrary to the provisions of the Flood Control Act of 1944.

The Flood Control Act of 1944 is the policy of the United States, as declared by the Congress. Yet I hear men seriously argue that we have no power policy. We have one. We enacted it in 1944. It is now on the statute books. What does that policy say? It says that the people's power shall go to a preferred group, namely, cooperatives, municipalities, and other public bodies. It provides that they shall have first call on the people's power.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. HILL. Mr. President, I yield 5 minutes more to the Senator from Texas.

Mr. JOHNSON of Texas. Can the Senator make it 10 minutes? I am just getting warmed up.

Mr. HILL. Certainly. Mr. President, I yield 10 minutes more to the Senator from Texas.

Mr. JOHNSON of Texas. Mr. Wright said, "I would be violating the Flood Control Act if I agreed to turn over to you for your own use all the power which we have spent millions to generate. But if you will take the power and distribute it to the customers Congress has specified, we can work out an arrangement." The power companies said, "No."

Confronted with such obstinacy, confronted with that state of mind, which held such a contract to be iniquitous and criminal and which would break any company which entered into it, what choice did Mr. Wright have? He had the choice of coming to the Congress and saying, "You have already spent millions to generate power here, and you have spent millions to distribute power over there. I want you to give me the money for a line to connect the two projects."

The House of Representatives in its wisdom provided a little more than $5,000,000 to build such lines, as compared with the hundreds of millions which we have appropriated for other projects of this type. Notice went out to the power companies. They had another decision to make. They had submitted a contract for the sale of power to them at the dam site, a contract which violated the Flood Control Act. They had been given the choice of transmitting power for the Government, which they said was an iniquitous idea. They had to make a decision. They had to make is quickly, because a committee was in session representing this body. The private power companies had met with that committee before. It was a committee which had stricken out $7,500,000 before, in the Seventy-ninth Congress and this body had to override its own committee.

So, the representatives of the power companies hurried here again this year and went before our appropriations committee. They said, "Me no Alamo. We are now willing to sign the Texas contract. All we ask is that you not give Mr. Wright any money for transmission lines." Of course, if they later changed their minds and did not sign a contract, the people's power would stay at those dams, and the people's customers would want for it.

When Mr. Wright was asked before the House committee why he did not sign a Texas type of contract with these people, he said, "Because they refused to do so." The committee said, "Mr. Wright, will you not negotiate with them further, and try to arrive at a contract?" he said, "I certainly will. I would like to have the Texas contract where it will work. Why should I want to spend Government money appropriated for my administration to transmit this power if the private power companies already have lines which would do the same job? Remember, I am the one who wrote the Texas contract. I am not one who believes that everything should be public power."

The Senator from Nebraska [Mr. WHERRY], the Senator from Arizona [Mr. HAYDEN], and other able Members of this body said in the Senate Appropriations Committee hearings, "Mr. Wright, can you not work out some kind of an arrangement similar to the Texas contract?" Mr. Wright said, "I have tried to do so. I will try again. I think it is a good arrangement. But do not take my clothes off me. Do not strip me. Do not give away your plane and your atomic bomb and then try to work out a peaceful arrangement with nothing but your bare fists. I wrote the Texas contract. I think it is good. The people who now insist on it once thought it was bad. Do not let those people come before the Senate

committee and urge that this appropriation for construction be stricken out, because this program will be delayed until the next session of Congress in January, and probably until March."

I met Mr. Wright myself. I asked him what was wrong with the Texas contract. He said, "Nothing. It is an ideal arrangement." I met with officials of the Texas Co. only 2 or 3 weeks ago. I asked, "Is the contract working?" They replied, "It is working well. It is working for the benefit of all."

I predict that if the Senate in its wisdom now restores the funds carried in the bill as passed by the House of Representatives, the man who negotiated the original Texas contract, Mr. Wright, will negotiate another contract if the companies are willing. But he cannot negotiate if he has nothing with which to negotiate. He cannot negotiate if the Senate follows the suggestions of the power companies and, line for line and item for item, strips Mr. Wright of any bargaining power he may have. The Congress did not do that in the Texas situation. The power companies wanted Congress to do so. The Senate committee voted to do so; but, Mr. President, thank goodness, the Senate in its wisdom overrode its committee, as it is going to override it today.

The only binding, permanent action we could take would be to enact a law, force these companies to do our work, and force them to do that work on our terms. Personally, I would not vote for such a law. I do not think the majority of the Senate wants such a law.

So, the committee proposal does not guarantee that power will be transported from dam to customer; it cannot guarantee that transmission contracts will be signed; it forfeits all governmental rights and voice in making any contracts which might be offered or signed. It expresses the pious hope that perhaps, maybe, the people who said the Texas contract was iniquitous and criminal, and who did nothing about entering a similar arrangement until the appropriation reached the Senate, will agree to such a contract.

For those reasons, the committee proposal is unacceptable to me. If this proposal protects anyone at all, it protects only the freedom of the private-power companies, but offers no protection whatsoever to the taxpayer in his investment or to the customer in his expectations.

I do not object to transmission contracts between the Government and private companies. I do not object to the proposal to let private companies build transmission lines and transport public power. I know that such an arrangement has worked successfully in Texas—the only place in the Nation where it has been tried; and the man who put it into effect is the head of this Administration. But if the Senate follows the committee's lead and the committe's recommendation, I say to the Senate that it will be picking roses in a poison-ivy patch, and the Senate will not realize that its judgment has been made until it is too late.

The so-called Texas contract—between SPA and the Texas Power & Light Co.—was the result of independent negotiations; Congress had nothing to do with it. That contract was made possible because Congress had already declared its intent that certain lines in Texas should be built and had made appropriations to provide for building those lines. Consequently, Congress had fulfilled its fundamental obligation; there was no doubt that the power would reach the customers. So Congress appropriated the money. Mr. Wright did not use it to build transmission lines in Texas. That so-called Texas contract was made possible because Congress had already declared its intent that certain lines in Texas should be built. Since there was no uncertainty about the result, SPA and T. P. & L. did not bog down in a quarrel about power policy making. The policy was already fixed by Congress, as it should have been. SPA and T. P. & L. were thus able to proceed in a strictly businesslike manner—both sides retained their integrity and their liberty. The result has been happy.

This committee proposal now before us leaves all policy making to the discretion of SPA and the private power companies operating in SPA territory. It leaves considerable doubt as to whether power ever will reach the customers. It sends SPA to the bargaining table without bargaining power.

Mr. President, if this committee proposal is allowed to stand, I foresee a regrettable and unnecessary era of hostility and suspicion ahead in the relations between private enterprise and public power. People who have no authorized policy-making powers will be writing our public power policy. Nothing in this proposal would promote harmony or guarantee success. I sincerely fear that if we adopt this plan we will go whistling in the dark down a winding road, and end up where we started from—right back here next year fighting this same fight.

The only way we can guarantee success—the only way we can be sure that the job we want done will be done—is to put into this appropriation the funds necessary to build the transmission lines which are needed by the Southwestern Power Administration. In other words, the only way we can be sure that the job we want done will be done is to restore to the bill the amount of the appropriation as passed by the House. If that is done, Congress will have been true to its trust, and nothing will stand in the way of SPA and these private power companies if they wish to negotiate transmission contracts.

I am hopeful that something can be worked out. I am sure, though, that the bargin will be better if there is some bargaining power on the side of the public interest. That bargaining power can only be expressed in terms of dollars to do the job Congress and the people want done.

For that reason, I shall vote to restore in full the appropriations which the Senate committee voted to cut out of Southwestern Power Administration funds.

I shall do so in the belief that only by such a course can we keep our power policy on a businesslike basis. If we restore the funds, nothing will be taken away from either side. SPA will still have its liberty and integrity, and the private power companies will still have every opportunity and every reason to continue negotiations.

The companies have said they are willing and apparently anxious to negotiate. During the committee hearings of this bill, Mr. Douglas Wright, SPA Administrator, said—as appears on page 1301:

> I have assured the companies that if they are sincere in wanting to work out arrangements along a Texas Power & Light Co. pattern, the Government is willing to meet with them and see what we can do; with this promise, that both people maintain their liberty and their right to decide their own business in the way they should.

This, to my mind, is a sound and reasonable view. I think it entitles Mr. Wright to the confidence of the Senate. After all, Mr. Wright authored the original Texas contract and helped make it work. Congress cannot share the credit for that success, neither can the power companies that seek assistance at our hands today, claim any of the credit for that success. If we entrust Mr. Wright now with the funds to do what must be done by somebody—that is, get the power from the dams to the customers—I am sure he will not relax his vigilant and successful defense of the public interest.

The PRESIDING OFFICER (Mr. HOEY in the chair). The time of the Senator from Texas has expired.

Mr. JOHNSON of Texas. Mr. President, I ask the Senator from Alabama to yield me one more minute.

Mr. HILL. I yield one more minute to the Senator from Texas.

Mr. JOHNSON of Texas. I thank the Senator.

Mr. President, Congress should and must make the policy which affects our power investment. Once we have made that policy—once we have made clear what we want done—then we can safely leave to Mr. Wright, the Southwestern Power Administrator the matter of deciding how that policy shall be carried out.

I believe that is the only proper way to proceed and I can support nothing less than that. It is not necessary, and certainly it is not wise, for us to substitute a gamble—a vague mass of promises and hopes—for a crystal-clear guaranty. The guaranty of service is our responsibility and our duty. We will lose nothing by putting that guaranty into this bill before it leaves our hands; we will lose much if we fail to include that guaranty in this bill.

So, Mr. President, in conclusion, I say that the wise thing for the Senate to do is to restore the items in this appropriation to the amounts passed by the House of Representatives, but cut out by the Senate committee. We should say to Mr. Wright, "You negotiated the Texas contract, and it is working well. We send you forward to negotiate another contract following the pattern of the Texas contract. But if you meet refusal, or if you are unable to reach agreement, we are not going to ask you to let Government power remain idle for many months while you come back before the

Senate Appropriations Committee next year and fight the battle all over again."

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. THOMAS of Oklahoma. Mr. President, I yield to the chairman of the subcommittee, the Senator from Arizona [Mr. HAYDEN], such time as he may desire.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. HAYDEN. Mr. President, I shall be very brief. The senior Senator from Oklahoma [Mr. THOMAS] has placed in the RECORD a letter addressed to me on August 22 by Mr. Douglas G. Wright, Administrator of the Southwestern Power Administration, and a letter addressed to me today by Mr. R. K. Lane, president of the Public Service Co. of Oklahoma, speaking in behalf of the several power companies in that area.

Mr. Wright's letter was written at my request. I asked him for a statement of what his policy as Administrator would be in the event Congress appropriated the funds as provided in the bill as passed by the House.

The letter from Mr. Wright begins as follows:

> In reply to your inquiry, I am pleased to advise that it has always been the policy of this Administration to utilize existing facilities in discharging our responsibility of distributing and marketing power whenever it has been possible to make reasonable arrangements to do so. Insofar as I know, no agency of the Department of the Interior has rejected any reasonable offer of this character.

That is a correct statement, namely, that neither the Southwestern Power Administration, as a branch of the Department of the Interior, nor the United States Reclamation Service, as a branch of the Department of the Interior, should at all times be willing to negotiate for the transmission of power. So that policy should be uniform throughout the United States.

In his letter, Mr. Wright states the principles upon which he expects to carry out a mandate of Congress, under which Congress fully realizes that there is not sufficient public power in the southwestern area to supply all the possible preferred customers of the Government.

When applications are received, say from cooperatives, to the effect that they desire as preferred customers to obtain power generated at a Government dam—and there will undoubtedly be groups of them—if those preferred customers are located within the territory presently being served by a private utility, Mr. Wright, as Administrator, will advise the private utility that he has these applications for Government power, and will inquire of the utility, "Are you willing to transmit Government power to these cooperatives?" If the utility agrees to do that, Mr. Wright, as the Administrator, will enter into a contract with it on the basic principles of the Texas contract, which is, realizing that the hydroelectric power is not firm, if 1,000 kilowatts of power of any kind is fed into their lines, they will take out of their lines 700 kilowatts at any place where the Government has a preferred customer.

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

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Texas?

Mr. HAYDEN. I yield.

Mr. JOHNSON of Texas. What will happen, though, if the Senator's committee's recommendations prevail, and Mr. Wright goes to the companies in the latter part of August and says, "Here is power I want you to carry over here for me," and they are unable to agree?

Mr. HAYDEN. Mr. Wright is then in a position, if Congress provides the money——

Mr. JOHNSON of Texas. But if the Senator's committee's recommendations prevail, what will Mr. Wright be in a position to do?

Mr. HAYDEN. Mr. Wright will have to come back to the Congress and state just what has happened.

Mr. JOHNSON of Texas. He will have to wait until Congress meets in January, with the power he has available which he would like to distribute. Then when the Congress meets in January how long does the Senator think it would take Mr. Wright to fight this thing through the Congress again?

Mr. HAYDEN. I am not anticipating that much trouble at the moment. I want to state what I understand Mr. Wright has committed himself to do, beyond any question, in this letter. He has agreed that if preferred customers of the Government located within the territory of a private utility apply to him for power he will contact the private utility and say, "If you will wheel power to these Government customers on the same basis as that on which power is now wheeled by the Texas Power & Light Co. you will get a contract to do that, and the Southwestern Power Administration will not build any transmission lines in your territory." The private power company will have an option of performing the wheeling service or not. If the company says, "We are ready, able, and willing to build the required transmission lines," or "We already have them," then it will get a contract. If they say "We do not care to serve your customers," the Southwestern Power Administration will then be provided with the money with which to build transmission lines and to serve the preferred customers. But we do expect Mr. Wright to make a sincere effort, and we do expect the power companies, in accordance with the representations they have made, to accept that kind of offer. Of course, if some preferred customers at a great distance applied for power it would not be feasible for the Government to build long transmission lines to serve them, and the request would have to be denied. But where the situation fits, both as to the group of customers and as to the location, so that a private power company can do the transmission job, we expect it to be done. As chairman of the subcommittee handling the appropriation bill, I am going to hold Mr. Wright responsible for carrying out the pledge which he has made. He ends his letter by saying:

> As I advised your committee, it is our intention to continue our efforts in negotiations with the companies to arrive at reasonable arrangements for the maximum utilization of the existing facilities wherever possible, and it will not be our policy to construct transmission lines whenever reasonable arrangements for the use of existing facilities can be made.

By "reasonable arrangements" we understand is meant an arrangement similar to, or upon the basic principles of, the Texas contract.

Mr. HILL and Mr. JOHNSON of Texas addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield; if so, to whom?

Mr. HAYDEN. I yield first to the Senator from Alabama.

Mr. HILL. Of course, when the Senator says "under the basic principles," he means in accordance with the spirit, the intent, and the terms of section 5 of the Flood Control Act of 1944, which gives preference to municipalities, governmental bodies, and cooperatives, and provides for the widest economical distribution of the power. Is that not true?

Mr. HAYDEN. Wherever there is a preferred customer of the Government as defined now by the law, which the Senator from Alabama has cited.

Mr. HILL. That is correct.

Mr. HAYDEN. That is, if it is located within the territory of a private utility. If preferred customers apply to the Southwestern Power Authority for power, it is Mr. Wright's first duty to go to the private power utility and say, "We have this application; we are required under the law to serve these people; but if you will wheel the power on the basis of the Texas contract, we will give you a contract to transport it."

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

Mr. HAYDEN. I yield.

Mr. JOHNSON of Texas. I assume the Senator knows that if the recommendation made by his subcommittee is carried out, Mr. Wright will find great difficulty in making, if not he will not actually be precluded from making, the Texas contract.

Mr. HAYDEN. It is a question, of course, of money.

Mr. JOHNSON of Texas. The Texas contract provides that the Government shall sell the power to the company, and the Government buys back the power which it has sold to the company. Yet the Senator's committee has stricken out every dollar Mr. Wright could use in order to buy that power. In one breath it is said, "Go forward and make the contract." In other words, it is as though the committee said to him, "Go forward and swim, but do not go near the water." It says, "Go forward and make a contract, but we will not give you a dime with which to buy power." That is the effect of the subcommittee's recommendation.

Mr. HAYDEN. The fact remains that, in my opinion, there will be sufficient money in the bill before we get through with it whereby Mr. Wright will be able to make the power-wheeling contracts. That is my guess about it. He had money on hand at the time the Texas contract was made with which to build

transmission lines. The testimony given by representatives of the Texas Power & Light Co.—and I can read it from the record if necessary—was that the Southwestern Power Administration was surveying power lines in that area, and they decided they had better make a contract. They did so, because they knew that the Southwestern Power Administration had the ability to build the transmission lines.

Mr. JOHNSON of Texas. But assuming the subcommittee's recommendations prevail, and that the reduction of approximately $6,000,000 is effected; and assuming that tomorrow Mr. Wright signs the contract with these companies, what would he use for money to carry out the contract and buy the power from the power companies, as he is required to do under the contract?

Mr. HAYDEN. The Southwestern Power Administration would have to come back to the Congress to get it.

Mr. JOHNSON of Texas. Therefore, he could not do it.

Mr. HILL. Mr. President, I yield 5 minutes to the junior Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, I desire to try to clarify my own position on the issue. It is a problem which has bothered us a great deal in the Southwest. As I see it, the majority on both sides really wish to bring about an equitable contract for the utilization of the private power lines in the distribution of power. It is a question of how best to achieve the purpose. I have decided that I think the House appropriation is the better way by which to achieve the purpose for two or three reasons. We know that the Interior Department, through Mr. Wright, about 2 years ago offered a contract similar to the Texas contract to the private power companies and they refused it. They have subsequently, as we have been told, offered to take it. But the Congress does not retain or have any control over the actions of the private companies directly, which it has over the Interior Department.

I am supporting the appropriation carried in the House bill upon the assurance and with the understanding that the Interior Department will make a good-faith offer and enter into negotiations with the power companies in an effort to work out a contract based upon the principles and following the pattern of the one which has been adopted in Texas. In my judgment, the course which is more likely to result in such a contract is to adopt the amounts carried in the House appropriation.

I know that on both sides of the issue there are extremists who wish to have nothing to do with the other side. That is, there are certain groups who are interested in public power who want no contracts at all; there are certain people in the private power industry who want no contract at all. On the other hand, there is a substantial body of men on both sides wanting to work out a means by which both interests can be coordinated and to bring about the most efficient distribution of this power according to the Texas pattern. I feel it is more likely to result in an accommodation of the two interests if the appropriation is granted.

The only time a contract was executed was when an appropriation had been granted, somewhat similar to the one in the House bill, for the construction of lines, and the Department of the Interior was equipped with that power to aid it in its negotiations. Subsequent to that time experience has shown that the contract was beneficial to both sides, and both sides are quite contented with it.

I think the two sides in the Senate are not far apart on their objective. They differ as to the best way to achieve it. After very thorough consideration, I feel that the appropriation of the House is more likely to bring about a solution. The ultimate solution of the whole problem is quite different in different areas. Some Senators have stated that the public-power policy to be applied in this area cannot be the same as that in the Northwest, because of the character of the public power. I am quite willing to admit that. I do not think it is profitable to pick out one situation in the Southwest, with its particular kind of hydroelectric power which must be integrated with private power, and say that the policy followed in that instance necessarily should be taken as the final policy to be applied all over the United States. I think one of the great faults in our national approach to all legislation is the effort to make a rigid pattern in every field to be applied in every area when there are basic differences, certainly in power, in wages, in rents, and in other respects. It seems to me to be a mistake to attempt to apply national policies which ignore substantial economic differences and lay down a definite pattern. I think the same thing can be said in connection with the question we are now discussing.

I hope the Senate will support the motion of the Senator from Oklahoma, for the reason that I think it will result in the solution of this very difficult problem.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. How much time is left to each side?

The PRESIDING OFFICER. The Senator from Oklahoma has 15 minutes; the Senator from Alabama has 23 minutes.

Mr. HILL. Mr. President, I yield the remainder of my time to the junior Senator from Oklahoma [Mr. KERR].

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. KERR. Mr. President, in a little while the Senate will vote, first, on the clarifying amendment offered by the junior Senator from Oklahoma with reference to the fourth amendment of the Senate committee in the House bill relative to the appropriation to the Southwestern Power Administration. The purpose of the clarifying amendment with reference to the continuing fund is to make it crystal clear that there is no purpose, desire, nor authority for the Administrator to rent any generating facilities with the money in the so-called continuing fund. There is at this time a continuing fund of $100,000. The sole purpose of the language in this bill to increase it to $300,000 is to enable the Administrator to handle the increased volume. The Senate committee has indicated that he may make contracts with utility companies similar to the Texas contract. The Administrator has said it was his purpose to do that. If he does, he will be in the position of selling power on the one hand and buying it on the other hand. The sole purpose of the continuing fund is to enable him to do that; and the sole purpose of the clarifying amendment is to make this crystal clear.

Mr. President, I should like to invite the attention of the Senate to the report of the committee:

TRANSMISSION OF ELECTRIC ENERGY

The private electric utility companies, operating in the area of the Southwestern Power Administration—

I am reading from the committee's report—

have advised the committee that they will make the entire transmission and related facilities of their respective systems available to the Government, without charge to the Government's customers, for the carrying of electric power and energy from the Government-owned transmission system to preferred customers of the Government as defined in section 5 of the Flood Control Act of December 1944.

Mr. President, I have searched the record diligently, I have had it searched by others, and I cannot find that language in the record. It is not there. If it were there, I would not believe it. Can Senators imagine the directing officers of these companies doing such a thing or anything like it? They would no more make to the Appropriations Committee or to the Senate a definite proposal binding upon their companies to "make the entire transmission and related facilities of their respective systems available to the Government without charge to the Government's customers" than they would attempt to fly to heaven. They would not do it if they could; they could not do it if they would. Their facilities are even now overburdened with carrying to their present customers the electricity which they have. They are even now behind on a schedule to increase facilities to meet their existing demands. Therefore, would it not be senile and futile for them to come to the Senate of the United States and say they would make the entire "transmission and related facilities of their respective systems available to the Government without charge to the Government's customers for the carrying of electric power and energy from Government-owned transmission systems to preferred customers of the Government as defined in section 5 of the Flood Control Act of December 1944?"

Mr. President, the National Government is not the object of charity from the utility companies of the Southwest. If the Government were looking for

charity, the last place any intelligent Senator would go would be to the public utilities of the Southwest. They just do not feel that way about this program. Besides that, the laws of their States would not permit it.

Mr. President, reference has been made in the debate to facilities for firming-up power. The distinguished Senator from Oregon referred to the different kinds of hydroelectric energy. He referred to the necessity of firming-up facilities where hydroelectric power is being used. I remind Senators that such facilities are even now in operation in the area of the Southwestern Power Administration and are being added to constantly. In the first place, on the basis of the contemplated program, hydroelectric power from five widely separated hydroelectric plants will be hooked into one system. In Arkansas, northeastern Oklahoma, eastern Oklahoma, and in southern Oklahoma those hydroelectric projects will firm up each other. In addition, as of this hour, there are municipally owned generating plants of 460,000-kilowatt capacity, industrially owned generating plants of 1,750,000-kilowatt capacity, and cooperative generating plants now operating, or building, or planned to be built, of tens of thousands of kilowatt capacity.

Mr. President, it is the purpose of the Administrator to make contracts with the utilities whenever they will rise above the position which they have taken for years that these are iniquitous, criminal contracts. If they will make a contract that is equitable, the Administrator stands ready and willing to enter into it.

The lines which are proposed to be built under this proposed legislation are not duplicating lines. There is no line from Norfolk, in northern Arkansas, to Essex, in southeastern Missouri. There is no line from Lulu, in eastern Oklahoma, to Anadarko, in western Oklahoma. It is not the purpose of this legislation to enable the Administrator to build competing or duplicating lines. It is the purpose to permit him to build transmission lines to carry Government power to preferred Government customers. It is the purpose of the Administrator to make contracts with private utilities, where it can be done on an equitable basis, to eliminate the necessity for the Government building these lines.

In view of the fact that there are no lines now available to carry this power from the places where it is to be generated to the places where Government-specified special customers want it, the question is: Shall it be done by the Government, or being in favorable position, shall it negotiate an equitable contract to have it done, or will the Senate by its act say that unless the bitter enemies of public power do it, it shall not be done?

Oh, but Senators say they are no longer enemies, and perchance they are not. But I wish to say that their conversion is of very recent date and of very limited degree. I am reminded of the story of the hillbilly in the Ozarks, in the eastern part of our State or the western part of our great neighbor State. He came into the doctor's office one Saturday morning with a tall, gangling boy, and he said, "Doc, I wish that you would fix up my son-in-law."

The doctor said, "What's the matter with him?"

"Oh," he said, "I shot him in the leg yesterday and lamed him up a mite."

The doctor said, "Why, shame on you, shooting your own son-in-law."

"Aw, doc," he said, "he warn't my son-in-law till I shot him." [Laughter.]

I want to see contracts made with the utilities, but if there is going to be any shooting done, I want the Government in the position to do it, and not put the Administrator in the position where he will have to take all the shooting.

The Senate cannot escape its responsibility to see that facilities are available by which to deliver the power. Therefore we must either give our representative equal bargaining position and power to negotiate for its delivery, or put him in such a position that the utilities will be the judge of whether or not a contract is to be made, and on what basis.

As between the two, which one is entitled to the confidence of Senators, the Administrator or the public utilities? Which one is accountable to us? The utilities are not, the Administrator is. Which one's failure would reflect upon us?

I wish to refer again to the committee report. My experience with committee reports is limited, but too seldom have my eyes been gladdened by the symmetry and majesty of such words. Too rarely have my ears been ravished by the dulcet tones of such harmonious language. I find something in this committee report which reaches a new high in my brief experience. I read:

> The committee directs that the Administrator of the Southwestern Power Administration report to the Senate and House Appropriations Committees on January 1, 1950, on progress made on entering into contracts with private power companies in the area where the Southwestern Power Administration operates.

Above that it is said:

> These companies have also advised the committee that they will supply all the electric energy which may be required by the Government * * *. The compensation for such transmission and additional energy to be in conformance with the principles found in the contract between the Southwestern Power Administration and the Texas Power & Light Co.

I should like to ask Senators a question which they might answer to themselves: What is the Texas Power & Light contract? Where is the Senator who knows what it contains? There are some 36 closely typed pages in the contract.

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

Mr. KERR. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Does the Senator know of any Senator or anybody else who contends that the Texas Power & Light Co. contract does not provide compensation to the Texas Power & Light Co.?

Mr. KERR. I am glad the Senator brought that question up.

Mr. JOHNSON of Texas. In other words, at one place in the report the committee says they are going to transport it without cost, in the next place they say they are following the Texas Power & Light contract.

Mr. KERR. The Texas Power & Light Co., according to its own record, as I am advised, admits that it makes better than 3 mills for every kilowatt of power which it transports. That information is consistent with their long record of being able to take care of themselves. If they make a contract with the Administrator—and I hope they will—I am not uneasy that the utility companies will fail to provide methods to secure ample payments.

But I return to my question. Suppose that by our action here today we compel the Administrator to make a "Texas Company contract," and suppose that tomorrow alert members of the press should ask Senators, "What are the provisions of the Texas Light & Power contract which yesterday by the action of the Senate was imposed upon the Administrator of the Southwestern Power Administration?" I have read the contract several times, I have studied it diligently, and I sincerely hope that they will not ask me that question and compel me to answer.

Mr. President, there are a million farm families in the area affected, seeking to be served by this power. It is their "emancipation proclamation." They have come by the hundreds to the Senate and asked that the action of the House of Representatives be accepted and approved by the Senate. I say to my colleagues that on the basis of the record there is not a single private citizen who has come forward and asked the Senate to do otherwise. On the basis of the record of the hearings there is not a single private citizen who is asking that the Administrator be compelled to tie up and commit every kilowatt of hydroelectric power, already created or to be created in the Southwest, under the terms of the Texas contract.

Bear in mind that I have the objective that equitable contracts may be made wherever possible to prevent the necessity for the building of transmission lines; but I do not conceive it to be the exercise of the best judgment in bringing that about to say to the Administrator, "You can do this and nothing else."

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

Mr. KERR. I yield.

Mr. JOHNSON of Texas. Does not the Senator believe that the only reason why the companies now offer to enter into the Texas contract is because the House provided the money for transmission lines?

Mr. KERR. They said so in the record, and the senior Senator from Arizona [Mr. HAYDEN] said that he heard it with amazement. They said that only when it looked as if the Government were going to do it were they willing to negotiate.

Mr. JOHNSON of Texas. And up until the time the House provided the

money for the transmission lines, the Senator never heard one word from any of the utility companies involved that they were willing to enter into the Texas contract?

Mr. KERR. Quite the contrary. I am glad the Senator from Texas asked that question. I heard from many of them who said they would not do it under any circumstances. They did not say, "We will meet the need." They did not say, "If there is a need we will build the lines." They did not say, "If there are rural electric cooperatives out yonder needing this power we will contract to transmit it to them." They said, "They will never ram that kind of a contract down our throats."

Mr. JOHNSON of Texas. And if now the Senate takes this money away, what does the Senator think the attitude of the companies will be, judging the future by the past?

Mr. KERR. I will say to the Senator from Texas that I do not think their attitude has changed. I do not think their objectives have changed. I think the only thing that has changed is their tactics.

The Senate will participate in the appropriation of some $40,000,000,000 in the budget of this great Government for the present fiscal year. I ask Senators: For what amount of that money will contracts be written on the Senate floor? A little while ago in this Chamber I heard men qualified to speak debate the question of limitations on the Administrator of the ECA program. I heard them arise to heights of eloquence and wisdom and judgment, in which they took the position, and persuaded the Senate, that it would be unwise to attempt on the floor of the Senate to tie the hands of an administrator who was going out yonder with the responsibility to do a job. I ask Senators now, what there was about an appropriation of between five and six billion dollars designed to accomplish a great objective which made it necessary that the Administrator be left with some discretion as to how he should carry out the mandate of Congress, and yet, when the Administrator of the Southwestern Power Administration is charged with the responsibility of transmitting electricity to Government-preferred customers, which involves the appropriation of only a few million dollars, it is proposed to strip him of his discretion and say, "We will not let you have one penny until we have written the contract on the floor of the Senate?"

Is there a shaft of truth that shines with the glory of the Pleiades when placed in the firmament of foreign relations, but which pales into the darkness of a lunar eclipse when applied to the efforts of the Government to make the wonders of electric energy available to the farm homes of the Southwest?

I say that we have no greater objective than to implement the rural electric cooperatives' program so that electricity may be made available to every farm home. Experience has proved that the method we seek is the best. The voice of the people themselves has been heard here asking for it. I do not believe the Senate of the United States will take from them that opportunity.

Mr. THOMAS of Oklahoma. Mr. President, I have 15 minutes left and I want to answer one or two points which have been made on the floor. In the first place, there is a letter before the Senate signed by each of the 11 companies, not only agreeing to accept the provisions of the Texas contract, but pleading for the opportunity.

It has been stated on the floor just recently that if one of these companies makes a contract with the Government and receives power, that they pay for only 70 percent of that power, and the balance of 30 percent, is profit. That statement, Mr. President, is not correct. The Texas Co. is now paying for every kilowatt of power it receives from the Denison Dam. I pause for some Senator to contradict that statement. Every kilowatt-hour of power that is now being fed into the Texas Power & Light system is being paid for at rates confirmed and approved by the Federal Power Commission.

Mr. President, the contract provides that the Government has the right to take out 70 percent of the power delivered, but the Texas Light & Power contract, so I am advised, would give the Government 100 percent of the power delivered to it if the Government wanted it. But the Government has no use for all the power. It could not use even 70 percent of the power that is being fed into the system. But the Texas Power & Light Co. contract provides that every kilowatt-hour of power fed into its systems shall be paid for at the rate fixed by the Federal Power Commission.

Mr. President, one of the speakers this afternoon stated that he favored the provisions of the Texas Power & Light contract. I favor the provisions of the Texas Power & Light Co. contract. The Speaker of the House, Mr. RAYBURN, favors the provisions of that contract. The 11 companies involved want the provisions of the Texas contract made available to them. So the question comes down to this: How are we going to get the Government and the utilities together to make such a contract? The House placed in the bill $9,000,000 to build transmission lines. The Senate reduced that $9,000,000 to a little more than $3,000,000. The saving is more than $5,000,000.

Mr. President, Senators have been called upon this afternoon to place in the hands of an appointed official, Mr. Wright, the sum of $5,000,000—for what purpose? To use it as a club to make these companies sign a contract. Now if I may have the attention of my distinguished colleagues on my right, Senators of the majority, I should like to suggest to them that it would be much cheaper to buy a shotgun and give that to Mr. Wright rather than to give him $5,000,000.

Mr. President, $5,000,000 is a great deal of money. The Congress of the United States controls the resources of this Republic. The national income this year is some $250,000,000,000. Federal taxes will amount to more than $40,000,000,000. We have those resources in the hands of Congress, in the hands of the Committee on Appropriations, and the money for this bill was placed in the bill on the recommendation of the committee of the Congress. So who has the most powerful club—Mr. Wright, with his $5,000,000, if he receives it from Congress, or the Congress of the United States, with unlimited billions? That is the issue. If Senators think more results can be obtained with $5,000,000 placed in the hands of Mr. Wright to force the companies to sign contracts, if Senators think better results can be obtained in that way, then Senators would be justified in voting the increased funds. Senators heard the Senator from Arizona [Mr. HAYDEN] when he said:

> We are going to hold Mr. Wright to the provisions of the letter which he sent on yesterday to the chairman of our committee when he promised he would make this contract if he had the opportunity.

In conclusion, I wish to show Senators what we shall be voting on in the next few minutes. We shall be voting on four amendments en bloc. The first amendment is to increase the cash appropriations from $1,616,115 to $4,000,000. We are voting to increase the contract authorization from $2,257,905 to $5,000,000. Then we are committing ourselves to a total over-all appropriation of $31,000,000 to be appropriated during the next 3 years. We do not need it. If the lines were built now, there would be little power to transmit. There will be no additional power to distribute during the next 3 to 5 years. Practically all the power we have now at the Denison Dam is being sold in Texas. We get 4,500 kilowatts in Oklahoma, but all of the power from the Norfork Dam is being sold in Arkansas.

One of the amendments before us is an amendment which increases the continuing fund from $100,000 to $300,000. That is to be used in buying electricity and renting appurtenant facilities. What does a $300,000 continuing fund mean? I tried to state earlier that it was my understanding from one of the officials of the Treasury Department that it meant $300,000 a month. But, Mr. President, that is not the correct interpretation of the continuing fund. Since I came to the Chamber today I have received an interpretation from the Treasury Department as to what the $300,000 fund means. I hold in my hand that interpretation, which is dated today. It is signed by J. W. Woodson, of the Treasury Department. Let me read to Senators what the continuing fund means:

> DEFINING A CONTINUING FUND FOR EMERGENCY EXPENSES
>
> A continuing fund for emergency expenses (as referred to in Interior Department legislation) is an appropriation of specific receipts up to an amount necessary to maintain the fund in the maximum amount authorized by law, provided receipts are available. The receipts from sources involved in excess of amounts required to maintain the maximum amount authorized, are covered into the general fund of the Treasury as miscellaneous receipts.

What does that mean? The fund must be maintained at its maximum. Its maximum is $300,000. Under that

interpretation, if Mr. Wright draws a check of $300,000 on the fund today, tomorrow the fund is replenished to the extent of $300,000, provided receipts are available, and all receipts from all the dams, whatever they may be, go into this fund, from which the money may be drawn.

There are about 300 business days in a year. Multiply 300 by $300,000, and what is the total? It is $90,000,000. Under such interpretation some are voting to give Mr. Wright a continuing fund totaling possibly $90,000,000, on which he can draw his checks. It never has been done in the history of this Republic. So far as I am advised there is nothing like this anywhere in any law. In view of the condition of our Treasury today, when we are borrowing money to pay public expenses, I wonder if Senators, under their solemn responsibility, will vote a possible $90,000,000 to be placed in the hands of a single official, one who is not elected but appointed.

In the remarks which I made the other day I tried to show that the Texas contract is a desirable contract. I am supporting such contract. The companies want to sign it. It is a contract which Mr. Wright says he wants to give them, a contract which Speaker RAYBURN says is fine, a contract which the distinguished junior Senator from Texas [Mr. JOHNSON] says is fine, and a contract which the junior Senator from Arkansas [Mr. FULBRIGHT] says is fine.

The chairman of our committee says he plans to hold Mr. Wright, the SPA Administrator, to the promises he made in the letter he received on yesterday.

What is that contract? The contract provides that an arrangement will be made to feed all the power developed at the dams into existing lines at a price to be fixed by the Federal Power Commission. Government agencies are privileged to take out of the system the same power—if it can be called the same power—at the same price to be fixed by the Federal Power Commission up to the limit of 70 percent. That is in the Texas contract. The companies might modify that and make it 100 percent, or any other percentage. They might say, "We will give you all the power you need, at the same rate we pay for it." The rate is left up to the Federal Power Commission.

This contract would get the most money for the power we produce, because under the terms of the contract we would sell all the power we can produce. We would sell little power when we had low water. When we had an average amount of water we would sell all the power we can produce. When we had rains and floods, and a great deal of water, we could sell the maximum that we could produce at rates fixed by the Federal Power Commission. So this proposal would get the largest possible number of dollars from the sale of our electricity.

A private company could not do that. A hydro company could not sell all the power it can produce, because it can sell only firm power, as I understand. When the water is low their power is down and consumers will not purchase uncertain or nonfirm power. So this proposal would get the Government the largest amount of returns. Second, the proposal in the Texas Light & Power contract saves the Government the expense of building lines and the expense of building substations and generating plants. Furthermore, it saves maintenance of the lines and generating plants. On the one hand, we would get more revenue, and, on the other hand, we would spend less money.

The Texas Light & Power contract provides that the power will all be firmed, so the consumers will get firm power. That gives the consumers more firm power.

Last, but not least, the terms of the Texas contract provide that the REA's and the consumers shall get their power at cheaper costs. The Federal Power Commission takes into consideration in fixing rates, first, the cost of each dam allocated to the production of power. Second, it takes into consideration the cost of all the transmission lines which are built. Third, if steam plants are built, the cost of such steam plants are taken into consideration. Then, on the basis of the total over-all investment, rates are fixed, including, of course, estimates for maintenance, operation, interest, and amortization. The fewer lines the less costs, and the less costs the cheaper the rates. The fewer steam plants built the less costs to the Government and consequently the lower rates. If we accept the provisions of the Texas contract, the only expense necessary will be that part of the cost of any dam allocated to the hydroelectric equipment. I contend that this means the cheapest electricity in the Southwest that can be produced at any point anywhere in the United States, with the single exception of the great Bonneville project.

Mr. President, I contend that we have in our hands a more powerful club to make the companies sign a contract, and a larger club to make Mr. Wright sign such a contract, than the $5,000,000 mentioned in the bill.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Anderson	Hill	Mundt
Baldwin	Hoey	Murray
Bricker	Holland	Myers
Bridges	Humphrey	Neely
Byrd	Hunt	O'Mahoney
Cain	Ives	Pepper
Capehart	Jenner	Reed
Chavez	Johnson, Colo.	Robertson
Connally	Johnson, Tex.	Russell
Cordon	Johnston, S. C.	Saltonstall
Donnell	Kefauver	Schoeppel
Douglas	Kem	Smith, Maine
Downey	Kerr	Smith, N. J.
Dulles	Knowland	Sparkman
Eastland	Langer	Stennis
Ecton	Lucas	Taylor
Ellender	McCarthy	Thomas, Okla.
Ferguson	McClellan	Thomas, Utah
Flanders	McFarland	Tobey
Frear	McGrath	Tydings
Fulbright	McKellar	Vandenberg
George	McMahon	Watkins
Gillette	Magnuson	Wherry
Graham	Malone	Wiley
Green	Martin	Williams
Gurney	Maybank	Withers
Hayden	Miller	Young
Hendrickson	Millikin	
Hickenlooper	Morse	

The VICE PRESIDENT. A quorum is present.

All debate is concluded on the pending committee amendments which are being considered en bloc and the amendments thereto.

The question now before the Senate is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR] as a substitute for certain language in the House text of the bill on page 7 in lines 21 and 22.

Mr. KERR and other Senators asked for the yeas and nays, and they were ordered.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAGNUSON. A vote "yea" will be a vote for the so-called Kerr amendment, will it not?

The VICE PRESIDENT. Yes.

Mr. MAGNUSON. And a vote "nay" will be a vote for the committee amendment, will it not?

The VICE PRESIDENT. A vote "nay" would be a vote against the Kerr amendment, but not necessarily for or against the committee amendment.

The yeas and nays having been ordered, the Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FREAR (when his name was called). On this vote, I have a pair with the Senator from West Virginia [Mr. KILGORE]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. HOLLAND (when his name was called). On this vote, I have a pair with the junior Senator from Kentucky [Mr. CHAPMAN]. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. ROBERTSON (when his name was called). On this vote, I have a pair with the junior Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Kentucky [Mr. CHAPMAN] is absent on public business.

The Senator from West Virginia [Mr. KILGORE] and the Senator from Maryland [Mr. O'CONOR] are necessarily absent.

The Senator from Louisiana [Mr. LONG] and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate.

If present and voting, the Senator from Nevada [Mr. MCCARRAN] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Nebraska [Mr. BUTLER] are absent by leave of the Senate, and they have a general pair.

The Senator from Maine [Mr. BREWSTER] is necessarily absent.

The Senator from Massachusetts [Mr. LODGE] is absent by leave of the Senate. If present and voting, the Senator from Massachusetts would vote "nay."

The Senator from Ohio [Mr. TAFT], who is necessarily absent, is paired with the Senator from Minnesota [Mr. THYE], who is absent by leave of the Senate. If present and voting, the Senator from Ohio would vote "nay" and the Senator from Minnesota would vote "yea."

The result was announced—yeas 47, nays 35, as follows:

YEAS—47

Anderson	Kefauver	Myers
Connally	Kerr	Neely
Douglas	Knowland	O'Mahoney
Downey	Langer	Pepper
Fulbright	Lucas	Russell
George	McCarthy	Smith, Maine
Gillette	McFarland	Sparkman
Graham	McGrath	Stennis
Green	McKellar	Taylor
Hayden	McMahon	Thomas, Utah
Hill	Magnuson	Tobey
Hoey	Malone	Tydings
Humphrey	Maybank	Wiley
Hunt	Miller	Withers
Johnson, Tex.	Morse	Young
Johnston, S. C.	Murray	

NAYS—35

Baldwin	Ellender	Millikin
Bricker	Ferguson	Mundt
Bridges	Flanders	Reed
Byrd	Gurney	Saltonstall
Cain	Hendrickson	Schoeppel
Capehart	Hickenlooper	Smith, N. J.
Chavez	Ives	Thomas, Okla.
Cordon	Jenner	Vandenberg
Donnell	Johnson, Colo.	Watkins
Dulles	Kem	Wherry
Eastland	McClellan	Williams
Ecton	Martin	

NOT VOTING—14

Aiken	Holland	O'Conor
Brewster	Kilgore	Robertson
Butler	Lodge	Taft
Chapman	Long	Thye
Frear	McCarran	

So Mr. KERR's amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the four amendments en bloc as modified by the amendment just voted on.

Mr. THOMAS of Oklahoma. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KERR. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. KERR. As I understand, this vote is as to whether the amendments of the Senate committee shall be approved or rejected.

The VICE PRESIDENT. The question is on agreeing to the committee amendments. A vote "yea" is a vote in favor of the committee amendments as modified. It is a vote on all four of them. They are to be voted on en bloc. A vote "nay" is against the committee amendments. The Secretary will call the roll.

The legislative clerk proceeded to call the roll, and Mr. ANDERSON voted "nay" when his name was called.

Mr. KERR. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. KERR. I should like to have the Chair advise the junior Senator from Oklahoma, who wants to vote to restore the language as passed by the House and as now amended by the amendment just adopted, how he should vote.

The VICE PRESIDENT. Does the Senator from Oklahoma want the Chair to advise him how to vote?

Mr. KERR. If there is a man on earth to whom the Senator from Oklahoma would accord that privilege, it is the present occupant of the chair.

The VICE PRESIDENT. A vote "nay" is a vote against the committee amendments, as modified by the Senator's amendment, recently adopted. A vote of "yea" is for the committee amendments.

Mr. HILL. Mr. President, we do not want the committee amendments. We want the House provisions.

Mr. JENNER. Mr. President, I ask for the regular order.

The VICE PRESIDENT. The regular order is demanded. The Secretary will proceed with the calling of the roll.

The legislative clerk resumed the calling of the roll.

Mr. HOLLAND (when his name was called). On this vote I have a pair with the senior Senator from Kentucky [Mr. CHAPMAN]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. ROBERTSON (when his name was called). On this vote I have a pair with the junior Senator from Louisiana [Mr. LONG]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Kentucky [Mr. CHAPMAN] is absent on public business.

The Senator from West Virginia [Mr. KILGORE] and the Senator from Maryland [Mr. O'CONOR] are necessarily absent.

The Senator from Louisiana [Mr. LONG] and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate.

The Senator from West Virginia [Mr. KILGORE] is paired on this vote with the Senator from Nevada [Mr. MCCARRAN]. If present and voting, the Senator from West Virginia would vote "nay" and the Senator from Nevada would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Nebraska [Mr. BUTLER] are absent by leave of the Senate, and they have a general pair.

The Senator from Maine [Mr. BREWSTER] is necessarily absent.

The Senator from Massachusetts [Mr. LODGE] is absent by leave of the Senate. If present and voting, the Senator from Massachusetts would vote "yea."

The Senator from Ohio [Mr. TAFT], who is necessarily absent, is paired with the Senator from Minnesota [Mr. THYE], who is absent by leave of the Senate. If present and voting, the Senator from Ohio would vote "yea" and the Senator from Minnesota would vote "nay."

The result was announced—yeas 38, nays 45, as follows:

YEAS—38

Baldwin	Cordon	Flanders
Bricker	Donnell	Frear
Bridges	Dulles	Gurney
Byrd	Eastland	Hendrickson
Cain	Ecton	Hickenlooper
Capehart	Ellender	Hoey
Chavez	Ferguson	Ives
Jenner	Mundt	Tydings
Johnson, Colo.	Reed	Vandenberg
Kem	Saltonstall	Watkins
McClellan	Schoeppel	Wherry
Martin	Smith, N. J.	Williams
Millikin	Thomas, Okla.	

NAYS—45

Anderson	Kefauver	Murray
Connally	Kerr	Myers
Douglas	Knowland	Neely
Downey	Langer	O'Mahoney
Fulbright	Lucas	Pepper
George	McCarthy	Russell
Gillette	McFarland	Smith, Maine
Graham	McGrath	Sparkman
Green	McKellar	Stennis
Hayden	McMahon	Taylor
Hill	Magnuson	Thomas, Utah
Humphrey	Malone	Tobey
Hunt	Maybank	Wiley
Johnson, Tex.	Miller	Withers
Johnston, S. C.	Morse	Young

NOT VOTING—13

Aiken	Kilgore	Robertson
Brewster	Lodge	Taft
Butler	Long	Thye
Chapman	McCarran	
Holland	O'Conor	

The VICE PRESIDENT. On this vote the yeas are 38, the nays 45. The four committee amendments which were voted on en bloc are rejected. The result of this vote is to restore the House language as modified by the amendment of the Senator from Oklahoma [Mr. KERR].

Mr. HILL. Mr. President, I move to reconsider the vote by which the amendments were rejected.

Mr. KERR. I move to lay that motion on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the junior Senator from Oklahoma.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The .clerk will state the next committee amendment.

The CHIEF CLERK. On page 5, it is proposed to strike out lines 10 to 19 inclusive.

Mr. HAYDEN. Mr. President——

Mr. MCGRATH. Mr. President, will the Senator yield for several minutes?

Mr. HAYDEN. I yield.

RETIREMENT OF SENATOR MCGRATH FROM THE SENATE

Mr. MCGRATH. Mr. President, my resignation from the Senate becomes effective at the close of business of the Senate this afternoon. Tomorrow afternoon at 4 p. m. in the great hall of the Department of Justice I shall take the oath of the Attorney General of the United States. [Applause.]

May I say, Mr. President, that I am extremely grateful to the President for the honor of this appointment, and I am equally grateful to the Members of the Senate who unanimously paid me a great tribute in confirming my nomination for the position.

I most certainly have enjoyed every moment of my service in the Senate. I did not expect to be leaving it so soon. I want Senators to know that the decision I have reached has not been a matter of choice, as I see it, between two great offices, probably the greatest in the world—membership in this body, and a place in the Cabinet of the President of the United States. I rather like to feel

that I have responded to a call which one could hardly decline to answer.

For what each and all the Senators have done for me during my term of service here, the personal kindnesses and the friendliness, I shall always and forever be grateful. I feel that the position of Senator of the United States is indeed the greatest honor that can come to a man. I shall always carry with me the memories of my service here and the sense of responsibility to uphold the dignity that a senatorship confers upon one privileged to be so honored.

I hope my service in the Senate in some small measure may fit me to assume the administrative role of Attorney General. I hope what I have learned here will be of profit in some measure by helping me to administer laws in the spirit in which you Senators enact them.

If at any time during my service in the Department of Justice I can be of help or assistance to any of my dear colleagues, I beg of them to call upon me.

I may say as a final word that there will come here, sometime this week, to succeed me, by appointment of the Governor of Rhode Island, the Honorable Edward L. Leahy, a distinguished lawyer who has given long years of valiant service to his State. I am sure Senators will find in him a pleasant and pleasing colleague for whom I hope there will grow up a fondness equal to that which has been shown me. [Applause, Senators rising.]

Mr. LUCAS. Mr. President, as the majority leader of the Senate I cannot let this opportunity pass by without making a few brief remarks with regard to our distinguished colleague from Rhode Island [Mr. McGRATH] who is about to leave the halls of the United States Senate for the purpose of assuming the duties and obligations as Attorney General of the United States.

It has been my good fortune during the years the Senator has been a Member of this body to be closely allied and associated with him in many progressive legislative adventures. We also enjoyed close political and social ties.

Mr. President, there is no Member of the United States Senate who is more sincere, who has been more devoted to his duties as a Senator, and who has shown more ability and integrity than our friend the Senator from Rhode Island. I am sure I speak for all Members of the Senate when I say that we wish for him continued success, which we know he will have in the administration of the affairs of what is one of the most important offices in the President's Cabinet—that of Attorney General of the United States. That the Senator will be fair and honorable in that office no one questions. That he will mete out justice in accordance with legal and equitable principles no one doubts. I bespeak for him a most successful career of meritorious and exemplary service in the enforcement of the laws of a free and independent Government.

We dislike very much to see him leave the Senate, and we pay tribute to the splendid service he has rendered here. But with his youth, vigor, and industry, his integrity and his vitality, he will accomplish even greater things in his new office for the welfare of his country than he has in the Senate.

To lose him as a Senator is a personal loss to me as well as to the entire Senate, but what we lose through his retirement, the President and the country gain in securing a good and faithful servant.

Mr. NEELY. Mr. President, Plato thanked the gods for permitting him to live in the age of Socrates. I thank the benign fate or destiny that permits me to live in the age of the distinguished junior Senator from Rhode Island [Mr. McGRATH], work with him in the Senate, and serve with him as a member of the Committee on the District of Columbia over which he presides as chairman with a degree of dignity, grace, and efficiency as rare as a day in June.

The fascinating hero of the famous Peter B. Kyne's inspirational story The Go-Getter should have been the illustrious Senator McGRATH instead of Private "Bill" Peck because the Senator's accomplishments are much more diversified, extraordinary, and thrilling than were those of the immortalized young veteran who, in this gripping story, conclusively demonstrated that nothing earthly is impossible of achievement by the possessor of lofty ambition, tireless energy, ceaseless industry, and never-ending determination.

For example, the Senator has had conferred upon him so many earned and honorary college degrees such as Ph. B.'s and LL. D.'s that an adding machine would be required to determine their number. The high official honors which the Senator has won are fully as numerous as the university degrees that troop after his name. He has held more high offices than anyone else in the United States of his age has ever attained. Please remember that this eminent man is in the middle forties—in the very prime of life—with every door in the world of infinite opportunity still wide open to receive him.

He began his rapid ascent on the ladder of fame by serving as solicitor for the city of Central Falls. Thereafter he served as United States district attorney. Subsequently, he was three times elected Governor of Rhode Island. From his gubernatorial office he was promoted to Solicitor General of the United States. He thereby achieved the distinction of being one of the youngest men upon whom the appointment to that office was ever bestowed. His prudent people next made him a member of the United States Senate. For 4 years he was chairman of the Democratic State Executive Committee of Rhode Island. In 1947 he became the chairman of the Democratic National Committee. Under his leadership his party, last year, won the most unexpected, and one of the most brilliant political victories in the annals of time.

The President recently nominated Senator McGRATH for Attorney General of the United States. The Senate which has unanimously confirmed him will tomorrow grow much poorer and the Department of Justice will grow much richer when his resignation from this body becomes effective and he, as a member of the President's Cabinet, enters upon the discharge of his new duties. He will be among the youngest who have ever held the exalted office he is about to honor.

Senator McGRATH, as Governor of Rhode Island, was great. His greatness increased after he became one of the 96 Senators who help to make the laws that govern 145,000,000 people and largely determine the fate of all mankind. As the highest law-enforcement officer of the Nation, at the most momentous time in the history of the world, he will become one of the greatest of the great.

Throughout his official life Senator McGRATH has known no dictator but his conscience, no guide but his judgment, and no purpose but to serve his country. He has walked the rugged road of right. He has never for a moment wandered from the way to loiter in alluring shade, or drink the bacchanalian draught, or pick the idle flowers that fringe the banks wherein temptation's wooing tide forever flows.

Where duty has beckoned he has unhesitatingly, courageously, and faithfully followed on, unseduced by flattery, unawed by opposition, and unspoiled by such unusual success as only one in many, many millions ever achieves. Upon every official trial of his life, he has demonstrated that—

> His heart is as stout as the Irish oak
> And as pure as the Lakes of Killarney.

The record of his service shines with the splendor of the bright and morning star. It is my fervent hope and my confident prediction that as the result of Senator McGRATH'S great service in the past and the great service he will render as Attorney General, he will eventually be made a member of the Supreme Court of the United States—the greatest judicial tribunal on the globe.

Senator McGRATH, distinguished statesman, beloved colleague and cherished friend, our regret that you are leaving the Senate is greater than it is possible for us with tongue or pen to portray. As you, among many, many other important things, assume the herculean task of protecting the American people and the American way of life against all the blighting subversive activities that may be launched against them, be assured that—

> Our hearts, our hopes, our prayers, our tears,
> Our faith, triumphant o'er our fears, are all
> with thee—are all with thee.

We wish for you unlimited happiness and an unbroken continuation of that brilliant success—in the mastery of which you have proved again and again that you have no superiors and few, if any, peers. As you say good night to the Senate and good morning to the Department of Justice, rest assured that we shall never remember you but to love you; we shall never name you but to praise; and our fond recollections of the delightful companionship and friendship

with which you have so generously blessed us will be—

* * * the rainbow to our storms of life,
The evening beam that smiles the clouds away,
And tints tomorrow with prophetic ray!

[Applause]

Mr. SALTONSTALL. Mr. President, let me add just a word to the tribute which has been paid to our colleague, the junior Senator from Rhode Island [Mr. McGRATH].

As the governor of a neighboring State, the Commonwealth of Massachusetts, I worked with Senator McGRATH for 4 years. We worked together and trusted each other, and as Members of the Senate we have continued to work together and to trust each other, just as every Member of this body has trusted Senator McGRATH. I am confident that in his new position he will administer his office with credit to himself and with justice and fairness to all the people of this great country.

Mr. WHERRY. Mr. President, I know that I express the sentiment of every Senator on this side of the aisle when I say that the highest tribute that could have been paid our colleague, Senator McGRATH, was the unanimous vote for his confirmation as Attorney General. We all wish him Godspeed in the new office upon which he will now enter.

INTERIOR DEPARTMENT APPROPRIATIONS, 1950

The Senate resumed the consideration of the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes.

The PRESIDING OFFICER (Mr. McFARLAND in the chair). The clerk will state the pending amendment.

The CHIEF CLERK. On page 5, after line 9, the committee proposes to strike out the following:

Salaries and expenses, southeastern power marketing: For expenses necessary to carry out the provisions of section 5 of the Flood Control Act of 1944 (16 U. S. C. 825s), as applied to the area east of the Mississippi River, for marketing power produced or to be produced at multiple-purpose projects of the Corps of Engineers, Department of the Army; purchase (not to exceed two) and hire of passenger motor vehicles; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a); and printing and binding; $70,000.

Mr. RUSSELL. Mr. President, I trust that the Senate will disagree to the action of the committee in striking out this little proviso. Not a great deal of money is involved, only $70,000, but in view of the circumstances which obtain in the southeastern area of the United States, the item is of tremendous importance.

It so happens that this year the Government will sell only $1,000,000 worth of power in the Southeast. Within a period of 3 years dams will come into operation which will step that up to $10,000,000 a year. Certainly this small item of $70,000 should be allowed in order to enable those who are charged with the responsibility of selling the power to know what they are dealing with when the time comes to sell the power.

At one dam in my own State, at Allatoona, the power has already been sold, and the generation of power will start about the 1st of September, just a few days from now. That is a comparatively small project. The Clark's Hill project is under way, and will be completed in a year or two. The Jim Woodruff Dam is another construction in that area. The great project at Buggs Island is under construction, and numerous other dams are under construction. If the Government of the United States is to receive the full value of the power generated at these dams studies should begin at this time, not only with relation to the sale of power, but after the contracts have been consummated with the private power companies studies should be made of the purchase of current from them. I hope the Senate will disagree to the committee amendment.

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

Mr. RUSSELL. I yield.

Mr. HILL. The item in no way involves any question respecting transmission lines. We are not building a steam plant. The item relates merely to the orderly, businesslike sale by contract of the power that is to be generated by these Government dams. Is that not correct?

Mr. RUSSELL. The Senator has stated the situation very succinctly and correctly.

Mr. HILL. Is it not also true that there are 8 projects now under actual construction, totaling $335,000,000 in cost, and, in addition, there is the Buford Dam, involving an additional $25,000,000? All that would be done under the item under consideration would be to provide for the orderly, businesslike sale of the power from these Government dams, without in any way whatever dealing with transmission lines.

Mr. RUSSELL. That is my understanding of the item.

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

Mr. RUSSELL. I yield.

Mr. MAYBANK. Does the Senator from Alabama include in that amount of money the Hartwell Dam?

Mr. HILL. There has been no appropriation as yet for the Hartwell Dam.

Mr. MAYBANK. I merely wish to say, Mr. President, that I thoroughly agree with what the distinguished Senator from Georgia has said. I want to remind the chairman of the subcommittee on the Interior Department appropriation bill that I raised a point respecting the southeastern power at the time we were writing the bill, because I was quite concerned about the matter at that time. I assure the Senator from Georgia that I thoroughly agree with what he has just stated, and I hope the Senate will restore the House language, in order that there may be some agency of Government to sell the power in the Southeast. The building of transmission lines is not involved.

Mr. HILL. As the Senator from Georgia has suggested one contract has already been made with the Georgia Power Co. for the sale of power from the Allatoona Dam. This power will come into being about the 1st of December. It must be administered. Power cannot be generated and then left without being administered. More or less day to day attention must be given to it. Some will be prime power, some will be secondary power, other power will be more or less dump power. All the amendment does is to provide for a businesslike and orderly sale of the power, just as any private power company would dispose of its power. All the power goes to the Georgia Power Co., is that not true?

Mr. RUSSELL. The power from the Allatoona Dam goes to the Georgia Power Co.

Mr. MAYBANK. The item affects the Santee Dam in my State and the Buzzard's Roost Dam which was built in 1939. Representatives from my State were in Washington the other day endeavoring to confer with representatives of the Department of the Interior in an effort to find out what would be done to obtain additional power. They were told that unless some funds were provided in the bill now before the Senate, nothing could be done by way of telling them what to do respecting the purchase and sale of additional power.

Mr. HILL. Mr. President, the amendment involves the States of Virginia, North and South Carolina, Florida, Georgia, Alabama, Tennessee, and Kentucky, so that power generated in those States may be disposed of in a businesslike, wise manner.

Mr. RUSSELL. The amendment simply provides the precaution that any prudent businessman would take in conducting a business enterprise. When the magnitude of the project involved is considered, the appropriation is an extremely modest one.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 5, lines 10 to 19, inclusive. [Putting the question.] The "noes" seem to have it. The "noes" have it, and the committee amendment is rejected.

Mr. BRICKER. Mr. President, I call for a division.

The PRESIDING OFFICER. The Chair has already announced the result of the vote.

The clerk will state the next committee amendment.

The next amendment of the committee was under "Bonneville Power Administration," on page 8, line 20, to strike out "$29,927,500" and insert "$30,284,500."

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The CHIEF CLERK. The next amendment of the committee is on page 9——

Mr. CORDON. Mr. President, I was endeavoring to obtain recognition when the amendment on page 8, line 21, I believe, was referred to. That is the amendment, is it not?

The PRESIDING OFFICER. Yes; in lines 20 and 21.

Mr. CORDON. Mr. President, an amendment is about to be offered by the senior Senator from Washington [Mr. MAGNUSON] which is a language amendment. I have just discussed the matter with the Senator and called his attention to the fact that if his language amendment is adopted, then the figures in line 21 on page 8 and in lines 5 and 6 on page 9 should be increased in order

that the funds necessary to carry out the additional objective which would be included in the bill if his amendment be adopted, can be provided.

Mr. President, in the event of the adoption of the Senator's proposed amendment, the figure in line 21, $30,284,500, should be increased to $30,488,500, and the committee figure in lines 5 and 6 on page 9 of $15,916,500 should be increased to $16,035,500. I call attention to this fact and ask unanimous consent that before we vote on either of these two amounts we may consider the language amendment suggested by the Senator from Washington so that if it is adopted we may correct the other figures, in order to carry out the purposes the Senator has in mind.

Mr. HAYDEN. Mr. President, will the Senator yield to me for a moment?

Mr. CORDON. I am glad to yield.

Mr. HAYDEN. My recollection is that what the Senate committee did was to rearrange certain expenditures within the amount of money appropriated by the House, and subsequently we received supplemental estimates, which makes the difference between $29,927,500 and $30,284,500. Am I correct about that?

Mr. CORDON. The Senator is substantially correct. The situation is this: The committee took the itemized justification of the Bonneville Administration. It went over that itemized justification and eliminated certain items. That, of course, made funds available that were justified for those particular purposes. The items eliminated appear in the Senate committee's report. Then when the Senate committee considered the supplemental budget items which had been sent to the Senate committee and which had not had consideration by the House committee, the Senate committee reached its conclusion as to which items should be included, and got the total. It applied, of course, the funds that were remaining as the result of readjustment to them, and then added a sufficient amount to take care of those additional items, and the totals are the figure which appears in line 21 as the committee's recommendation, and the figure which appears in lines 5 and 6 on page 9.

Mr. HAYDEN. The Senator's statement conforms to my recollection. Now, as I understand, his suggestion is that if the language amendment be adopted without any change in the figures, there then must necessarily be a considerable rearrangement within the sum of money appropriated by the House and recommended by the Senate committee, whereas if the language amendment is to be adopted, then the wise thing to do would be to add to the total.

Mr. CORDON. Exactly. The amount which was requested for the particular object embraced within the Senator's amendment, that of a backbone transmission line from Kerr Dam to Anaconda Dam, both in the State of Montana, is justified for this year with a budget request for cash of $240,000 and contract authority of $140,000. The House, in acting on those two figures, believing that the figures should be reduced inasmuch as no contracts were let and costs were dropping, reduced both figures by 15 percent. The Senate committee in its recommendations adopted that reduction in all cases where there were no contracts outstanding at the time of the Senate committee action. This is one of those cases. The figures which it is necessary to add in this instance are $204,000 for the cash item in line 21 on page 8, and $119,000 to the contract authority on lines 5 and 6, page 9. That would carry out the basic formula on which the committee has worked, if we may assume the adoption of the Senator's language amendment.

Mr. MAGNUSON. Mr. President, I thank the Senator from Oregon for calling my attention to the necessity, if the amendment should be adopted, of adding to these figures. The reason I did not propose it in the beginning was that I had the understanding that the situation could be handled within the figures stated, but I can see that it is a much better procedure to add the amounts suggested if the amendment is to be adopted.

The amendment proposed by several other Senators and myself involves the same matter of policy which was involved in the Southwestern Administration amendment just voted upon. I shall not take the time of the Senate to discuss it further. I discussed it at some length yesterday. It involves an appropriation for a backbone transmission line to become an integral part of the Bonneville power grid system. It is not a duplication of any line in existence, because with the completion of Hungry Horse Dam and other power projects in the area, the necessity for a minimum 230,000-volt transmission line is obvious from the testimony. The present line, operated by the Montana Power Co., is a 115,000-volt line. It is not adequate. It will not be adequate. Even the power company admits that. The testimony is clear that there is no present plan for the company to build any such line of the nature of a 230,000-volt line, which is necessary if cheap power is to reach an area which is not now served by the great Bonneville power pool.

This question involves the same matter which was before us in connection with the Southwestern transmission line, the vote on which has just been concluded by the Senate. I hope that the Senate will not adopt the committee amendment, but that it will agree with the House that this line should be made a part of this year's appropriation.

Mr. CORDON. Mr. President, I desire to present my views on this particular question. I cannot say that these are the views of the committee, nor can I speak for any other individual member of the committee. The views of the committee are set forth in the report of the committee, and cover only a very few words. The committee states, in substance, that its view is that before money is appropriated for this line there should be a determination of whether the Government or the private utility should construct the line. Therefore, I am presenting only my views on this question.

Let me say at the beginning that the testimony indicates that by the time the Hungry Horse Dam in the northwestern part of the State of Montana is completed, this line will be necessary from Hungry Horse Dam down to the Anaconda area.

Mr. MURRAY. Mr. President, will the Senator allow me to correct him on that point?

Mr. CORDON. I yield.

Mr. MURRAY. It does not come from Hungry Horse Dam. It comes from a point near the Kerr Dam. The line comes from Spokane to a point near the Kerr Dam, and from there down to the Anaconda area.

Mr. CORDON. I appreciate the position of the Senator. I now restate my position. The testimony is that when Hungry Horse Dam is completed, there will be necessary a line from Hungry Horse Dam to Anaconda. That is in the testimony. If that line were not there, then it would be utterly idle to spend one red cent on this line.

It happens that the line from Hungry Horse Dam to Kerr Dam is to be built whether this line is built or not. It is authorized in this appropriation bill. Funds to begin its construction are included in this appropriation bill, in connection with the backbone construction program which has been carried forward in the Pacific Northwest for the purpose of integrating, pooling, and exchanging as necessary, all the power in the dams in the Columbia Basin. The line from Hungry Horse Dam in northwestern Montana south to the Kerr Dam in northwestern Montana, then west from that point to Spokane and connecting with the Grand Coulee Dam, is being authorized, and the committee has reported favorably on it. At the present time there is a very much lighter transmission line running from Kerr Dam to Hungry Horse Dam, which is being used for the purpose of supplying electricity for construction purposes at Hungry Horse Dam. The line which is here under consideration is a line which is essential if the people of Montana are to have the value of the hydroelectric power which will be generated at Hungry Horse Dam in the State of Montana. There is no question about that.

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

Mr. CORDON. I yield.

Mr. MURRAY. My understanding is that the present line from the Hungry Horse Dam to the Kerr Dam is a 115,000-volt line, and that that would not be heavy enough to carry the load which will eventually be necessary.

Mr. CORDON. The Senator is correct.

Mr. MURRAY. Therefore the program of the Bonneville Administration is to carry the power from Spokane to a point near the Kerr Dam, and then bring it on down to the Anaconda area by means of a 230,000-volt line.

Mr. CORDON. I believe the Senator is in error. The program for that area is predicated upon the use of Hungry Horse power in Montana to the extent that it can be used. There would be an unconscionable and terrific line loss if power from Grand Coulee were to be carried across Idaho and south to Anaconda to be used there. That would not be

done. I believe that I am familiar with every line which now exists, and everyone which is projected. In the past 5 years it has been one of my major jobs in the Senate to assist, so far as I could, in carrying out the major backbone construction in that area. The program is for the use of Hungry Horse power in this area.

Incidentally, the Hungry Horse Dam is being built by the Government. The Kerr Dam, which has been constructed, is owned and operated by the Montana Power Co. Both will be integrated in the Northwest power pool, as are other generating plants of the Government and of private industry.

The line that is under construction begins at Kerr Dam and goes south 155 miles to Anaconda. The amount of funds necessary to begin the construction of that dam during the fiscal year 1950 was estimated by the Bureau of the Budget to be $240,000 in cash and $140,000 in contract authority. The House applied its 15 percent reduction to both figures, and arrived at the figures we were discussing a few moments ago, namely, $204,000 cash, and $119,000 in contract authority.

The total cost of building this particular line is very considerably in excess of those figures, however. I have the figures available, and will endeavor in a moment to locate the figures indicative of the total cost of this line, exclusive of the substation. Those figures are as follows: $6,816,000.

So we see that the total cost of the line would be in the neighborhood of $7,000,000. The cost of the substation in the Anaconda area would be an additional $2,000,000. I call attention to those figures solely to indicate that the question is not one revolving about this year's appropriation only. The total amount of money is of sufficient size to warrant the careful consideration of the Congress in determining what should be done with reference to this appropriation, which represents the beginning, the initiation, of this construction. If we begin it, we must complete it, or else of course we shall lose whatever we put into it.

Mr. President, the question before the committee and the question now before the Senate is simply, Shall the Government appropriate some $9,000,000 for this purpose, over the next two or three years, and construct this line and substation; or shall the Government negotiate an agreement with the Montana Power Co., under the terms of which that company will make the capital investment and will wheel the Government's power over the line, which the company constructs, at reasonable rates; or shall the Government deliver the power to the Montana Power Co. under a contract which definitely requires the redelivery of that power to preferred and other customers on a basis satisfactory to the Government and in accordance with existing law?

It may surprise some persons to learn that the power from only Bonneville Dam already constructed, McNary Dam in the course of construction, and the four lower Snake River Dams, is directed by law to be sold under the terms of the Bonneville Act. This act spells out in detail how that power is to be handled. Power from Hungry Horse Dam does not come in that category. The power from Hungry Horse hydroelectric generation is not subject to the terms of the Bonneville Act. It is sold under the terms of section 9 of the Reclamation Act of 1939, pursuant to an Executive order which directs the Bonneville Administrator to sell it, but does not place it under the terms of the Bonneville Act.

Frankly, Mr. President, I wish to say that I think that situation should be corrected by Congress. I am satisfied that careful consideration must be given to that entire problem, and any deficiencies in the law corrected. I simply say that is the situation at this time.

Consequently, when this body comes to consider the Hungry Horse hydroelectric power and the disposition of that power, it has before it a new question. It is not a matter of applying the specific directions of the Bonneville Act, but of applying the general directions of general law. Whether we should continue the type of operation which has grown up under the Bonneville Act or whether we should differentiate at this point, is, as my friend the Senator from Washington and I agreed the other day on the floor, a straight question of policy. That is the situation which faced the committee when for the first time we were met with the necessity of making an appropriation for a backbone line in Montana for use in carrying the electric current from the Hungry Horse Dam.

I say again that line must be built. I say also that it should be built and completed by the time the power from Hungry Horse is ready for distribution. There is no question about either of those facts.

Again I say it is a question of who shall build it. Shall the Government build it or shall the Government first, before it spends its money, attempt to get a sound contract with the power company?

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

Mr. CORDON. I yield.

Mr. MAGNUSON. I understand the Senator to say that this will be a necessary line.

Mr. CORDON. There can be no question about that.

Mr. MAGNUSON. But when the Senator says the committee was faced with a question of policy, I wonder why the committee was faced with it at this session. Money has been appropriated for many years for backbone transmission lines which have become a part of the Bonneville grid system. I do not think there is any contention that this will not be a part of that system or that it will not become an integral part of it. I wonder why the committee, this year, all of a sudden, at this session, went into the matter and knocked out all the transmission lines which the private power interests came here and testified against. I have been very intimate with these things now for 15 years in the Congress, both in the House and in the Senate, and I did not know there was a question on this policy until all of a sudden it happens this year. I wonder why.

Mr. CORDON. Mr. President, I should be glad to discuss the matter for the sake of the Senator from Washington. Let me first turn to the implication I find in his words, that members of the Appropriations Committee have suddenly become tools of the Power Trust. I say I do not like it. That implication has been heard on this floor for several days. I want to say now, Mr. President, the committee has gone into this matter from the standpoint of representatives of the American Government trying to do a job for the American Government, and trying to save as many dollars as can be saved in doing that job while trying to get a good job done. Let us have that understood first.

Mr. MAGNUSON. Mr. President, will the Senator yield at that point?

Mr. CORDON. I yield for a question.

Mr. MAGNUSON. I should like to ask the Senator whether it is not correct that on yesterday I made it perfectly plain? I thought I did. I merely said what the Senator from Oklahoma has said. I said these people had a perfect right to present opposition. They have done it for many years. But we could not understand why, all of a sudden, this year, the transmission lines they have opposed were all stricken out and the ones to which they agreed were all put in. I said there was no implication of anything improper on the part of members of the Appropriations Committee. I think if the Senator will read the record, and particularly my statement, he will find I made it perfectly clear, as clear as I could by the use of the English language. I appreciate the fact there are many people who do not believe in public transmission lines. There is nothing wrong with that, and surely there is nothing wrong with the private power interests opposing these things. If I were working for the private power interests, I should do the same thing. There are numerous Senators who agree with that viewpoint. I do not think there is any personal implication. I think it is clearly a question of how Senators feel about the matter. There is no Member of the Senate who is a tool of anyone, and there is no such implication. I think this is a very serious question. I merely posed the question why, this year, the matter should arise, when for the past 14 or 15 years, to my knowledge, we have gone ahead with similar appropriations, and the question has never before come up.

Mr. CORDON. Mr. President, the trouble with the Senator is that his knowledge is incorrect. The transmission lines were cut out last year in Montana, and the year before, in Montana, and for several years, one year after another, in Texas, in Oklahoma, in Arkansas.

Mr. MAGNUSON. Mr. President, will the Senator yield at that point?

Mr. CORDON. I shall be glad to yield to the Senator, if he will pardon me, in a few minutes. That has been going on because the Appropriations Committee has been faced with the necessity not only of determining an amount of money, but with the necessity of determining a statutory construc-

tion as to whether the requirements come within existing law. We have had to do that. There are matters here, as I have said before, which should not be before the Appropriations Committee, but with the type of statute we have had to deal with, the generalities such as are found in the Flood Control Act of 1944, section 5, and in the Reclamation Act of 1939, section 9, one interpretation will permit one thing to be done, a different interpretation will prohibit that thing being done. We have found interpretations there that some of us felt were unwarranted, interpretations which some of us felt perhaps were warranted, and so forth.

For instance, when in section 4 of the 1944 Flood Control Act the Secretary of the Interior is directed to build only such transmission lines as are necessary to deliver power, what does it mean? What is he permitted to do? What is he prohibited from doing? Who makes the determination? When is the building of a line necessary? When is it simply desirable but not necessary? Those things have been before the committee. We have taken days and weeks trying to work them out.

When the Senate looks at an item in the appropriation bill, such as the item of Bonneville, it is but a single figure. But, before the Appropriations Committee, it represented pages and pages and pages of data. There were a multitude of items in many instances within a single justification, which appears in the bill as one figure. The committee has had to go through them, determining, first, Is it an authorized expenditure? Second, Is the authorization one which is found in the general law? Is it based perhaps on some authority heretofore put in by way of a rider on an appropriation bill? And so on. Those things we have had to determine. In that connection, over the years there have been presented to us various programs carrying out the law, as the departments felt the law to be.

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

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Arizona?

Mr. CORDON. I yield for a question.

Mr. HAYDEN. In fairness to the Senator from Oregon, I think it is proper to point out to the Senate that we did not do everything the Montana Power Co. requested us not to do.

Mr. CORDON. No; we have not been in the habit of doing that.

Mr. HAYDEN. There was submitted a list of transmission and substation facilities contained in the Department of the Interior appropriation request for 1950, which this company said was unnecessary and should not be constructed with Federal funds, since the companies are ready and willing to supply all needed transmission facilities. They were: Item 3, the Hungry Horse-Kerr line No. 2, $598,000; item 4, the Kerr switching station, $186,000; item 5, the Kerr-Anaconda line No. 1, $380,000; and item 6, the large one, the Kerr-Spokane line No. 1, $2,136,000. All that money is in the bill, except for the one line about which the Senator is talking.

Mr. CORDON. I thank the Senator for the additional information.

Mr. President, I want to proceed a little further, now, in answer to my friend from Washington, with reference to the history of the Appropriations Committee in these matters. In the Southwest area where the question first was raised—that was a number of years ago, immediately after the first of the dams was finished—the question arose then with reference to a very ambitious plan in that area running into tens of millions of dollars. I do not recall the over-all amount. There, over the years, the committee has followed the practice of authorizing funds for backbone lines to connect and integrate the power from all the dams in that area, and, in one or two other rare instances, for minor spurs, where there was no other way of getting the power to a point in question. In doing that the committee has denied any request for many additional lines.

In Montana there has been a question for a number of years with reference to power from Fort Peck flowing westward. The State of Montana is sharply divided on the issue. The Senators from Montana hold conflicting views. Citizens of Montana appeared over the years in very considerable number on both sides of the question. The committee, always over the opposition of some power company, except in the last 2 years, in the Pacific Northwest, where the power companies have joined, has uniformly gone forward in a program of integration of Federal dams, so as to get the greatest value out of the power from those dams. It has carried that policy all the way through. This year for the first time since I have been on the committee—and I have been on it ever since this question has been a live one—we had No. 1, a pattern of a contract which the Government had executed with a private utility with reference to the wheeling of electric power. That is what we have talked about here as the Texas contract.

That situation was before us last year, but this year there was before us a second situation which had never been before the Appropriations Committee previous to that time. The companies said they were prepared to deal on the same terms as did the Texas Co. I imagine I can safely say that no member of the committee had made a careful and thorough study of the Texas contract. I am one who has read it and considered it, but I have not made that kind of a study, and could not make it without expert advice from electrical engineers. But the contract had been made. It was satisfactory to the company and to the Government, and the companies which had denounced it previously came in this year and said they were prepared to make a like contract. To the committee it seemed that if the companies were prepared to make such contracts in those instances, this was the time to go slowly and see if it could be done before we went further into the policy question. That is the reason for the action of the committee in the situation.

In Montana the particular line which I called a backbone line—it actually is not a backbone line in the sense that it connects with or integrates dams; it is a main-line transmission line, a backbone without being an integrated line—that line, Mr. President, may or may not become part of an integrated grid. Dams not yet authorized must be authorized before it takes on that characteristic.

A question which is dividing the people of Montana was before the committee—the question of whether the Bonneville pattern, which is in existence in the Bonneville area, should be spread out to include Montana. That is a question which the committee felt it should not determine in an appropriation bill. Next year funds can be provided and the line constructed in plenty of time. Hungry Horse will not be finished until 1953, and there is adequate time for this matter to be determined.

I think the committee acted soundly. I shall support the committee's position. It was not done to enrich the Montana Power Co. It was not done as a part of any deep and dark plot to sell out Government power to private power. It was not done because we who acted suddenly decided that Federal power should be handed at the bus bar without let or hindrance to a group of power trusts. There was no such thought in any Senator's mind at any time. It is utterly silly and wholly ridiculous even to intimate there was any such thought. The thought in the committee's mind was that if we are going to use facilities that are there, if we are going to use facilities that could be created without dipping into the Federal Treasury, this was the time to make the determination, when we were at a reasonably sharp line of demarcation.

On the other hand, Mr. President, with reference to a brand new line, running from Spokane, in the State of Washington, across Idaho, into Montana, and ultimately to the Hungry Horse Dam, a line which was opposed by power companies on both ends, all the power companies in that area, that line was authorized and funds to construct it were provided. It was essential, from the Government's own standpoint, that we furnish the money.

Mr. MAGNUSON. Mr. President, will the Senator yield for a question?

Mr. CORDON. I shall be glad to yield.

Mr. MAGNUSON. I think the Senator has answered my question.

Mr. CORDON. I am happy if I have been able to do so.

Mr. MAGNUSON. I did not say that appropriations over a period of years have not cut out one line and added another line, but they followed a policy of putting in Government transmission lines wherever it was believed they were advisable at the time. There was always a question of whether the area was ready for the line. The Senator has answered my question. He states that this time something new happened. That was what I wanted to have clear. That was the Texas contract.

Mr. CORDON. That is correct.

Mr. MAGNUSON. I understand that position; but the Senator said, as I understood, that the committee had left the matter open. In effect, with the

knocking out of the Kerr-Anaconda line, would not that be making a decision the other way?

Mr. CORDON. The Senator from Oregon does not take that view. The question here, under the committee's own language, is what decision the Government is going to make in this field. It has made a decision in another field. Here is a situation in which a decision must be made. Let us make it, first, in a new area, where the policy of building transmission lines, other than those which are interconnecting, has not yet been embarked upon. There is the Kerr Dam, which is privately owned; there is the Hungry Horse Dam, which is publicly owned; and probably the Libby Dam. In the eastern part of the State there is Fort Peck Dam, and probably there will be others. Let us find out whether this policy is to be carried out, in view of the fact that there is no language in the law so directing. The committee did no more than to sidestep what otherwise it might have met head-on. To my mind, that is a wise position for the committee to take when it can do so.

Mr. MAGNUSON. Mr. President, will the Senator yield for a further question?

Mr. CORDON. Yes.

Mr. MAGNUSON. If this is a part of the Bonneville grid system, does the Senator feel that under the Bonneville Act the authority does not exist, or the directive does not exist, to build transmission lines? The policy has been established under the Bonneville Act.

Mr. CORDON. The answer to the first assumption, that it is part of a grid, is, that it is not at this time. I think it will be, but it is not now part of a grid, because it does not go anywhere or connect anything, in the over-all program of the Pacific Northwest. I want to be as frank with the Senator as I can be.

Mr. MAGNUSON. We proceed with certain segments. We do not do the whole thing completely at one time.

Mr. CORDON. But this happens to be in an area where the necessary connections require the building of dams which Congress has not even authorized. So, to that extent, it is a service line, a high-power service line, one which must be built; and the sole question is, Shall the Government build that line along a competing private line, the two going right along together, in view of the offer which has been made before the committee of the building of such a line by the Montana Power Co. and the handling of Government power, according to the statements in the RECORD, as cheaply as the Government can do it?

Mr. MAGNUSON. May I ask the Senator one further question? I have read the testimony of Mr. Corette, the vice president of the Montana Power Co., and the statement of Dr. Raver.

I do not find any statement in the testimony by Mr. J. Corette, vice president of the Montana Power Co., that they have prepared any plans to build any line. There is no contract.

Mr. CORDON. That is correct.

Mr. MAGNUSON. They say a survey has been made by Electric Bond & Share in cooperation with Washington Water Power. They are all the same, as a matter of policy. They say they made a survey for a future transmission line, but I am sure from the testimony there has been no plan prepared on the part of either company, or of the Montana Power Co., to build such a line.

Mr. CORDON. There was merely an offer to build it, so far as I know. The Senator is correct with reference to the testimony. There is no testimony indicating that plans have been made by either side.

Mr. MAGNUSON. Is not that somewhat parallel to the same offer made by the Texas Co. after they felt Congress was about ready to appropriate money for the lines? They have never heretofore made this offer.

Mr. CORDON. Mr. President, let me make another statement. In my humble opinion, no private utility has ever made an offer to do anything but buy Federal power at the bus bar and use it the way it wants to use it, until it was compelled to do so. Let us be perfectly frank. I hold no brief for private utilities. I know that the private utility is going to make the best bargain it can. I know it would prefer merely to buy the electricity when it leaves the bus bar at the dam, and be responsible only to State regulation thereafter for its use. I know that. I know it would prefer that the Government not even generate the electricity. There is no question about those matters. But when, in these areas, where the Government now is generating these vast amounts of hydroelectric power, we set up the private utilities in those areas as power trusts, as great, nefarious robbers of the people, who are prepared also to swallow the Government, we are just being utterly silly, because the Government has the whip hand now. In the place of being a big bad wolf, the power companies in the area where the Government has competing power are foxes running for cover. The extent to which they will be given any consideration will be determined by Congress, and not by them or their boards of directors. We ought to have that perfectly clear. The question is, What do we want to do? How far will we let them go? What will we require them to do, or prohibit their doing? That only is the question, and we decide it; the decision is in our power, and in no sense in theirs.

Mr. MAGNUSON. Mr. President, I dislike to interrupt the Senator, but I should like to ask him one further question, and then I shall be through. After listening to Mr. Corette and to Dr. Raver, and to all the numerous witnesses—and much has been said about waiting until we meet in January—I wonder if the Senator really feels that a contract can be made between the Government and the Montana Power Co. for the wheeling of this power to the best advantage of the people within the period of time indicated.

Mr. CORDON. The Senator from Oregon will again be as frank as he can be. He thinks a contract can be made, but he is reasonably sure that one will not be made. He is pretty well satisfied that Mr. Corette has not had enough whipping yet. He is just as well satisfied that Dr. Raver would not deal with Corette if he could help it, because he wants to construct and operate the lines himself.

Mr. MAGNUSON. I appreciate the Senator's frankness. It is refreshing.

Mr. MURRAY. Mr. President, will the Senator from Oregon yield?

Mr. CORDON. I yield to the Senator from Montana.

Mr. MURRAY. I wish to express my agreement with the Senator from Oregon that no such contract will be entered into. I say that because we have been endeavoring for a long time to enter into contracts with the private utilities. We had very considerable experience with a private utility in connection with the Fort Peck project. We had a long period of correspondence with them, with no results, no effort being made on the part of the company to enter into an agreement. That is in the record already.

In connection with the Canyon Ferry project, we had the same experience.

Mr. CORDON. Will the Senator please stay on this project until we get through with it?

Mr. MURRAY. Yes; I will stay with that. I wish to call the attention of the Senator to the record in connection with this matter.

In the testimony, the Senator from South Dakota [Mr. GURNEY] was questioning Mr. Corette. Mr. Corette said in his statement that if there was a dam they would build the needed line from the junction halfway from Kerr and Hungry Horse to take 100,000 kilowatts down to the area we are discussing. I read:

> Dr. RAVER. They could build it themselves?
>
> Senator GURNEY. They said they would.
>
> Dr. RAVER. I assume they would follow the recommendations of their own engineers, which are for a 230,000-volt line all the way from Hungry Horse Dam.
>
> Senator GURNEY. Whatever size may be needed.
>
> Dr. RAVER. That size line will carry the 100,000 kilowatts. They must have some reason for thinking they would need that much power. Otherwise they would not recommend that size line.
>
> Senator GURNEY. If the people of western Montana are entitled to 100,000 kilowatts—I do not know whether they are or not, but I think they are—the Montana Power Co. people say they will build that line from this junction point or from Kerr Dam to take the power down there. Then, in accordance with the latest plan we have here before us on plate 12, you could take the balance of the power of 185,000 kilowatts west through Libby or through Paradise or through wherever you want to take it, into the Bonneville system.

Mr. President, I think it is obvious that the Montana Power Co. has no intention of building this 230,000-volt line, and the engineers of the Montana Power Co. have indicated that it requires such a heavy line. The line which already is in existence is only a 115,000-volt line, which is already loaded, and would not be capable of carrying this power into that area, where it is needed for industrial development.

Mr. CORDON. Mr. President, let me say that I have already endeavored to

make it clear that in my opinion the testimony indicates conclusively that another line must be built.

Mr. MURRAY. Another line must be built?

Mr. CORDON. Yes.

Mr. MURRAY. I think the Senator is absolutely correct. I think the testimony proves conclusively that another line must be built. The point is, when is it to be built? If the Hungry Horse Dam is going to be completed in 1952, then we should commence now to build the line, because the line is to go over a very rugged territory, over the mountains.

Mr. CORDON. It will not be needed until 1953.

Mr. MURRAY. Very well; I will take 1953. They cannot work all year around in that area. It is a very heavy piece of construction. Its construction will require several years. It would be impossible to construct that line, if it is not constructed now, in time to distribute the power from Hungry Horse Dam when it is completed.

Furthermore, when that line is authorized, and it is understood that there is going to be power transmitted into that area, there will be an effort upon the part of businessmen, industrialists, who may be interested in developing the resources there, to undertake to provide for contracts to get power to carry on the development. To have this transmission line provided for is necessary in order to make the Government's program successful, and in order to be able to make it repay its costs. It is absolutely necessary to bring those conditions about.

Mr. CORDON. Mr. President, I appreciate what the Senator from Montana has just said. The testimony is not open to any question as to how long it would require to build the transmission line. If begun under an appropriation in this year, it will be finished in 1952. If begun under an appropriation next year, it will be finished in 1953. Testimony to that effect is in the record, and, I believe, is not open to question.

Mr. President, I have indicated my views with reference to the situation. It seems to me the Government of the United States is never justified in taking Federal money from the Treasury to expend in doing anything it can get done as well by private enterprise and private funds. I think the Government of the United States, which does not make any money, but obtains its money after the money has been created by production at the hands of its citizens, should jealously guard its obligation to take from those citizens only as many dollars as it must take to do the job which must be done. When these dollars are building, they are building only after findings by the agencies of Government that they will serve a purpose that is in the interest of the economy of the country. The Government is justified in furnishing money for that purpose. I think the Government is obligated to do it if it is to be a Government of, by, and for the people of this country.

When money has been furnished for that first step, which is the construction of a dam, and in that construction we have been able to integrate hydroelectric generation and have made it available to the people, then the government is faced with the same question again: To what extent is it necessary that the Government take funds from the people for investment to get to the people all the values out of the hydroelectric power which is being generated?

That was the view of the first committee which considered this matter in 1944. I can speak with assurance on that point, Mr. President, because it was the first committee on which I served in the United States Senate. The first committee hearings I attended after I came to the Senate were the hearings on the Flood Control Act of 1944. I sat through all those weary weeks while we went into the projects embraced in that act and heard all the arguments with reference to section 5, which is the power section of the act.

Mr. President, as I see it, what was intended in that Flood Control Act, and what should be the policy now, is for the Government of the United States, in the distribution of one of its properties, hydroelectric energy, to use to the limit all existing capital investment that will do that job. In using those facilities the Government has an equal obligation to see that they are used for the benefit of the people who use the electricity, and not primarily for the benefit of the stockholders of any utility which might be of service. I think there is no question as to whether the Government, if it approaches this over-all problem on that basis, can deal with private utilities.

Mr. President, in every case where the Government generates power it can deal with private utilities. It is the duty of the Government to see to it that that power is distributed wisely, as need for it exists, and as economically as it is possible to do it, as efficiently as it is possible to do it, and at the same time to spend not one dollar out of the Federal Treasury that is not necessary to spend to get the job well done. That is my view.

I wanted to express my view chiefly because I have felt that there were those who believe that we who are members of the committee, who have agreed to the committee report were, for some reason, partial to the private utilities. Mr. President, I owe just one obligation. That obligation is to the people of the United States of America, and not more to one than to another.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington [Mr. MAGNUSON], for himself and other Senators, on page 8, line 21, to insert the words "including funds for construction of the Kerr-Anaconda transmission facilities."

Mr. CORDON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Anderson	Cain	Cordon
Baldwin	Capehart	Donnell
Bricker	Chapman	Douglas
Bridges	Chavez	Downey
Byrd	Connally	Dulles
Eastland	Johnston, S. C.	O'Mahoney
Ecton	Kefauver	Pepper
Ellender	Kem	Reed
Ferguson	Kerr	Robertson
Flanders	Knowland	Russell
Frear	Langer	Saltonstall
Fulbright	Lucas	Schoeppel
George	McCarthy	Smith, Maine
Gillette	McClellan	Smith, N. J.
Graham	McFarland	Sparkman
Green	McGrath	Stennis
Gurney	McKellar	Taylor
Hayden	McMahon	Thomas, Okla.
Hendrickson	Magnuson	Thomas, Utah
Hickenlooper	Malone	Tobey
Hill	Martin	Tydings
Hoey	Maybank	Vandenberg
Holland	Miller	Watkins
Humphrey	Millikin	Wherry
Hunt	Morse	Wiley
Ives	Mundt	Williams
Jenner	Murray	Withers
Johnson, Colo.	Myers	Young
Johnson, Tex.	Neely	

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). A quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 4177) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1950, and for other purposes, and it was signed by the Vice President.

INTERIOR DEPARTMENT APPROPRIATIONS, 1950

The Senate resumed the consideration of the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes.

Mr. KEFAUVER. Mr. President, national policies, painstakingly developed by the Congress over a period of nearly 43 years, beginning with the Reclamation Act of 1906, were jeopardized last April with the attempt to defeat appropriations for the New Johnsonville steam plant in the Tennessee Valley. Now in the same session of the Congress, Federal power policy is again threatened, this time on the issue of the President's budget for electric transmission lines in the Interior Department appropriation bill. Last April, when the Members of the Senate became fully informed on the implications of the New Johnsonville issue, they voted to preserve the public interest. I am satisfied when the Members of the Senate learn the full implications of this latest attempt to destroy a proven policy, the majority vote will be solidly in support of the President's program.

Appropriation bills are not the medium through which to rewrite or nullify congressional policies built up over a period of years in many organic legislative acts. Yet the Interior appropriation bill, as it has recently been proposed to be amended, will do just that.

Construction of transmission lines by the Federal Government, to deliver power from taxpayer-financed, multipurpose projects, has been given repeated approval by many Congresses. There has been sound reason for this. Repeated

examination of the Federal river-development program has convinced successive Congresses that Federal transmission lines are a prime necessity if the public interest is to be safeguarded.

This has certainly proved to be the case in the Tennessee Valley; and any objective observer will be struck by the great similarities between the power problem as it once existed in the Tennessee Valley and as it still exists in the Southwest, the Southeast, and the Pacific Northwest.

The experience in the Tennessee Valley, in the Pacific Northwest, and in the area served by the Southwestern Power Administration, shows that adequate return on the Federal investment in multipurpose projects cannot be assured without Federal ownership of the basic transmission facility which delivers electric power from these projects to load centers.

In these cases it is important to remember that Federal dams are built primarily for purposes which cannot be served by private enterprise. Federal dams are built primarily for navigation improvement, for flood control, and for irrigation. These are public interest purposes. They are not private profit purposes. They are not suited to the accrual of private profit. Private enterprise, accordingly, is not interested, nor is it equipped, to build such projects.

Commercial power from these multipurpose projects is an incidental or surplus item; yet, in the last analysis, it is the power component, and the revenues derived from this power, which make these great public enterprises possible.

For these reasons, it is vitally necessary that the surplus energy from these multipurpose projects must be sold under policies in which the public interest comes first. The power must be sold in such a way as to bring adequate funds to the Government for repayment of the reimbursable portions of the Federal investment. It must be sold in such a way as to benefit the general public through widespread use.

Therefore, if these criteria are to be met, the Federal Government must have flexibility in power management.

It cannot have such flexibility if the power market is monopolized. To prevent monopolization, Federal transmission lines are required.

The producer who has but a single buyer for his product is the slave of that buyer. Having no place else to turn, he must sell at the buyer's price. He must sell on that buyer's terms. He is at the complete mercy of a monopolized market. His whole capital investment is thereby threatened.

So it is with these Government dams. Without transmission lines, the Government is at the complete mercy of a monopolized market. The Government must sell the power from its dams on the buyer's terms. It can sell only such quantities as the monopoly wishes to purchase. It has no bargaining power with which to see that its customer adopts resale policies which will benefit the public interest.

As in the case with a private producer, the Government's entire investment is thus threatened.

I have been at some pains to obtain a rough idea as to the amount of the investment which will be threatened if the terms of the present Senate appropriation bill prevail and if the Federal agencies are not provided with transmission facilities.

I find that the Government is to spend $108,000,000 on Hungry Horse Dam. I find the Canyon Ferry Dam in Montana will cost $21,000,000. I find Anderson Ranch Dam in Idaho will cost $32,234,000. I find that the dams which produce electricity for the Southwestern Power Administration have a total cost of $81,000,000.

These are rough figures. They are not complete, but they give an idea as to the gross expenditure which the Government is committed to make, or has made, on these facilities without regard to cost allocations.

I state them merely because I want to make the point that we have already, as a matter of policy enunciated in many statutes, decided to spend huge sums of public money for these multiple public purposes; and, since we are already committed to this work as a matter of sound policy, I believe we must fulfill our responsibilities in full and provide the remainder of the funds required to see that these projects are used in the public interest and that they return as much as possible on the Federal investment.

To spend money for generators and then to leave out the transmission lines is a good deal like buying a bathtub and making no provision for water pipes. It is not very businesslike.

The language of the report defending this position is very persuasive in several instances. The report disallows funds for transmission on the basis that the Interior Department has negotiated or will negotiate wheeling contracts with nearby utility companies. By these contracts, it is proposed that these companies will provide the transmission and will wheel power from the Federal dams to the Government's customers with little cost to the consumer.

Wheeling service, sometimes known as common-carrier transmission, is defined by the Federal Interagency River Basin Committee as an electrical operation wherein transmission facilities of one system are utilized to transmit power of another system.

Wheeling is not new. As a matter of fact, it is a common practice between utilities operating in adjacent areas whereby the surplus capacity inherent in one system is utilized by a second system. This arrangement is perfectly satisfactory, providing that there is surplus capacity in a line which will not be needed by the owner of that line during the term of the wheeling arrangement and provided, further, that the location of the transmission system, with respect to the generating facilities and the delivery points of the second party, are within reasonable distances. Such an arrangement is made between two operating companies with the express understanding that the power to be transmitted by the second company shall be used on a basis agreeable to the owner of the line.

Obviously, the owner of the transmission facilities would not agree to a wheeling arrangement if there were any disparity between the rates of the two companies. The arrangement is made because the two companies are in agreement as to rates, policies, and desirable facilities to the supply of power needs of the region.

On the above three points there is not now, nor is there likely to be, agreement between private power companies and agencies of the Government as to the proper rates for federally developed hydro power. Certainly there is every evidence that the private power lobby is diametrically opposed to the Federal power policies which have been hammered out over the past forty-odd years. The private power companies do not agree that nonprofit organizations, Federal agencies, and others should have preference in regard to purchasing of power. They do not agree that the power should be distributed at the lowest possible rates. In some quarters they do not agree that the natural resources of the United States should be developed for the benefit of the region in which they are located.

If private power companies were in agreement as to the Government's policies, there would be no disagreement as to the facilities which are needed to transmit the Government's power. Time and again utility representatives have complained of the white elephants, the alleged duplication of facilities. They have claimed that there existed in their own systems sufficient capacity to supply all the needs of all the industry within their area; yet developments during the past years have shown that, even with all of the Federal facilities available, the electric industry in the United States met its challenge only by the narrowest of margins and then only by curtailing loads with the cooperation of the people brought about by an expensive campaign to reduce the use of electricity.

If the industries of the country are to expand to maintain the high standard of living enjoyed by our people, electricity must be available in unlimited quantities at reasonable cost. Curtailment can lead only to economic chaos.

There are those electric industry leaders who predicted that there would never be enough load in the Pacific Northwest to utilize the capacity available at Bonneville and at Grand Coulee. On this basis they have repeatedly opposed Government projects and this opposition has slowed Federal power development. It is these same utility leaders who now point with glee to the fact that the worst power shortage area in the United States is in the Pacific Northwest.

In my own area of the Tennessee Valley Authority one needs only to recall the charges made that the Government was providing facilities for the generation of transmission of power which would never be utilized but which were another waste of Federal funds. The contribution made by the Tennessee Valley Authority during the past war has more than compensated the country for its confidence in the deevlopment. The utilities, however, have not relaxed their determined effort to block any power development,

regardless of its contributions to the welfare of the country. Their line of attack this year has been augmented by the suggestions adopted by the committee: that transmission lines should not be built by the Government, but rather the Government should make arrangements to utilize the private transmission facilities of the same utilities who have in the past opposed every effort to benefit the country through public power development.

What does this mean? It means that the utility company becomes, in effect, a party to every Government power contract for the delivery of Government power. This means not only the contracts which the utilities may sign themselves, but contracts which the Government may seek to execute with public agencies.

How does the so-called wheeling contract operate?

Under such a contract a utility and the Government agree that the company will serve Government power to other purchasers over its facilities.

At the time a wheeling contract is executed the Government may not know who its future customers may be or where these future customers may require a delivery of power. So the wheeling contract simply provides a basic principle.

Then, later, when the time comes to carry out the agreements, there must be long discussions between the Government and the utility company as to whether the company provides service facilities on its system for some specific customer at some specific point of delivery.

At this point it is then possible for the company to engage in a long delaying argument to the effect that it cannot provide facilities at such a point; or that its system in that area is already overloaded for its own needs; or that the installation of the necessary facilities will reach an excessive cost.

Weeks and months can be lost in this sort of negotiation, with the utility finding excuse after excuse.

Government engineers may know full well that the proposal can be made to work, but they will be at the mercy of the delaying tactics of the utility. In the meantime the customer who requires service will have to wait.

The Government will have no bargaining power such as it would have if it had its own system.

There have been many cases of this kind in actual practice in the past. There have been bases where the power companies have agreed to wheeling power from the Government to public agencies as a matter of principle; and then have found specific reasons and specific instances where they cannot fulfill such a contract. These reasons usually emerge in instances where the company fears that the utility to be served may sell power at lower rates than they sell power. In any case the utility acts as a middleman and exacts the middleman's profit from a public resource.

By such tactics a utility company, through its control of transmission, can nullify congressional policy which in the case of Federal dams gives preference and priority to public agencies.

To my mind, that is the whole point of this debate.

Now, what do we find in the report of the committee on this bill? They have adopted the recommendation of the president of the Pacific Gas & Electric Co., that the Central Valley project's west-side transmission lines not be built and have by inference directed the Bureau of Reclamation to work out a wheeling contract.

The committee has denied funds for transmission facilities for the Southwestern Power Administration and directed the Administrator to attempt to work out a satisfactory wheeling agreement. The companies in this area have in the past made it quite clear that they desire to monopolize all of the Federal power in the area. It is quite clear that this committee action is another step in this direction.

In the report we find the committee has denied transmission lines for the Bureau of Reclamation in Colorado with instructions to work out a wheeling contract in lieu thereof.

One can only conclude that the committee has determined it is desirable to adopt as a policy the practice of imposing private power facilities between the Federal developments and the municipalities, cooperatives, and the Federal agencies which have preference under the law. It has directed the power agencies for the Government to negotiate with companies under circumstances which make negotiations impossible. Such a procedure can only serve to deny the people of the country the great benefits which belong to them and to create a condition foreign to anything contemplated by law. We must defeat this new approach of the Power Trust to monopolize the power benefits from our Federal developments. We must defeat the action taken by the committee which completely nullifies existing laws of the land.

If these restrictions imposed by the bill and the committee report are enacted with the approval of this House, there will be not only a retrogression in policy back to the old discredited bus-bar sales principle, but there will be an even further retrogression which would take us back to the concept of giving a monopoly of falling water subsidized at taxpayers' expense.

If we take this step—if we ratify the proposals as they now stand—we will reverse long-standing Federal policy. Such a reversal of policy will undoubtedly protect and benefit the power companies. I believe the power companies have rights, and I believe that they should be protected in these rights; but I do not believe this protection should be provided by giving them monopoly control of a public resource.

Mr. MORSE. Mr. President, in rising to support the amendment to restore funds for the construction by the Bonneville Power Administration of a high-voltage line to Anaconda, Mont., I regret that I find myself in disagreement with a majority of the members of the Appropriations Committee. I particularly regret that I find myself in disagreement on this particular issue with my distinguished senior colleague, the Senator from Oregon [Mr. CORDON]. I wish to make perfectly clear for the RECORD that in my opinion the senior Senator from Oregon is just as sincere in his convictions on this issue as I am in mine. For the reasons he set forth in his very able address this afternoon, I think he has made very clear to the Senate that he believes the merits are on his side of the issue. With equal sincerity, Mr. President, I believe that public policy dictates the adoption of the Magnuson amendment.

I wish to say an additional word about my senior colleague because of a comment he made during the course of his speech, when he answered as effectively as I think it can be answered the implication that one sometimes reads in the press about this issue, namely, that those who support the position taken by my senior colleague must, in some way, somehow, be tools of the private utilities. I wish to say that I resent as much as does the senior Senator from Oregon, as he indicated this afternoon, any such implication, because I know my senior colleague, and I wish to say that when he takes a position on an issue, he takes it because, as he pointed out this afternoon, he believes he is representing the best interests of the American people rather than the interests of any particular private group which may be in conflict with the public interest. Therefore, although I differ fundamentally with my colleague on the public policy question which I think is involved in this amendment, I wish to support him in his observation that there is no basis for the implication that those who support the Appropriations Committee's recommendation on this issue are in any sense the tools and spokesmen for the private utilities.

I think a very important question of public policy is involved in the Magnuson amendment and I think we should settle it now once for all.

I followed with interest the Democratic Party's campaign promises last year relative to the Federal power program.

I suffered, with other Members of the Senate on my side of the aisle, from the slings and arrows of opprobrium which were directed at the Eightieth Congress in the not too distant past for our alleged unfriendliness to Federal power projects.

I want to say, as a resident of the Pacific Northwest, it is my judgment that one reason the Democratic Party obtained as many votes as it did in the last election in the Pacific Northwest was that Democratic speakers were successful in their campaign in giving to thousands of voters in my section of the country the impression that a Democratic victory was essential if the Federal power projects were to be completed and administered in the people's interest. In that campaign there was a great deal of discussion on the part of Democratic speakers, raising the argument that the election of the Republicans would endanger a transmission grid system to be bui'; by the Federal Government in connection with the multiple-purpose dams in the Pacific Northwest.

I call attention to that political reality, Mr. President, because I think the report of the Appropriations Committee cannot

be reconciled on this point with the political representations which a great many Democratic speakers made during the campaign in the Pacific Northwest, and which I am satisfied resulted in the Democratic Party obtaining many thousands of votes in my section of the country on this very issue. Thus I say in looking over the bill which has come from the Appropriations Committee in this Eighty-first Congress, I find it difficult to reconcile it with the Democratic Party's promise to the people of the Pacific Northwest that it would protect the people's interest in these power projects, including the building of a transmission line grid system by the Federal Government.

On page 19 of the committee's report I find, in the case of Montana's Canyon Ferry Dam, that under the terms of the committee report the Eighty-first Congress will direct that no funds can be spent on the Canyon Ferry Dam for the acquisition of power facilities. In other words, if I read this provision correctly, the Eighty-first Congress will limit expenditure of the taxpayers' money to concrete structures at Canyon Ferry while the power company will be permitted to monopolize this investment by putting in the power house and converting falling water into electricity for its own monopoly purposes.

This is what the Eighty-first Congress proposes to do in the Interior Department appropriation bill for 1950.

I cannot help but contrast this with a similar situation which arose during the Eightieth Congress, in connection with the Clark Hill project on the Savannah River in Georgia. If I remember correctly, a bill was introduced at the second session of the Eightieth Congress to authorize and direct the Federal Power Commission to grant a license to the Savannah River Electric Co. to construct, operate, and maintain the powerhouse of the Clark Hill Reservoir project which had been authorized for construction by the Army Corps of Engineers. Here was an exactly similar case in which it was proposed that the taxpayers should build a dam and let the power company put in the powerhouse and monopolize the falling water.

I ask permission, Mr. President, to have inserted at this point in my speech an analysis which I have prepared of the history and the action which was taken on the Clark Hill project.

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

THE CLARK HILL PROJECT

In 1928 the Savannah River Electric Co., a subsidiary of the Georgia Power Co., applied for and secured a license from the Federal Power Commission to construct the Clark Hill project. Construction was never commenced by the company, and in 1932, with the approval of the Commission, the license was surrendered.

In 1939 the Commission wrote a letter to the President endorsing the project and recommending its early construction by the United States. In the meantime, in the Flood Control Act of 1936, the Secretary of War was authorized and directed to cause examinations and surveys to be made of a number of localities including Savannah River in Georgia.

The Army engineers then made a study for a comprehensive development of the Savannah River and arrived at a plan consisting of 11 reservoir projects including the Clark Hill project. It appears from this report that the Clark Hill project was the most valuable of all the 11 projects and more valuable than all the other 10 projects put together.

Before submitting his report to Congress, the Chief of Engineers transmitted the report of the engineers to the Federal Power Commission. After concurring in the recommendation of the Board of River and Harbor Engineers that the 11-project plan for the comprehensive development of the Savannah River be undertaken on a step-by-step basis, the Commission stated:

"The Commission agrees with the Board that the Clark Hill project would constitute a desirable initial step in the development of the Savannah River."

The Chief of Engineers then transmitted his report and recommendations to Congress, and Congress, in the Flood Control Act of 1944, approved the general plan for the comprehensive development of the Savannah River as recommended by the Chief of Engineers in House Document No. 657, Seventy-eighth Congress, second session, and authorized the construction of the Clark Hill project substantially in accordance with the recommendations of the Chief of Engineers.

After money was appropriated for the construction of this project and construction was begun, the Savannah River Electric Co. filed an application in 1946 for a license to construct a project at the Clark Hill Dam site. The applicant sought to have the Commission make a new determination and either grant a license or if it arrived at the conclusion that the project should be constructed by the United States, that it make new examinations, surveys, and reports and transmit them to Congress, in accordance with section 7 (b) of the Federal Power Act.

After a hearing the Commission held that having already recommended the project for construction by the United States, and those recommendations having been before Congress, it was not necessary for the Commission to make further reports, and dismissed the application.

The Savannah River Electric Power Co. appealed to the Circuit Court of Appeals for the Fourth Circuit. This court affirmed the order of dismissal. After reviewing the facts of the case, Judge Parker, delivering the opinion of the court, said:

"Under the facts as stated, there is grave doubt whether there was jurisdiction in the Commission to entertain an application for a private license or make recommendations to Congress as to the development of the project" (*Savannah River Electric Co.* v. *Federal Power Commission* (164, Fed. 2d, 408–411)).

The court even questioned the propriety of the Federal Power Commission to make any further recommendations to Congress after what had occurred.

Obviously, after Congress has approved a plan of development, the proper forum to come to for a change in that plan, was not the Federal Power Commission, but Congress. Accordingly, the Savannah River Electric Co. sought to have the electric facilities of the project turned over to it for development, and Representative DONDERO introduced a bill, H. R. 3826, Eightieth Congress, second session, to authorize and direct the Federal Power Commission to grant a license to the Savannah River Electric Co. to construct, own, operate, and maintain the powerhouse of the Clark Hill Reservoir project. Under section 2 of this bill, all the elements of the project other than the powerhouse with the generating and distribution facilities incidental thereto were to be completed, maintained, and operated under the direction of the Secretary of War and supervision of the Chief of Engineers with funds provided by Congress. Under section 3 of the bill, the powerhouse with the generating and distributing facilities incidental thereto, were to be constructed, owned, maintained, and operated by the Savannah River Electric Co. with funds to be provided by that company. The Federal Power Commission was to fix the charges to be paid by the company to liquidate over a period of 50 years the Federal costs of the project allocated to power.

The significance of the bill, based on the data contained in House Document No. 657, upon which Congress approved the comprehensive plan of development of the Savannah River is this: The net benefits of the 10 upstream projects totaled $1,832,000 per year, the net benefits of the Clark Hill project was $2,234,000 per year, the net power benefits of the entire development was $4,066,000 per year. According to the Flood Control Act of 1944, these net power benefits of over four million per year were to be distributed to the people by giving preference in the disposition of the power to public bodies and cooperatives. According to the proposed bill, $2,234,000 of net power benefits were to be turned over to the power company, and $1,832,000 in net power benefits were to be distributed to the people.

Extensive hearings were held, but the bill was never reported out.

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

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Montana?

Mr. MORSE. I prefer not to yield until I finish this statement.

The Eightieth Congress, according to the RECORD, did not let the Clark Hill project bill get out of committee.

Yet, now, the Eighty-first Congress proposes to legislate in an appropriation act a similar measure involving a project in the State of Montana.

I am sure the distinguished Senators here will sympathize with me when I say that this confuses me a great deal.

What I had thought to be white turns out to be black.

The appropriation bill, as reported out by the committee, shows other evidences of confusion over policy.

In its action on the Canyon Ferry Dam it takes us back to the old, largely discredited policy of selling falling water at Federal power sites to private monopoly.

In its disallowance of funds for transmission lines for the Southwestern Power Administration, for the Southeastern Power Administration and the Central Valley project, the committee report establishes a still different policy. It urges that the transmission facilities be built by power companies and it delivers a mandate to the Federal agencies to make wheeling agreements with these power companies. In essence these proposals are a return to the bus-bar sales principle—a principle, I might add, which has been decisively rejected in past sessions on numerous occasions.

From this I must assume the committee recommends we have two policies: First, of selling falling water, and, second, of bus-bar sales.

However, there seems to be still a third policy initiated in the Senate bill and report. This appears in the committee

recommendations on the proposed Bonneville power line to Anaconda, Mont. The committee has disallowed funds for this line, also. There is no suggestion, however, that the Canyon Ferry policy be followed—that the power company should be permitted to buy falling water at Hungry Horse Dam; nor is there any apparent proposal that the power company should wheel power from that dam to the Government's customers, as was suggested in the case of the Southwestern Power Administration and the Bureau of Reclamation.

In this case, rather, the committee suggests that perhaps the Government should build the power line—and then again perhaps it should not. The committee suggests that the decision be postponed, although it is clearly recognized by the supporters of the committee report that the power line must eventually be built. I say not only, "Why not now" but that now is the time to build it, so that we can have the line ready in order to transmit the power to the load centers when Hungry Horse Dam is completed. It should be built now so that the taxpayers of this country can get back, at the earliest possible date, the money which is cost them to build the dam.

As the Senator from Montana [Mr. MURRAY] has pointed out in the debate, if the power line which we are discussing must be built in order to have maximum use of the power to be generated by the dam, then I think we should proceed now to build the line as a part of the backbone grid, so it will be ready for the transmission of the power to the load centers when the generation starts, with the water falling over the dam.

In other words, postponement is the policy which I think is inherent in the recommendations of the committee report. In the case of the Anaconda line, the committee adds a policy of wait and see to its policy of bus-bar sales and its policy of selling falling water. All this confusion of policies in an appropriation bill should be ended, and it should be ended by a favorable vote on the Magnuson amendment. A favorable vote on the Magnuson amendment will make clear again that the policy of the Congress is to build the transmission line grid system.

I think the report of the appropriations committee on this particular issue constitutes not only unsound public policy in respect to transmission lines but I think it is unsound from the standpoint of parliamentary procedure. In the first place, money bills are not the place to make or change national policy.

Yet, that is what seems to me to be one of the results of the committee amendment.

In the second place, when policies are changed, it seems to me the change should be in the direction of simplicity, rather than toward the creation of new confusion.

Yet, here, a single, well-established policy is overthrown and a policy of delay is substituted.

I am particularly interested, of course, in the effects such a bill as this will have upon the Pacific Northwest region in which I live. My interest, therefore, in this particular measure is concerned primarily with the Senate action on the line to Anaconda, Mont.

I followed the course of the committee's hearings on the Anaconda line, and I assume from the committee's action the distinguished members must have decided to give major weight to the arguments opposing it.

It has occurred to me, too, that considerations of economy in the Federal budget, about which I shall have something to say before I close, may have been considered as overriding, in producing the committee's recommendation. I believe that both these viewpoints are mistaken viewpoints. The principal arguments used before the Appropriations Committee against the construction of the line to Anaconda appear to have been advanced by the officials of the Montana Power Co., and by interests friendly to that company.

I want to make clear my belief that the company has a perfect right to take this position and to present its viewpoint; but I believe that in this case it is not a public-interest viewpoint.

A reading of the hearing records shows the company's position to have been that the Anaconda line would be wasteful duplication of existing facilities.

Implicit in the company's argument is the belief that there should be no Government-owned transmission lines from Hungry Horse to western Montana load centers.

Implicit in the company's opposition is the belief that transmission from Hungry Horse Dam in western Montana should be left to the private utilities.

I disagree with that position, on the ground that I do not think it is consonant with the people's interests.

In other words, the company, it seems to me, is seeking a bus-bar sales policy for Hungry Horse Dam.

Such a policy will undoubtedly protect and benefit the power companies. I believe the power companies have a right to protection, but I do not believe this protection should be provided by giving them monopoly control over a public resource developed at the taxpayers expense.

Yet, failure by the Congress to authorize the Anaconda transmission line will do just that.

I am opposed, and I believe many of the Senators here on both sides of the aisle are opposed, to the idea that after great power projects have been built and paid for by taxpayers, private utility companies should be given a special privilege, through priority right, to obtain power at the bus bar.

It is no news, I am sure, to my colleagues in the Senate that this matter of bus bar sale is bound to be an exceedingly important issue in the senatorial contest in the State of Oregon next year. But on this issue, as on all issues, once I am satisfied I understand the facts, Mr. President, I have taken an unequivocal position, because I do not want to run in for the Senate of the United States next year in my State with a single voter in the State having any doubt as to where I stand on the bus-bar issue. Thus, Mr. President, I want to read into the RECORD at this point, as part of my remarks, the public position which I have already taken in a telegram to some people in my State, some time ago, in connection with the matter of bus-bar sale. It was a public position which I took when certain individuals in the State of Oregon, among them being Mr. Henry Hanzen, editor of the Salem Capital Press, telegraphed me asking for my specific position in regard to bus bar sale. I read it because I think it is pertinent to the Magnuson amendment. It involves a fundamental question of public policy in respect to the development of the power projects in my section of the country. I said in my telegram to Mr. Hanzen:

JULY 9, 1949.

Mr. HENRY HANZEN,
Salem Capital Press,
Salem, Oreg.:

Sorry that I have not answered your wire of June 29 before this but I can assure you I have not delayed action on its contents. I agree with you that we must constantly be on guard against an attempt by private utilities to defeat BPA transmission grid system and integration of river projects as mentioned in your wire. I am opposed to idea that after great power dams of Pacific Northwest have been built and paid for by taxpayers private utilities should be given special privilege priority by way of taking all power they want at bus bar. I think private utilities are entitled to fair consideration in respect to negotiating contracts with Government for sale of power but I think people of area are entitled to have power distributed to them over BPA transmission grid system if they want to obtain their power that way. Therefore I shall oppose any attempt on part of private utilities to block BPA transmission grid system. I fully appreciate fact that this issue of power transmission is very complex one but it never will be made less complex by turning the power generated at the dams over to the private utilities on any priority basis. Opposition to BPA transmission grid system is only going to intensify demand over next few years in Pacific Northwest for more rather than less public power transmission. This issue makes very clear need for greater coordination of administration policies connected with river resources in our section of country and it shows and illustrates once again that one of the things needed is for all interests concerned to sit down together and work out regional program which seeks to accomplish primary need, namely, providing a maximum electric power service for all people in all parts of Pacific Northwest which can be served by various dams. I am convinced that nothing but turmoil and conflict over this issue will prevail in Pacific Northwest until private utilities recognize fact that a Government transmission grid system should be built by Federal Government if people of area are to receive full value of dollars which they have spent in building the power dams. I think private utilities are following a mistaken course of action in their opposition to skeleton grid system which BPA plan calls for because I think that system is necessary if we are to protect true value of public investment which people of country have in dams. Too frequently we hear business leaders proclaim that Government cannot operate efficiently and profitably an enterprise charged with a public interest such as a power development project. Bonneville's operation to date has proved fallacy of that argument and if Bonneville is permitted to complete its skeleton grid system it will be an even greater success and return to people of country over years many times original cost of these power projects. I am satisfied that private utilities can exist profitably in Bonneville area and continue to serve those districts that want to be served by private

power lines but I don't think argument is sound that private utilities should have the first claim to the power developed at these dams at bus bar and that people of region must necessarily take their power from a private utility whether they want to or not.

Regards.

WAYNE MORSE,
United States Senator.

I am also aware, Mr. President, as a candidate for reelection in 1950 that as I make this speech this afternoon not only great interest in my State, but undoubtedly great political implications, so far as the campaign is concerned, will flow from the speech.

Again I say, Mr. President, I am ready to make my fight on this issue, because I am satisfied that the people's interest in obtaining an adequate supply of cheap power will not be protected unless the Federal Government completes the projects for the continuation of Federal power dams in the Pacific Northwest. The completion of the projects for constructing the Federal dams, in my judgement, as a matter of public policy, calls for the building of high-voltage transmission systems by the Government for the transmission of power into the load centers.

The financial interests of the people of the Pacific Northwest, in my judgment, will not be protected by any proposal which seeks either to delay or ultimately to prevent the building by the Federal Government of the transmission line called for by the Magnuson amendment. So I say, Mr. President, that my position in support of federally built high-voltage grid-system transmission lines is in the people's interest, and I think that in the long run it will be established that such a policy is also in the interest of the private utility companies. Such will be the case once the private utilities recognize and reconcile themselves to the fact that the people desire that the Government complete the proposed Federal dams such as Hungry Horse and provide also the transmission lines of the high-voltage type necessary to transmit the power to the load centers.

I think the people of the Pacific Northwest indicated very clearly in the election of November 1948 that they favored the representations that were made by many Democratic speakers to the effect that the Democratic Party would carry forward a transmission line grid system serving these multiple-purpose dams built with the taxpayers' money, and to be paid for, in the long run, out of the pockets of the taxpayers.

The private utility companies have the right to and are entitled to fair consideration with respect to negotiating contracts with the Government for the sale of power.

I know this can be given them without guaranteeing them a monopoly position.

Furthermore, failure now to extend to the people of Montana the same opportunities which the people of neighboring States enjoy will create added confusion and delay in the development of a sound Federal power policy.

Nullification of the Federal transmission policy, as set forth in a number of organic statutes, by ill-advised restrictions in appropriation acts, will inevitably result in a complete failure to work out a proper coordination of western resource development.

This line to Anaconda, which has been disapproved by the committee, is a basic high-voltage addition to the Federal grid system. Failure by the Congress to complete the development of this grid system, which has saved private enterprise millions and millions of dollars in the Pacific Northwest, is going to intensify demand in that region, over the next few years, for more, rather than less, public power.

The people in the Columbia Basin are intensely aware that their economic well-being depends primarily upon their water resource. This is the great asset which they hold. They are determined that it shall not be monopolized for narrow uses. They are determined that there shall be a broad, progressive public policy relative to the development of hydroelectric power.

They have been relatively well satisfied in the past with Federal policies in this regard. They have seen the growth of the basic transmission grid system connecting Bonneville and Grand Coulee Dams. They have seen the tremendous savings in power production resulting from the Northwest power pool, which was made possible by the creation of this grid system. They have seen the benefits of the postage stamp rate, which spreads the benefits of Federal hydroelectric power throughout the region. They have seen the tremendous growth of pay-roll industries which have resulted from this progressive public policy of transmission construction by the Federal Government.

It is now proposed to halt and limit this well-established, tried, and proven public policy. I know the people of the Northwest well enough to know that such action will result in an intensified effort on their part to prevent this stoppage.

The strife and confusion that will be aroused by the reversal of a proven public interest policy will create a political climate in which it will be very difficult for all interests concerned to sit down together and work out a regional program which seeks to accomplish a primary need—that of providing a maximum electric power service for all people in all parts of the Pacific Northwest which can be served by various dams now authorized or building.

The line to Anaconda is not "wasteful duplication" of existing facilities. A careful reading of the record made before the Senate committee shows this clearly. The record shows that transmission lines now existing in the area are inadequate to carry Hungry Horse power.

There is nothing in the record to show that the company's fears of competition have any true basis in fact. There is nothing in the record which shows that an extension of the Federal transmission grid should be abandoned. The power companies and the people in the States of Oregon and Washington have repeatedly gone on record in support of Federal transmission system.

The record of the Bonneville Power Administration, the agency which constructs and administers the system, is an enviable record for efficiency and profit, both to the people, to the Federal Treasury, and to private enterprise.

I am satisfied that private utilities can exist profitably in the Bonneville service area, and continue to serve those districts that want to be served by private power lines; but it is not sound to claim that private utilities should have the first right to the power developed at Hungry Horse Dam or any other Federal dam.

Now as to the economy argument, I believe the distinguished Members of the Senate are familiar with my position on such matters. I agree that there is waste in Government. I agree that economies can be effected. I do not agree that true economy can be effected by random or blanket cuts in appropriations.

There are many types and kinds of public works. Appropriations for some are susceptible of reduction without damage to the national economy. Reductions in appropriations for reimbursable public works projects are not true economy. The Hungry Horse-Anaconda transmission line is a case in point. Tremendous sums of money have been authorized and will be spent on the construction of Hungry Horse Dam. Costs of this dam are to be paid out of power revenues. If this dam is to pay out, it will be necessary not to sell 10 percent of its power production, or 20 percent of its power production, or 50 percent of its power production. All the effective power production of Hungry Horse Dam must be marketed as rapidly as possible. Before it can be marketed, the power must be delivered to load centers. The lines which deliver this power to the load centers must be of sufficient capacity to deliver not 10 percent, or 20 percent, or 50 percent of Hungry Horse power. The lines must be sufficient in capacity to deliver all the salable power available wherever it can be sold.

If construction of these lines is left to the limited abilities of the power companies, there is no assurance that the Federal investment will be returned as rapidly as is desirable.

Private power companies are not prepared to make the heavy investments as rapidly as required.

If the Congress wants assurance of repayment on the investment it is making on Hungry Horse Dam, it can only provide such assurance by authorizing construction of lines such as the transmission line to Anaconda, provided for in the Magnuson amendment.

For these reasons, it is my hope that the Senate will approve restoration of this item in the Interior Department appropriation, and carry out what I am satisfied is the preponderant will of an overwhelming majority of the people of the Pacific Northwest.

Mr. HUMPHREY. Mr. President, I wish to make a few general remarks with reference to the subject which is under debate, pertaining to transmission lines and the appropriations or lack of appropriations therefor. A portion of my State of Minnesota lies in the Missouri River Basin, and therefore it is in my opinion entitled to secure a portion of the power which will ultimately be generated from the water resources of that

basin. I believe that if the recommendations of the Senate Committee on Appropriations were approved by the Congress, my State would be barred from securing the power to which it is entitled.

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

Mr. HUMPHREY. I yield.

Mr. ECTON. Does not the Senator realize that the particular amendment now pending pertains to the Columbia Basin, and not to the Missouri Basin?

Mr. HUMPHREY. The Senator from Minnesota is very familiar with what the pending amendment pertains to, but the Senator said he wished to make some general observations with reference to the entire struggle which is taking place on the floor of the Senate over the matter of federally owned transmission lines emanating from publicly financed hydroelectric development, and in the discussion the Senator from Minnesota will direct his remarks to the particular amendment now pending. However, it is not my purpose to speak as an expert, but as a Senator representing the people of my State, who are vitally concerned with cooperatives and public-power projects.

Mr. ECTON. Mr. President, I merely wanted the able Senator from Minnesota to know that the amendment pertains to the Columbia River Basin and not to the Missouri River Basin.

Mr. HUMPHREY. Thank you, I am aware of it. I may say, however, after having listened to many debates on the floor of the Senate, that my remarks, as they deal with public power, are very much germane to the subject. I have witnessed these debates on transmission lines interrupted by dissertations on British socialism and on all the subjects in the encyclopedia. I shall attempt to keep the subject matter within the confines of the issue of private power versus public power, of public transmission lines versus private transmission lines.

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

Mr. HUMPHREY. I yield.

Mr. MURRAY. The Twin Cities of Minnesota and some of the larger centers in that State have become very important in the industrial development of the West, and in connection with its commercial business. They are interested in the development of other sections of the great West. They will be benefited as the result of the development we are undertaking in connection with dams and water projects. Naturally, the Senator from Minnesota is interested in the subject from that standpoint, as well as from the standpoint that the whole Nation will be benefited by such developments.

Mr. HUMPHREY. I appreciate the comments of the senior Senator from Montana because what he has said exactly represents my philosophy. It has also been my understanding of my obligations as a Senator that I, as is true of all Senators, am here not only to legislate for my own State but I am here to work in behalf of the public interest throughout all the United States, and the Territories of this great Nation.

So I continue my remarks and point out that, in particular, there are many rural electrification projects in the rural areas of my State and that it is the clear, undisputed policy of the Federal Government, as expressed in many laws, that public bodies, municipalities, and cooperatives should have preference in the purchase of federally generated power. Obviously the private utilities do not like this policy, and the recommendations as contained in the testimony of private-utility interests are all aimed at nullifying this policy and the laws which form its basis. Unfortunately, the committee seems to have been receptive to the requests of those who were in opposition to the public-power policy of the Government and has made recommendations which are 100 percent in accordance with the point of view and the attitude of those who represent the private-policy field.

Mr. President, I favor the Federal power policy as it is now, and unless I am greatly mistaken, the majority of the voters in the United States also favor it, as was so ably and well expressed by the distinguished Senator from Oregon [Mr. MORSE]. The people of this country are definitely in favor of the existing public-power policy adopted by our Government, and I shall elaborate upon that point. This was certainly demonstrated at the polls in the election of last November.

I also favor Federal Government development of multipurpose projects needed to conserve our water resources and to make the maximum of hydroelectric power available. Such developments offer increasing opportunities for industry and the maintaining or raising of our standard of living. They help repay the cost of irrigation projects, and make notable contributions to the saving of our exhaustible gas and oil resources, and give added strength to our national defense.

I may point out that if we had listened to the requests of the private utilities in the late thirties and the early 1940's, had we taken the advice of the private utility companies, we could not have won the war, because the private utilities always said we had more electricity than we needed. They were the same utilities which fought every public-power project on the basis that we already had enough electricity for the customers' demands. Yet we know that the way we were able to make aluminum was by taking bauxite, which is the basic ore, through the basis of electricity to convert it into aluminum oxide, and from aluminum oxide into aluminum which was used for the making of bombers, and it was bombers that helped win the war.

I submit that if we had listened to the testimony and the advice and the counsel of the private utilities we would be indeed fortunate at this hour if we were still in the war and fighting it with hopes of victory, because they did not advise us as to what the potential needs of the Nation would be.

They have always been short-sighted, as was exemplified by the Rural Electrification Act which permitted private power companies to borrow money to provide rural electrification facilities to farmers, but the private power companies did not borrow money to provide rural electrification facilities to the farmers, so the farmers themselves joined up in cooperatives to provide themselves with electricity. That is a matter of history. That is a matter of record. The private power company officials were men of little faith who did not have an understanding even of the potential need of the American people.

That which helps North and South Dakota also helps Minnesota, as was so well pointed out by the distinguished senior Senator from Montana [Mr. MURRAY]. The Twin Cities, Minneapolis and St. Paul, cities which represent a million people, one of the great industrial areas of the upper Midwest, depend for their business not merely upon the trade territory within Hennepin and Ramsey Counties, or upon the State of Minnesota, but upon North and South Dakota, upon Montana, upon Wyoming and the other neighboring States.

There are strong trade and economic ties between these States, and I wish to see the best results secured for the Dakotas, and all other States, as well as for my own State. As a native of South Dakota, I can speak with some understanding of the need of power in South Dakota. When I see, for example, in the State of South Dakota less than 30 out of every 100 farms supplied with electricity, I know there is a need for power, and I know that the private utilities in South Dakota have not met that need. As one who lived in South Dakota for 27 of the years of my life, and whose family lived there for 50 years, I can say that I know the private power companies will never meet the need.

If the private utilities win the fight to which they are devoting so much of their time and energy at this time, I think it is inevitable that the next move will be to attempt to at least tie the power in the Dakotas to sale at the bus bars, or perhaps there might even be an attempt to tie the sale to falling water. This is the situation in Montana, from my understanding of the subject, where the Montana Power Co. is attempting to prevent the Federal Government from developing the power which will be potential at the Canyon Ferry Dam. The maximum beneficial use of the water resources in any river basin can only be achieved if the agency responsible for those developments has the fullest flexibility in controlling and integrating the water from one end of the river system to the other. A hampering of this flexibility would be the certain result if the Montana Power Co. is successful in its endeavors, and would be so short-sighted as to be almost criminal, in my opinion.

The failure of the Congress to appropriate money for transmission lines so that federally owned and generated power can be made available at load centers where those entitled to preference under the law can secure it, would have exactly the opposite effect from that intended by present laws.

As a citizen of the State of Minnesota I look with considerable envy at times

upon the Pacific Northwest, with its tremendous potential water power. I may say to my distinguished friend and colleague, the Senator from Washington [Mr. MAGNUSON] that thousands and thousands of the people of my State have gone to the State of Washington. Some of the great industrial development of my State has gone to the Senator's State, and primarily because of the power potential, primarily because of the opportunity for cheap electrical power which has been available.

The farmers of my State know what it is to be without electric power. They know also what farmers' cooperatives have been able to do in the way of obtaining electric power. The farmers of the State of Minnesota know what was attempted in the Eightieth Congress. They know the amendment that was proposed on the Rural Electrification program to prevent REA cooperatives from building their own generating plants. They know that the present fight is part and parcel of the same fight. Had that amendment been attached to the REA appropriations the farmers of my State and the other rural areas of this country would today be at the mercy of private utilities, and they would have just as much rural electrification in the future as they had 25 years ago, which was little or nothing.

The good folks in the Midwest also know what a power monopoly can do to deprive farmers of an adequate power supply at a cost sufficiently low so that it can be used in farm production. That is why we believe that the potential electric power in our rivers must be a public resource. Any attempt to monopolize this resource for a narrow and limited private profit should not be tolerated by the Congress.

As for my own position—and I say this categorically—such a monopoly will not be tolerated by my vote. It may be said that Minnesota is a long way from Oregon, Washington, and Montana; but Minnesota and every other of the 48 States has a direct interest and stake in the Columbia River.

One of the great and outstanding characteristics of western civilization is its growing dependence upon machine production; and machine production, in turn, depends to a greater and greater extent upon electrical energy.

In every-day terms this means that our growing population must have more and more jobs if it is to be fed. These jobs depend upon the turning of more and more wheels. This, in turn, depends upon more and more electricity.

This makes our power supply a basic national problem. The resources which create this power are basic and national resources. I am told that more than one-half of the remaining low-cost hydroelectric power which can be developed in this country lies in the western river systems. I do not see how any Member of Congress can be willing to leave the control of so basic a national resource in the hands of a limited few for exploitation on a purely private profit basis.

Monopoly is the issue here. I know that the private power utility companies have given no thought to the expanding power needs of this country in purely public-interest terms. The private utility companies have given no thought to the basic humanitarian needs of the American people when it comes to electric power. They are in business for profit, and their vision is sorely limited.

It is true that they have built and are building more generating plants all the time; but the primary purpose of those plants is to obtain profits. Do not misunderstand me. That is not a bad purpose. In fact, it is a very worthy purpose; but in view of the critical nature of the situation and the basic need for electric power, I say that profit is a limited purpose.

The Congress owes it to the Nation to take a broader view; and to this end the public sources of power—that is, the hydro power of our rivers—must be sufficiently controlled in their development so that the widest public interest possible can be protected.

What I am saying here has had the agreement of the majority of both Houses of the Congress for many sessions past.

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

Mr. HUMPHREY. I prefer not to yield until the conclusion of my remarks, when I shall be more than happy to entertain any questions.

Evidence of this lies not only in the many statutes which have been passed by successive Congresses protecting the public interest in electric power, but also in the heavy appropriations which have been made almost every year for the construction of dams by the Federal Government on our rivers. It is apparent from these acts of previous Congresses that the power in our rivers has been and is now considered a public responsibility.

If, however, we follow the line now proposed—that is, building the dams but leaving the power bottled up in those dams by our failure to build transmission lines—we are nullifying the entire policy. I know that the power companies have said that they will build the lines; and perhaps some of them will build some lines. But that is not the point. The point is that if the power companies build the lines, they will have just as much of a monopoly of the power as if they had themselves built the dams.

It does one no good to dig a well if, after having dug it, he lets another man control the pump or the bucket and the rope. The well may be his, but he must depend upon someone else to get the water; and he must take the water on the other's terms. It does one no good to own an automobile if he lets another man have the gas tank and the keys to the ignition.

That is the policy which is proposed here. The taxpayers are to be allowed to put up the money to build the dams and produce the power, and then they are to be forced to turn over to the power companies the entire means for distributing the power. They will be able to get only such power as the companies allow them to have, and only on such terms as the power companies permit.

I note that the committee report on the Interior Department appropriation bill disallows money for a number of public transmission lines on the assumption that the power companies will provide for the delivery of the power under what are called "wheeling contracts." I do not know much about the techniques of power contracts; but I do know that it is impracticable to sign a contract with a man for service which he does not want to give, and which he is being forced to give under the terms of the contract.

That is true of nations as well as of men. It is commonplace to refer to certain treaties as scraps of paper because there have been deep, fundamental differences between the signatories as to philosophies and approach to problems. This will also be true in the case of contracts which are forced and loveless because of basic differences in policies among the parties involved.

The language of the Senate committee report on the West Side transmission line of the Central Valley project forces two parties to get together when they really have no basis on which to get together. The Government, by law, must take one approach relative to disposal of power in the Central Valley. The power companies take another approach relative to power in the Central Valley. To try to force them together and expect to get a contract which will be operative is, in my opinion, somewhat impracticable.

The same principle applies to the Montana transmission lines, the Idaho transmission lines, and the Southwestern Power transmission lines. The companies do not want to meet the statutory public interest requirements of the Government. It would be ridiculous to take the position that once contracts are signed they can be readily and quickly enforced. No contract is going to force them to meet the requirements of the Government.

Of course, we can go to court and engage in months—not months, but years—of litigation to enforce a contract. Years can go by and the question still will not be settled. In the meantime the customers and taxpayers who paid for the dams will be left holding the bag, and the companies will still be getting the power.

I suggest that we be a bit practical about these things. Let us put the Government in a position to protect the public interest by giving the Government agency something with which to bargain.

The power companies have their rights, but I do not believe anyone has monopoly rights. I think the Senate will regret the day—if that day ever comes—when it subscribes to a policy which permits monopoly of a public resource.

So, Mr. President, I rise today to add my voice to the many against the action taken by the Senate Appropriations Committee in regard to the Interior Department appropriation for the fiscal year 1950. I sincerely believe that the action taken by the committee jeopardizes our huge investment in many Government-financed hydro projects, and that it is an absolute repudiation of the platforms of the Democratic and Republican parties.

Let me interject this thought: I was a member of the Democratic Platform Committee. I remember the argument which prevailed in the Democratic Platform Committee on the matter of federally owned transmission lines. I wish to state for the RECORD that the committee of more than 200 members representing the Democratic Party at the Philadelphia National Convention voted unanimously in favor of federally owned transmission lines. We made that pledge. My party went up and down the country, particularly in the Pacific Northwest, and said, "If you want low-cost public power, if you want federally owned transmission lines, so that you can have low-cost public power, vote the Democratic ticket."

As has been so well stated by the distinguished Senator from Oregon [Mr. MORSE], that single issue in the rural areas and in the Pacific Northwest had more to do with the votes than possibly any other issue.

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

Mr. HUMPHREY. Mr. President, I want to be perfectly fair. I have already stated that I would prefer not to yield until the conclusion of my remarks.

The action of the committee is also contrary, it seems to me, to every act passed by the Congress during the past 50 years in regard to the development of our Nation's power resources.

This is not something that was conceived by the New Deal for those who did not like the New Deal. It is not something that was conceived in the Fair Deal for those who do not like the Fair Deal. The public-power policy of the country goes back to the very first days of the 1900's. It was a policy arrived at because of the basic needs of the American people.

The action of the committee would turn over control of these resources to the monopolistic private utilities. It would deny the benefits of low-cost hydroelectric power to the little people of our country.

I do not forget that the monopolistic power utilities have fought these projects. If the private utilities had had their way, there would be no electricity in the homes of my relatives and friends. There would be no rural electrification in the State of Minnesota if they had had their way. Not long ago we had the Insull scandals. Not long ago we had the bitter fight against TVA. If the fight against the TVA had been successful, today the South would be literally in slavery. It is only raising itself up now because of the chance to have cheap power. Those who were the financial manipulators, who did not know the difference between a kilowatt and a baseball bat, finagled in the operations of the holding companies of companies of this country to deny farmers, workers, and ordinary, plain people a chance to have electric power so they could live like civilized, decent, twentieth century Americans. I speak with deep conviction on the subject of whether we should have public power at cheap rates for the people of this country or whether there should be a private power monopoly.

The action the committee has taken would mean, if adopted by the Senate, that control of these resources would be turned over to the monopolistic private utilities. Mr. President, I do not see anyone coming around and building my family or my friends a great big enterprise at public expense, and saying, "You take it and run it and make millions of dollars." Even in selling the war plants, we got for the Government 10 cents on the dollar. But the action of the committee, if enacted into law, would deny the benefits of low-cost Government hydroelectric power to the little people of the country. The committee's action, if enacted into law, would mean that the utility leaders would control the disposition of our hydroelectric power, rather than to have that power controlled by the Government. It would mean that these monopolistic utilities, which have fought these projects, would stand to make millions of dollars in profits, without the investment of one cent of capital expenditure for production facilities. That would mean that the utility leaders would control the disposition of our hydroelectric power, rather than that the Government would control it. That would be an indefensible delegation of Government responsibility to monopolistic interests.

Mr. President, the committee's action emphasizes again the fundamental conflict which has arisen in America. It is an open battle to determine whether the monopolistic utilities will be allowed to exploit our Government investment at the expense of the people's interests. I can recount example after example—many of them first revealed to the public by Senators on this floor—of how these utilities by ruthless financial schemes bilked and defrauded the investors; how they fought and smeared every effort to regulate their activities by both Federal and local governments; and how they vilified and damned those who sought to restore competition to the utility field.

Our national problems are no longer simple. Yet, I believe the problem we debate today is as simple as this: Are we going to encourage the full development of our Nation's water resources for the good of all, or are we to limit the benefits to a few monopolistic power companies? I think that is the issue. I submit that in view of the reputation and background and vision of those who today are around here as private lobbyists, trying to advise us. I say this without fear of successful contradiction, for the private utilities of my State have lobbied me half to death on this issue; they have called me on the long-distance telephone, but I have reminded them that there was a day when they should have been sending some long-distance transmission lines to people out in the country, and then perhaps they would not be having this struggle. Mr. President, this struggle is the result of the indifference and selfishness of people who, when they had their chance, refused to take it. Now the American people have looked over the national domain and have said they are going to have some of the resources of this country.

Mr. President, as I have said, the basic question is whether we are going to encourage the full development of our Nation's water resources for the good of all, or whether we are going to limit the benefits to a few monopolistic power companies. Certainly that is the issue now before us.

My position is that we in the Senate must take a strong stand to see that Government-generated power is used to benefit all, rather than a few. I urge the Senate restore funds to the Interior appropriation bill so as to accomplish this policy.

Let us look at these projects and try to evaluate them in the light of past congressional policy. Let us evaluate them so our action will mean that all people will have a chance to benefit by the orderly and systematic development of our power resources. This issue must be met head-on, and we must so resolve it that never again will greedy interests seek to dictate to this Senate what it shall do.

The fight is in the Southeast, in the Southwest, in Colorado, in California, and particularly in Montana and the Pacific Northwest. Tomorrow, unless we go on record convincingly now, it will be in every area where the Federal Government uses the peoples' money to build a Federally owned dam.

The committee's action would prevent the people of Montana from sharing in the power resources of the Pacific Northwest. Let us examine the situation there.

First. The committee failed to approve funds for the Kerr-Anaconda transmission line in Montana. That heavy transmission line would transmit power from Hungry Horse Dam to a load center in southwestern Montana. The dam, being built on the Flathead River, is to be paid for by sale of electric power. The Kerr-Anaconda line would make it possible for the people of Montana to share in the benefits of low-cost hydroelectric power.

The committee's reason—and for the life of me I cannot understand it—was that it would withhold these funds until Congress made a decision as to whether the Montana Power Co. should be given the authority to buy all this power for its own profit or whether the Federal Government should build a transmission line to deliver this power to suppliers which can pass on to the people directly the benefits from low-cost hydroelectric power.

Many of us had thought this question had been answered so clearly in the vote cast by the people last November and had been answered so directly by Congress on so many occasions that no doubt about it ever would be raised. For almost 50 years the policy of Congress has been clear. That policy substantiates the position I take today. Mr. President, it is good to be defending the traditions of America. It is a privilege to stand on the floor of the Senate and defend the great traditions of 52 years of the best Americanism, against those who would try to destroy the fabric of our Republic. I wonder how they like the sound of those words, now that the situation is reversed.

Second. The committee withheld use of any funds for the construction of generation and transmission facilities at Canyon Ferry Dam. The committee's thought on this was "to encourage" the development of the generation and transmission facilities at Canyon Ferry by the Montana Power Co.

What was the company's offer? They offered to build all generation and transmission facilities and pay an annual rental of $300,000 a year for the use of the dam. In other words, despite the fact that Congress authorized the Bureau of Reclamation to build these facilities, such action would repudiate the action of both Houses; and this valuable right would be given to the Montana Power Co. Then that company, not the Government, would own the facilities. The Government would not have one word to say about how the power was used, to whom it was sold, or what the rate would be.

The $300,000 a year is not sufficient to pay for the dam. The cost of the dam has to be amortized by the sale of power. That will be how the Government will recoup its investment in the project. But the Montana Power Co. says, "We will pay $366,000 in taxes to State and Federal Governments, which, together with the $300,000, will mean a return of $666,000."

What right have they to say that an indirect payment of taxes ought to be credited to the direct cost of that dam?

Mr. President, I am not fooling myself. As one who is interested in a business, I know that taxes are a part of the cost of doing business and are charged as a part of the cost of the commodity produced. Are there those who would tell me that the cost of a public utility does not include the taxes? The utility that says, "We are paying taxes" is not saying that it is doing any more than any other American is doing, for I know of no American who is not paying taxes. Even those who receive the lowliest little pension pay taxes. When people buy a package of gum or a package of cigarettes or a cigar, they pay taxes, because in this integrated economy of ours we pass along the general tax levies, one to another.

If Congress should decide by proper action—not by Appropriation Committee edict—that private power companies have the right to install and own the facilities, then they ought to make a direct payment to the Government for that power.

The proposition that the committee suggests the Bureau follow—a policy to let the Montana Power Co. build the power plant—is one of the most one-sided propositions I have ever examined. Testimony before the committee repudiated the power-company claim that this arrangement would be more advantageous to the Government than if the Government built the power plant.

The testimony showed that over a period of 68 years, the Bureau's plan would return $18,632,000 more in net revenues to the Government than the private company was willing to pay.

This net did not include a tremendous savings of millions of dollars in wholesale power costs to municipalities and REA-financed cooperatives in the State. These large purchasers would be forced to pay the Montana Power Co. about 9 mills per kilowatt-hour, while the cost to them by purchase from the Bureau would be 5.5 mills—two-thirds of the power-company rate.

The committee withheld funds for the third straight year for construction of a transmission line and related substation facilities between Havre and Shelby, Mont. This line would take a large part of Montana's share of Fort Peck power across northern Montana.

This line would serve a number of municipalities in northern Montana and two REA-financed cooperatives in northern Montana. The growth of this part of our Nation depends upon the availability of low-cost hydroelectric power. As I have said, rural people—and they are the ones injured by this action of the committee—cannot be encouraged to use large blocks of electricity unless the rates are such that encourage use. The power company has declared that their system, with only minor changes, can deliver sufficient power to these cooperatives.

This power company does not have any faith in its part of the country. It declares in its double talk that the use of power in northern Montana will not increase. This is contrary to the conclusive evidence provided by experience in every part of the Nation that the use of electric power in rural areas has doubled in 3 years and is expected to double again in the next 3. If Montana is to get the power it needs to grow and improve both the living and working standards of its people, it is not going to get it from the Montana Power Co. This company says in other words that Montana now has sufficient power available for both present and future needs. I heard that on the floor of the Senate. I submit without fear of contradiction and without any claims to prophetic vision that 10 years from now, if the power facilities of this country do not continue to expand, no area of America will have the kind of electricity it needs, or the amount it needs. I repeat, the same people who 15 years ago said we had all the electricity we needed were the very same ones who, during the war and during the immediate prewar years and in the postwar years, have been hungry for electricity. We had electricity rationing in this country, and we had it, of course, because of tremendous production.

I, for one, do not want the Montana Power Co. to control the power from Fort Peck Dam. The people of my State are helping pay for Fort Peck Dam. We are interested in Fort Peck Dam. So let us face facts. Power use is going to increase in all the areas. That means that if the people are going to get the power they need, the Montana Power Co. will have to rebuild its lines in the area if they are going to do it alone. It also means, for example, in Montana, that the Montana Power Co. will sit astride the two cooperatives' lines of supply. This means that the power company will dictate to them their wholesale power costs.

Officials of the two cooperatives estimated that this control will mean that the rural people of northern Montana will pay an extra $10,000,000 in the next 50 years for their power bills.

I hate to think of where this country would have been if the interests which opposed the Nation's great highway system had used the same tactics as the power companies. They would have argued that the Government should not have aided the States to build our Nation's vast system of transcontinental highways because such would "duplicate" the then system of county roads. It was not long ago when all we had were county roads. Mr. President, you and I can see the fallacy of that argument now. But will we swallow it when the subject is electric lines?

Some day the people of Montana are going to sit in judgment on the Montana Power Co.

Mr. President, I should like to place in the RECORD at this point in my remarks two brief articles, taken, for example, from the Daily Tribune, of Dillon, Mont., both published in January 1949.

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

[From the Dillon Daily Tribune of January 10, 1949]

SAYS OTHER STATES ARE STEALING OUR POWER WE HELP PAY FOR—IS OUR WATER GOING SAME WAY?

It is to be regretted that every citizen of Beaverhead County could not have attended the Chamber of Commerce banquet held in the high school Friday evening. They would have been given a clear picture of that controversial subject on Montana's power situation and on the intent and purpose of the dam projects.

Speakers were E. G. Ferguson and C. Brazil, the two best-posted authorities on these Federal projects in Montana. Mr. Brazil is consulting engineer for region six of the upper Missouri district in developing power from Montana rivers. Mr. Ferguson is supervisor of the Bureau of Reclamation which is impounding Montana waters before they are passed on to other States.

Mr. Brazil said emphatically that if Montana didn't wake up and demand its rights to power being developed through harnessing our State's rivers, this energy was going out of the State to the west coast and east to the States of North and South Dakota, Minnesota, Iowa, and Nebraska.

STEALING OUR POWER

The power to be developed at the Hungry Horse dam is now slated for Idaho, Oregon, and Washington. The power now generated at the Ft. Peck dam is already going into eastern States with the exception of a small surplus which is presently being transmitted to Great Falls. But even the surplus will be taken away from us and given to the eastern States shortly unless Montana asserts its rights. Power generated at other Montana dams to be constructed will be hooked up to the transmission lines going into the other States to furnish additional power needed by them. That is the picture of our power situation today, which every citizen in Montana is helping pay for through taxes. The question is, do we taxpayers want our just share of this power? We're paying for it, why not get the use of it?

"Industry follows the cheap transmission lines," Mr. Brazil said, and cited the industrial development of the coast. "Montana can have similar industries with their immense taxable wealth if it can furnish cheap power."

He cited that 40 percent of aluminum production was now located in the Pacific Northwest, due to cheap power. The raw product is being shipped from the east across Montana to the coast for this purpose, he said. "Why shouldn't Montana get its share of this growing industry?" Mr. Brazil asked. That was only one of many examples he cited where Montana could grow industrially if it encouraged the business.

Mr. Brazil stressed that the demand for power was constantly increasing. He said that only 50 percent of the Nation's farms had been electrified. Rural electrification is constantly spreading. That is where much of Montana's power is going today in the eastern States and they are just getting started.

Mr. Brazil also said that the increasing demand for electrical equipment by power users on farms, ranches, and in town and city dwellings will increase the use of electricity 35 percent in the next 5 years, according to manufacturers of this equipment.

REMEMBER DROUTH?

Mr. Ferguson, in his talk on dams, stated that the movement was started during the drouth of the thirties. Farmers and ranchers agitated for impounding the waters of the rivers for irrigation purposes to raise feed for their livestock. Because of this agitation Congress appropriated money to study the situation and sent out Army engineers to investigate the feasibility. From this start the great Missouri Basin project was born. It grew to take in flood control, navigation, and the development of power to help pay the cost of the dams.

He cleared up two points which have caused considerable controversy. The first was that those persons now having water rights cannot be deprived of them as they are protected by a State law, which the Reclamation Bureau cannot violate but must respect. The second was that unless 60 percent of those owning the land to be irrigated, signed permission for the irrigation of their land, the Reclamation Bureau could not go ahead with plans to build a dam. This sign-up of property owners must take place in organizing an irrigation district.

Regarding the 160-acre limit of irrigated land per person, Mr. Ferguson said this did not mean that a family could only possess 160 acres of irrigated land. Each member of the family, husband, wife, son, daughter, etc., of legal age could own 160 acres each. He also said that a plan was now under consideration whereby the number of acres could be increased per person in areas where production was limited because of climatic conditions and adaptability of soil.

[From the Dillon Daily Tribune of January 11, 1949]

CHATS WITH YOUR EDITOR

(By Edwin S. Townsend)

Those of us who attended the Beaverhead Chamber of Commerce banquet last week, saw a sordid picture painted of how other States are stealing the power being generated by harnessing Montana's streams. Perhaps this doesn't mean anything to you, yet you are helping pay for this immense project so why shouldn't you reap some of the benefit as well as citizens in other States?

How can Montana stop it before it is too late? In Washington we have two United States Senators and two Congressmen. They are your representatives sent there to protect your interests. You have trusted them to see that it is well done. One of these Senators is a Republican and one Congressman is a Republican. The other two are Democrats, so this is by no means a political argument against any of them.

Protecting Montana's power and water rights should be nonpartisan. These are the most important issues for Montana today, that should demand their immediate attention. The first step is to let them know that we as Montana citizens expect them to look out for our interests in Washington. This can be done by sending them telegrams, letters, resolutions passed by every organization which has the welfare of Montana at heart. It will serve notice on them that we are interested and watching their progress.

But it takes more than this. Our governor and our legislators should receive similar notification. And their reaction should be noted carefully in what they do. The legislature appropriated $50,000 a year 2 years ago to advertise and promote tourist attractions of our State. Surely a similar appropriation would be a splendid investment to assure that we have the right kind of lobbying in Washington to back up our Senators and Congressmen.

How are the other States getting away with our power and water rights? By taking the same steps as recommended above. They have been at it for several years. They have the inside track at present by getting the jump on us but it is not too late to change the picture. But action must be prompt. We can't sit back any longer and blandly think that we'll get our share without fighting for it. We have got to let out a roar that will awaken Washington to the fact we are not a door mat to be safely trodden upon.

There is going to be strong opposition to changing the present set-up. Today present plans for building the Canyon Ferry Dam do not call for installing power equipment. That is a direct slap at Beaverhead County's face. Our power, if we get it, will come from that dam. But it is not enough to have power equipment installed. We must have a transmission line built to carry the increased load that Beaverhead County needs today to assure firm power. Firm power is constant power, not fluctuating in strength.

When your lights dim and your heating elements fail to throw off the same heat when wanted, you do not have firm power.

What are transmission lines? Ever drive to California and see those big lines carrying electricity from Nevada to California? Those are transmission lines. One reason Montana is losing its power to other States is that these transmission lines are being built into other States. Consequently it is vital that Montana have transmission lines to serve its own people. Remember that when you write your elected representatives. You are paying your share of those transmission lines going into the other States. Why shouldn't they be built to serve us as well?

Act on this now and don't be like the voter who doesn't go to the polls and then cusses at the consequences. Its up to you individually to see that Montana gets attention today. If you'll do it individually and collectively we will get results.

Mr. HUMPHREY. Mr. President, I believe, too, that many Senators will be interested to read an editorial taken from the Western News of last September. The Western News is published at Hamilton, Mont. I ask unanimous consent that it may be printed in the RECORD at this point in my remarks.

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

MONTANA POWER WAGES A COLD WAR

As you jolt over the highways of Montana billboards alongside regale you with the statement that electricity is plentiful and cheap and has not increased in price in Montana.

That's been going on for a number of years.

When you read advertisements of the Montana Power Co. in about 100 Montana newspapers, you are told therein that electrical energy in Montana is cheap, is plentiful, and has not increased in price.

That's been going on for a long time.

The National Association of Electric Power Companies has been maintaining a large and well-financed staff of lobbyists in Washington, D. C., for a number of years which has been intent on butchering each and every attempt on the part of independent Members of the Congress to extend REA, to secure Federal appropriations for power installations on the streams of the Nation. This group of Power Trust lobbyists have endeavored to block all efforts to provide cheap and bountiful power to the American people. They have tried, and to a measure succeeded, in blocking appropriations to build needed power plants. Among the plants which the Power Trust opposed is the Canyon Ferry development near Helena. They were willing only to have the dam built by Uncle Sam but insisted that the power rights should be left to the Montana Power Co. An authorization was passed by Congress but an appropriation was held back. This was despite every effort of Senator JAMES E. MURRAY and Representative MIKE MANSFIELD to get the appropriation and power for the people of Montana.

The national weeklies and the press of the Nation, as well as the newspapers of Montana, are filled with Power Trust propaganda telling the American people that no additional electrical energy development is needed. They have been doing this same thing ever since the first Roosevelt administration. If F. D. R. had listened to that sort of baloney I do not know what this country would have done in World War II for the Power Trust would not have permitted TVA or Grand Coulee developments. Without those developments our victory in World War II would have been far more difficult.

One of the bitter things about this power-trust propaganda is that the users of electrical energy are the people who pay for the advertising as well as for the salaries of the lobbyists. This is true because the cost of such lobbying and advertising comes out of gross receipts of the various power companies. Thus the users of electricity in America are buying the poison which is fed to them by the power-trust propaganda artists.

This leaves a bad taste in the mouths of thoughtful people.

For just one moment let us analyze the fable of the Montana Power Co. that electricity is ample to supply the needs of Montanans, that it is about the only thing that has not increased in price, etc. * * *

The possibilities of electricity for heating purposes in Montana have been coming to the minds of people forcibly of late due to the high cost of fuels for heating by other means. The easy, clean, and quick efficacy of electric heat appeals to people in Montana. * * * So more people have been turning to the use of electric heat in Montana of late. Merchants of Montana have been securing improved heating devices and making ready to install same by the employment of informed employees.

It began to look as though electrical heating in Montana had a fine future.

Then, about the middle of August 1948, representatives of the Montana Power Co. sought a conference with the Montana Railroad and Public Service Commission at which conference the Montana Power Co. men suggested that they be permitted to place into effect a new rate schedule on the sale of electricity for residences in Montana.

Although the Montana Power Co. does not print its rate schedule on its monthly statements I believe that the following table will

give you the information about the old residential rate and the new rate obtained by the Montana Power Co.:

Kilowatts	Old rate	New rate
	(*cents each*)	(*cents each*)
First 12	6½	6½
Next 88	3½	3½
Next 100	2½	2½
Next 800	1	1
Each 1 thereafter	1	1½

The Montana Power Co. officials told the Montana Public Service Commission members that the new rate schedule was necessary in order that people of Montana could be discouraged from installing electrical heating.

The MP monopoly agents told the utility commission members that only a negligible 400 of 90,000 users of electricity in Montana would be affected by the rate increase sought. The power-trust agents told the commission that if people continued to change to use of electrical heating a peak load would be built up that would be embarrassing to the power company.

In other words the Montana Power Co. was not able or willing to furnish large numbers of Montana people with electric heat. This somewhat demolishes the power company's claim that there is ample juice to serve Montanans. So the future of electric heating in Montana becomes clouded.

The increase after 1,000 kilowatts of the rate from 1 cent to 1½ cents for each kilowatt was a device resorted to by the Montana Power Co. to discourage people from changing to electric heat from whatever other type they might be using. It would make electric heating prohibitive in the colony called Montana. The Montana Power Co. agents said only about 400 Montana residences would be affected. Those 400 "subjects" of the Montana Power Co., as well as the merchants who have stocked heating devices, are left holding the sack by the Montana Power Co.

Maybe the merchants can save their situation by taking their supplies of electric heating units to the TVA region or to the State of Washington where the Federal Government is furnishing ample power that can be purchased cheaply by people of those areas who wish to heat their homes. Our merchants might sell their heating units to the people of Washington, Oregon, or the TVA served by Government power.

The WN was informed by a member of the Montana Railroad and Public Service Commission over the telephone last night that no publicity was given the conference between the commission members and the Montana Power Co. officials at which the new rate schedule was suggested by the company and accepted by the commission. The commission member told the WN that there was no opposition to the Montana Power Co. proposal of a rate increase. But how could there have been opposition when there was no publicity of the impending conference? The people of Montana were as much in the dark about the increase in Montana Power Co. rates as was the proverbial blind man in the dark room looking for the black hat that was not there.

The WN was advised by the Commission member that if opposition to the new rates developed the Commission would hold a public hearing. I am somewhat dubious about 400 people—among 90,000 people—being capable of making enough noise to convince the Montana Power Co. that they are in opposition. They have just been fed to the wolves.

I dislike seeing the economic interests of the estimated 400 Montana people and the Montana merchants affected injured. But the matter has much broader implications. It is a move which will give license to further increases in the cost of other fuels because people will be unable to turn to electric heating. It is an undemocratic method of handling a public utility. It is an example of how inadequate is the regulation by State commissions of public utilities. It is a brazen display of the attitude of the public be damned on the part of the Power Trust. But it is also rather convincing evidence of the folly of permitting a natural resource to be exploited for profit by individuals or corporations at the expense of the public at large. Natural resources, which on account of their peculiar characteristics function best as monopolies, should always be operated first, last, and all the time in the public interest. No private interest should ever override the needs of the public. The waters of our rivers, like the air we breathe, should be a common heritage to all mankind, which no man or group of persons in form of a corporation, should ever be permitted to use to exact a tribute from the mass of mankind.

What do you think about the Montana Power Co.'s boast that electricity is so cheap and plentiful that no further development of it should be tolerated in Montana? If this were so would the Montana Power Co. be erecting hurdles to keep Montana people from buying the only thing they have to sell—electricity—which by the way is what they don't advertise?

The Montana Power Co. advertising is propaganda first, a pressure upon the policy of newspaper publishers second, and as full of holes as the highways of Montana, for truth is often foreign to their context, and garbled half-truths are compounded to the limits which can be accommodated in the space bought by the money of electricity users and expended to poison the wells of public information. The instance at hand is but one of a multitude of similar cases. It happens, however, in this instance, that Montana Power Co. is caught red-handed and everyone in Montana is likely to know it.

Mr. HUMPHREY. Mr. President, I believe many Senators would like to know something about the Idaho Power Co. The Idaho Power Co. was involved and has been involved in the controversy over the use of certain hydroelectric facilities at the Anderson Dam, in Mountain Home, Idaho. The committee recommended deletion of funds to build a transmission line from Anderson Dam to Mountain Home, Idaho.

The committee made this decision by presuming that the Idaho Power Co. would build these facilites and would negotiate a contract wth the Secretary of the Interior in accordance with the basic principles found in the contract between the Southwestern Power Administration and the Texas Power & Light Co., commonly called the Texas contract. I will discuss the fallacy of this suggestion before I conclude.

This action by the committee would turn over the transmission of all power from this $33,000,000 Government project to the Idaho Power Co. This company would stand to make a tremendous profit off the Government's investment without one cent of capital expenditure. The company, when it opposed the lines, declared before the committee that this line would duplicate existing and adequate transmission lines. Such again is not the case, because no line exists between Anderson Dam and any power system except a low-voltage line supplying working power to the dam itself.

I hesitate to believe that Congress, when the dam was authorized, intended to turn over the exclusive benefits from this project to the Idaho Power Co. In fact, I know it did not. The policy of this Congress has been to direct the Bureau of Reclamation to distribute this power so that it can do the most good for the most people. The action by the committee would give a power company a monopoly for purchase of this power and excludes the preferred purchasers—those purchasers which Congress since 1906 has directed to be given preference in purchase of this power.

To carry out the true policy of Congress, the Bureau of Reclamation must be given funds to build this line. This Federal dam's power output must be made available to the preferred purchasers, in this case a number of rural electric cooperatives in Idaho. As nonprofit businesses they can see that this power is distributed to the people of Idaho at cost.

As I mentioned a moment ago, I believe many Senators would like to know something about this Idaho Power Co. For a background report on the tactics this company uses to stamp out and destroy competition I am submitting for the record an article taken from the June 1949 issue of the Pacific Northwest Cooperator.

The power company recently closed a deal to buy out an REA-financed cooperative, the Malheur Electric Cooperative, of Vale, Oreg. They forced this cooperative out of business.

Ten years ago when this power company refused to serve farmers in the Boise Valley, the farmers organized their own cooperative. Stung by the threat of competition, Idaho Power Co. went into the area and cream-skimmed the best areas. They left all the lean areas for the cooperative. The farmers tried hard for 10 years to make a go of their project. But they had to buy their power from Idaho Power Co. With this company controlling their lifeblood, and no way to get a lower-cost wholesale power contract, the co-op did not have a chance. I submit this is a classic example of what has taken place all over the country that when a rural electrification distribution cooperative must buy its power from a private power-generating company. In such a case the rural electric cooperative is at the mercy of the private generating company at any time the company wants to put on the pressure.

This is the same company to which the committee turns over all the power output from Anderson Dam Ranch. It would not be long before this company dictated to the Department of the Interior just how much they would pay for the power. Without a way to get the power out from the dam, and without ability to sell the power to other customers, Interior would be forced to accept the Idaho Power Co.'s offer without recourse.

I believe many Senators will want to read this article and I am submitting it for the record. I ask that it be incorporated in the body of the RECORD at this point in my remarks.

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

[From the Pacific Northwest Cooperator for June 1949]

IDAHO POWER CO. PERFECTS PATTERN FOR SLAUGHTER OF REA COMPETITION—SPITE-LINE CONSTRUCTION, PLUS MONOPOLY GRIP ON POWER SOURCE, RATES, TURNS TRICKS—FINANCIAL STRANGULATION FORCES REA TO LIQUIDATE HALF-MILLION-DOLLAR MORTGAGE; $200,000 GOOD WILL

VALE, OREG., May 16.—Idaho Power Co. today evicted a "nester"—Malheur Electric Cooperative (REA)—after 10 years of unrelenting warfare.

To make it legal and assuage the final bitterness, it is paying $66,648 defaulted interest and matured principal payments before REA sells the $472,000 mortgage on 365 miles of lines and equipment. The 621 members mainly are located in the rich irrigated territory on the western edge of the Boise Valley including part of the Payette County, Idaho, and Malheur County, Oreg. Attenuated lines tap sparsely settled ranch country to north and west.

After various bookkeeping adjustments are made, REA will get a check for approximately $501,800, members were told at the final sell-out meeting in community hall this afternoon.

Actual construction cost of the lines was $527,863. Depreciation was estimated by REA at $69,000. Inasmuch as practically all of the REA mileage was paralleled by competing IPC lines, the cost of dismantling and integration will be high. And adding in the expense of its swarm of public-relations agents who intensified their switch-over pressure on REA patrons in recent months, the charge-off by Idaho Power to good-will is estimated well beyond $200,000.

"A magnanimous gesture to a crushed rival," is expected to be the common comment.

But "penny ante" may be more accurately descriptive for those appraising future stakes in this Pacific Northwest development game. What do these stakes include?

1. Farm cooperatives of Midwest and Northwest now preparing to build their own electric furnace plants to process phosphate fertilizer in the Nation's richest deposits—southeast Idaho—could be taxed millions of dollars by Idaho Power in higher production costs. Idaho Power has quoted the co-ops a 5-mill rate—double the Bonneville rate. This means an $8-a-ton increase in production cost on treble-super-phosphate.

2. The Atomic Energy Commission would pay toll in wheeling charges over private lines to its projected new plant in eastern Idaho.

3. Taking no chances on possible failure of the power lobby in Congress to block construction of gigantic Hell's Canyon Dam on the Snake River it is rushing plans to build its own transmission lines to block Bonneville extension into Idaho or the construction by any CVA or other Federal body of public transmission lines from any federally built dam.

It all adds up to posting of Idaho borders with "No Trespassing—Private Property" signs.

Significance of Malheur Co-op's demise may be widespread. Kermit Overby, REA information chief, replied to a query: "The attack upon this co-op follows the pattern appearing in other sections of the country. So far, Idaho Power is the only company to take over an operating cooperative and this will be the third (and largest) it has absorbed. In the early days of our program, several co-ops relinquished their independent status during early organizational stages, some of them having progressed to the point of staking lines. Attacks on co-ops in service have been succesfully repulsed in Virginia and Michigan in rather spectacular campaigns. Less serious steps have been brushed aside in many other places.

Jordan Valley, and Long Valley REA's—to the south and north of this area—are the two previous "absorptions."

The "pattern" to which Overby refers is the military type pincers or financial nutcracker applied by Idaho Power precision, speed, and force, to struggling Malheur. Isolated from low-cost Bonneville 2½ mills wholesale power, it was forced to buy from IPC at 10 and 11 mills. Through its competing lines, Idaho Power, drawing energy largely from Bureau of Reclamation dams, then undercut the co-op rates. (That these were not in the loss-leader class was indicated by a recent tabulation published by the Pacific Northwest Cooperator showing that IPC's "irrigation pumping rate" was some 40 percent higher than that charged by representative PUD's and co-ops with access to Bonneville power.)

The inevitable happened today as members' ballots upheld the Board decision and the REA recommendation to sell rather than face mounting operating deficits as customers were picked off lines.

As summarized by Overby:

"Farmers in these rich valleys had been trying for more than 10 years (before the co-op was organized in 1939) to get service at a rate they could afford to pay, and had been unable to get it from the company. But when they formed their own cooperative and were about to begin construction, the company started a program of harassment by spite-line construction.

"The minute the co-op applied for a loan, the company would race ahead into the area striking straight at the heart of sections of lines the farmers proposed to build. Always the company lines served the more densely populated areas, thus leaving the farmers on the fringes of the valleys and in the more remote places for the co-op to serve.

"These constructive tactics compelled the cooperative to resort to uneconomical construction with the result that it has had larger expenses and lower revenues than those on which REA loan approvals were based. The last loan to the cooperative was approved by REA last June ('48) when there was some hope that low-cost public Bonneville power might come into this area. It appears now that this will not happen soon, if ever."

Speaking for the Board in a consolation statement, President Harry B. Wilcoxon of Vale said:

"We lost the fight, but I believe we won a technical decision. We got electricity."

Others with whom the reporter talked pointed to two weaknesses in cooperative organization:

1. Failure of the organization to exert strong enough educational counter pressure, and development of member participation.

2. Passive acceptance by the owner-consumer of favors granted; too many victims of high-pressure salesmanship; too few who saw their long-range economic stake and were willing to fight for it.

Mr. HUMPHREY. The committee has recommended exclusion of funds to build a transmission line from the Big Thompson between Brighton, Valmont, Flatiron, Fort Collins, and Greeley Gap.

This line was opposed by the Public Service Co. of Colorado. The company came up with a new twist on that fallacious argument of "duplicating adequate transmission facilities." They claimed it would duplicate a line which they proposed to build.

This line is necessary to carry out the mandate of Congress to the Bureau to make available this power to certain classes of preferred purchasers. In this case the preferred purchasers of this power are three municipalities, Loveland, Longmont, Fort Collins, and one REA-financed cooperative, the Union Rural Electric Cooperative of Brighton. The action of the committee is a repudiation of former congressional action, and again I emphasize, it is an interference with work of other committees.

The committee eliminated funds to build a steam plant and certain transmission facilities for the Central Valley project in California.

The committee's policy is the same as that discussed before. They recommended exclusion of these funds and directed the Secretary of the Interior to negotiate with the Pacific Gas & Electric Co. for a contract "in accordance with the basic principles found in the contract between the Southwestern Power Administration and the Texas Power & Light Co." I am saving discussion of that type of contract for the last.

Here is a Government project totaling $440,000,000 with the ability to produce two and one-third billion kilowatt-hours a year being turned over to a private power company. The steam plant is necessary if the hydro power is to be firmed up. The transmission facilities are necessary to see that the people of California get the benefit from low-cost hydro power. Any other alternative—the alternative as recommended by the committee—is a reversal of our basic power policy. It is a surrender of the Government to one private, monopolistic power company.

Mr. James E. Black, president of the Pacific Gas & Electric Co., appeared before the committee and opposed these items. The committee followed every one of his recommendations.

This is the same Mr. Black who appeared before a congressional committee in 1945 and declared—in opposition to the power facilities in the Central Valley area—that there was no threat of a power shortage in California.

I do not know why we should listen to a man who does not have any better vision than that, a man who, in 1945, appeared before a congressional committee as an expert in the field of public utilities and said there was no power shortage in California. Yet, within 1 year, California began its 2 years of power shortage and rationing. Why did he appear before the committee and say that? So as to stop action of the Congress in the construction of hydroelectric power facilities.

The committee has recommended elimination of a small appropriation for the Southeastern Power Marketing staff.

Their suggestion was that the function of this staff be assumed by the office of the Secretary.

Apparently their recommendation was based upon the fact that there is only one flood-control project now in operation in this area. But the committee failed to take into consideration the fact that other projects will be coming into production within the next 2 to 3 years and it is power from these projects that the staff was set up to sell.

The Southeastern Power Marketing Division was set up by the Interior Department to carry out the mandate of the Flood Control Act of 1944. This act gave the Secretary of the Interior the authority to market all power from flood-control dams built by the Army engineers. Municipalities, public bodies, and cooperatives were given preference to buy this power. But they cannot buy this power unless some means are devised to deliver the power to them. Such means cannot be devised until arrangements can be made by the preferred purchasers to buy this power.

The denial of these funds is again a denial by the committee of the basic hydroelectric marketing laws of this country.

The committee deleted all funds to build a transmission system by the Southwestern Power Administration for delivery of power generated at Government-built dams in the Southwest to the preferred customers, municipalities, public bodies, and cooperatives.

The committee recommended that the eight private electric utility companies be allowed to take this power in conformance with the same basic principles found in the contract between the Southwestern Power Administration and the Texas Power & Light Co.

Before discussing this contract, I would like to tell a story which I believe will illustrate the lack of good faith on the part of these utilities in their dealings with the cooperatives.

A Missouri cooperative, which sells power to a number of distribution cooperatives, needed immediate delivery of a sizable amount of power. Its power situation was critical. A transmission line—one classified as a 69,000-kilovolt line—had been built by SPA and the cooperative from the Norfork Dam up to West Plains, Mo., and Willow Springs, Mo.

To get power from this Government-built dam, the cooperative, because of the emergency, had to build a 7-mile stretch of transmission line to tap a bank of 33,000 kilovolt-ampere transformers owned by the Arkansas Power & Light Co. The cooperative's substation, being built by the Army engineers, will not be completed until April 1950.

Ham Moses, hailed by the utilities as one of their enlightened leaders, said, yes, he would sell power to the cooperative through their substation; the co-ops could have the power for 9 mills a kilowatt hour. This offer was on a take-it-or-leave-it basis. The cooperative had to take it at 9 mills.

But here is the crux of the story. The Arkansas Power & Light Co. was buying that power from the SPA at a rate varying from 1½ mills up to 5½ mills.

I believe that story illustrates how the cooperatives would fare in any future contract negotiations with any of these utilities.

These transmission lines eliminated by the committee are the rural people's only assurance that the power will be available to them at a rate they can afford to pay and at a rate which will encourage the maximum development of the Southwest.

Let us now analyze the Southwestern Power Administration's contract with Texas Power & Light. This contract was designed for a specific situation—conditions not found in the Pacific and Idaho areas.

The Texas contract was signed in 1947, after the Congress had appropriated funds for transmission lines in territory claimed by the Texas Power & Light Co. It was drawn up to handle only the public power developed at Denison Dam.

Let me recite some of the conditions which are peculiar to this particular situation. First of all, Denison Dam was built by Army engineers as a flood-control project on the Red River. The flow of this river, which marks the boundary between southern Oklahoma and Texas, is highly variant. It is low at some seasons, not supplying enough water to make possible steady supplies of power by the generators at Denison Dam. However, in seasons of heavy rainfall, the water held at the dam is sufficient to make possible the delivery of a good quantity of secondary power for short or limited periods.

This has meant that Denison can deliver firm power for a few hours each day, and, in addition, has available limited secondary power.

Now for one of the particulars. Here the Government had available firm power for a few hours each day and limited secondary power. There were rural electric cooperatives, the preferred customers, in the area desperately in need of power. But the Government had no transmission lines. It had some power and some customers, but no lines for delivery.

Who had the transmission lines in that area? Texas Power & Light. Texas Power & Light needed reserve capacity for its peak-load periods in the afternoon and evening. It had the lines but not the power necessary to take on new customers.

This was a situation whereby both parties, and the people who really wanted that electricity in the first place, could benefit from an agreement.

Briefly, the Southwestern Power Administration agreed to trade its secondary power for delivery at peak-load periods for firm power from Texas Power & Light for delivery to the Government's customers. It was a fair deal and a good one for all concerned.

Here are the specific terms of the Texas contract, as brief as I can make them:

They outlined in specific detail the contract terms and also the peculiarities in the relationship between the Government and the Texas Power & Light Co.

The Texas Power & Light Co. agrees to purchase 120,000,000 kilowatt-hours of firm energy and available secondary energy from the first unit at Denison Dam, except that from 5,000 kilowatts reserved for Oklahoma companies.

Texas Power & Light agrees to pay $59,000 a month less credit, for power taken out of its system by the Government at a rate slightly higher than the SPA rate.

Texas Power & Light agrees to take 70,000,000 kilowatt-hours after the second unit is installed and one-half of the secondary energy, and agrees to pay $52,000 a month less credit for power taken out of its system by the Government at a rate slightly higher than the SPA rate.

Texas Power & Light agrees to take 70,000,000 kilowatt-hours after the third unit is installed and half the secondary energy produced from all three units, plus the output of the third unit which is not needed by SPA, and agrees to pay $6,000 a month additional to the $52,000 above.

The Government is given permission to take 20,000 kilowatts from the company's system and 25,000 kilowatts after the third unit is installed. The company agrees to firm it up to meet the needs of the customers.

The Government agrees to dispose of all its power to preferred customers and not to others as long as it can be marketed to the preferred classes.

The Government agrees not to sell power to other than preferred classes for a period of 18 months. If the Government violates this agreement, the company can terminate the contract on 3 years' notice.

The Government cannot sell power to any town or municipality which the company serves or may later serve at retail unless it builds a line from the dam to the customers and pays the company a penalty equal to the difference between their rates.

The Government cannot serve any customer on another system interconnected with the company.

The Government cannot serve any customer that is now served or may be served later by the company, except on penalty.

The company agrees to provide the necessary facilities, except those of excessive cost, for rendering service to Government customers.

The company agrees to release its customers, when requested by the customer, to the Government entitled to receive service under the contract.

The contract is for 20 years and is subject to termination on 6-year notice.

It is well to note at this point that there is no State regulatory commission in Texas which could increase rates to the co-ops. But there are in other States—Arkansas, Kansas, Louisiana, Missouri and Oklahoma—in SPA territory.

These are the main provisions of the Texas contract. It is obvious what dangers could arise if these terms were imposed in areas where the same specific conditions are not present. It would put the Government in the position of selling secondary power to monopolies which have already imposed on the people.

It would violate one of the firmly established tenets of our public power policy—to dispose of electric energy from public sources in a way so as to benefit the greatest number of people. If the Government finds itself with power to sell and no facilities for delivery, it would again be caught in the pincers of the utility monopolies.

Mr. President, at this point I ask unanimous consent to insert in the RECORD an editorial comment by Mr. Peter Edson, of the Washington Daily News, published on July 27, 1949.

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

JOKER

(By Peter Edson)

A huge joker has been found in the Senate Appropriations Committee recommendations against the building of Government transmission lines from Bureau of Reclamation power dams.

It relates to proposed orders that the Interior Department make contracts with Pacific Gas & Electric Co. and Idaho Power Co., similar to a contract now in force between the Government's Southwestern Power Administration and the Texas Power & Light Co.

The catch is that the Texas Power & Light contract was a special agreement made to fit peculiar circumstances not found in the California and Idaho areas. Forcing a Texas Power & Light type contract on other power projects would in effect restrict the Government to developing only secondary power to supplement primary power developed by the private companies.

The Texas contract was drawn up to handle only the public power developed at Denison Dam. This is a flood-control dam built by the Army engineers on the Red River, which forms the boundary between southern Oklahoma and Texas.

Not enough water flows through the Red River throughout the year to make possible the delivery of a large load of firm power by Denison Dam generators. But the water held at Denison Dam during heavy rainfall run-off is sufficient to deliver a fair quantity of secondary power for limited periods.

About the best Denison can do is deliver firm power for 8 hours a day, plus limited secondary power. This is hard power to sell. Southwestern Power Administration has no other generating capacity in this territory to tie into. But it does have a number of potential preference customers among rural cooperatives in the area. They could not be served, though, because Texas Power & Light controls all the transmission lines.

On the other hand, Texas Power & Light was in the position of needing reserve power for its peak load periods in the afternoon and evening. So here were all the elements for a good trade.

Under the law, Interior Department is selling agent for power generated at flood-control dams built by Army engineers. So in April 1947 Southwestern Power Administrator Douglas Wright made a contract for the Department with Texas Power & Light.

In brief, Southwestern Power swapped its secondary power for delivery at peak load periods in exchange for firm power from Texas Power & Light for delivery to the Government's customers. It is a good deal for both sides. It increased the company's capacity. It marketed the Government's power and delivered it to its customers.

The unsuitability of this Texas Power & Light type contract for other Government installations having the capacity to deliver large quantities of firm power is obvious.

A Senate floor battle has been promised by Senators O'MAHONEY of Wyoming, JOHNSON of Texas, SPARKMAN of Alabama, and others who want committee restrictions on the public-power program removed. If committee recommendations are adopted, they will put the Government in the role of being secondary suppliers to private monopolies.

Mr. HUMPHREY. Mr. President, the committee makes one recommendation which I urge the Senate to approve. That is approval by the committee of a cash appropriation to start construction immediately on a grid to serve central North Dakota and parts of western Minnesota. I believe this appropriation, as approved by the committee, is a forward-looking one.

Briefly, a number of REA-financed cooperatives in North Dakota are hard up for power. Without power they will not be able to extend service to thousands of rural people in their State. They propose to build a steam plant near Garrison Dam and will operate that plant for 5 years before Garrison Dam power will be available. They will use this transmission system to distribute their power.

Thousands of Minnesota farmers, as well as those in North Dakota, stand to gain by this program. These Minnesota farmers are members of distribution cooperatives which are served by the Minnkota Power Cooperative, of Grand Forks, N. Dak. The Minnkota co-op will tie in its system with the Bureau's. As soon as power is available from Garrison, these farmers will benefit, too.

The Department of the Interior is responsible for marketing power from multiple-purpose water-control projects constructed by the Bureau of Reclamation of that Department and those constructed by the Corps of Engineers of the Department of the Army. This means that Interior markets all Federal power except in the area served by TVA. The various laws providing for this power-marketing job require Interior to give preference in the sale of power to public bodies and cooperative organizations. They also require that the power is to be sold on a basis which will encourage its widespread use at the lowest rates consistent with sound business principles. Interior is authorized to build the transmission lines necessary to market the power. It is supposed to carry out its power job on a businesslike basis and return to the Treasury the costs allocated to power.

The privately owned electric utilities have contended that they should be permitted to buy all of the power generated at Federal projects and to distribute it to their customers along with their own power. The policy of Congress has been, however, that the privately owned utilities should not be permitted to monopolize the power from projects built with Federal funds, and it is for this reason that preference is given to public bodies and cooperatives.

The private utilities have also contended that if they cannot buy all of the power from Federal projects, they should provide the transmission facilities necessary to carry the power to market rather than having these facilities provided directly by the Government. This would have the effect of placing the private utilities in a position between the Government and the public bodies and cooperatives to which power is to be marketed. The utilities have opposed the appropriations for Federal transmission lines on the ground that these lines should be provided by them instead. In several instances, in the past, particularly in the Southwest, Congress has refrained from appropriating money for transmission facilities in the hope that the Government and the utilities could arrive at a mutually satisfactory agreement under which the policies required by law could be protected and, at the same time, the Government could avoid the expenditure required for transmission facilities. Very few such contracts have been worked out. In no case has an agreement been reached for the use of transmission lines when no appropriations for them have been made by the Congress. The opposition to appropriations by the utilities has been primarily a tactic employed to delay the marketing program of the Government.

In the 1950 appropriation bill for the Department of the Interior, the House of Representatives provided funds for the marketing of Federal power in the Southeast, Southwest, Missouri Basin, Northwest, Colorado, and California. The appropriations requested were supported by representatives of cooperatives in practically all of these areas, and many of the appropriations were opposed by private utility companies.

Mr. President, none of these items in the 1950 appropriation bill directly affect Minnesota. However, the problem represented by the conflicting action of the House and Senate committees, and the differences in policy involved have great future significance for Minnesota and its neighboring States. At the present time there are under construction, as part of the great Missouri Basin project, the Garrison Dam in North Dakota and the Fort Randall Dam in South Dakota. Early construction is being urged of the Oahe Dam in South Dakota. These three dams will have initial power installations totaling about 500,000 kilowatts. Interior must build transmission lines connecting these dams together and market their power output to public agencies and rural cooperatives and other customers in the region. Part of this power will undoubtedly flow to Minnesota.

The construction of these transmission lines in the future will assure the REA cooperatives, municipalities and other preferred customers in Minnesota their fair share of this Federal power. It will thus be made available to them when they want it and where they want it. The provision of these lines will assure that the power from these projects will not be monopolized by a few private companies in the area. In the next year or so, appropriation requests will be made for these facilities, and undoubtedly there will be the same kind of opposition which is being met in other areas this year.

The power from Federal projects, which belong to the people of the whole United States, can and should be put to work as a dynamic element in resource development in the regions in which it becomes available. Congress has developed over the last forty years the policies under which this power is to be sold. Without the provision of adequate funds, these policies can be rendered entirely ineffective. That is the effort being made this year by the private utilities. If these policies are to be nullified, the job should be done through the regular legislative process, with public hearings and full consideration of the effect of that nullification on the public interest.

I repeat, if we are to change the public power policy of this country, let us do it through legislation, let us change it on the basis of hearings and testimony,

soundly arrived at decisions. It should not be done by denying the appropriations which are essential if the responsibilities which the Congress has imposed upon the Bureau of Reclamation, and which policies have already become the established policies of this country, are to be discharged.

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

Mr. HUMPHREY. I yield to the Senator from Washington.

Mr. CAIN. I was very much interested in the area and scope of the Senator's discussion, and particularly about the beginning. I was intrigued to hear the Senator from Minnesota say that he approved conclusively the prevailing Federal power policy. From my point of view that is worthy of note, and particularly for the reason that the Senator from Minnesota is the first Senator I have heard say there is a public-power policy. I know I would benefit from his definition of what that policy has been, is, and presumably will continue to be in the future.

Mr. HUMPHREY. I would refer the distinguished Senator from Washington back to the Flood Control Act of 1944, which placed upon the Reclamation Service the responsiblity for the marketing of the power generated at the flood-control dams. We have quite a policy in the matter of the Tennessee Valley Authority, we have quite a policy on the part of the Federal Government in the matter of generating plants for rural REA cooperatives.

I also call to the attention of the Senator that both political parties, in their pious pronouncements to the American people as they get vote hungry, have said repeatedly that they are for federally owned transmission lines, for Federal power projects—both parties.

Mr. CAIN. I was concerned as to how the Senator from Minnesota would define a Federal power policy, and he has given to us the benefit of his own definition.

One other question. The Senator from Minnesota has spoken with some authority on the problems which concern all of us in the Pacific Northwest. I should like to ask the Senator from Minnesota whether it is his considered judgment that we need more transmission lines in the Pacific Northwest today, or whether we need more generated kilowatts of power. I ask that seriously, because it is obvious to everybody who has ever been in the Pacific Northwest, certainly in recent years, that we suffer from a lack of adequate power. We have not sufficient power to satisfy the needs of our present customers. If we build more transmission lines, are we not going to reduce the service which we are presently giving to our customers, not all of whom are being properly served today? The Senator will recognize the validity of the question.

Mr. HUMPHREY. I recognize the validity of the question. I also am greatly appreciative of the answer which the questioner has presented to me.

It is perfectly true that the great Pacific Northwest needs more power and it is perfectly true that the great Middle West needs more power, and it is perfectly true that none of the private utilities ever thought we did need any more power. In my own city of Minneapolis they condemned the building of a hydroelectric plant on the St. Croix River. I remember that the private utility company in my own city said, "That is surplus power," and after the cooperative built it, the private company was over there to see how much electricity they could get out of it.

I know of no private utility man who ever came before the Congress who ever had any faith in the American people consuming electricity. They kept the country in darkness until somebody put a little light on the subject about the possibility of getting electrical power for the plain people, and we started getting hydroelectric projects and transmission lines.

As to the other part of the question—because the Senator answered the first part of it—it is certainly true that we need more hydroelectric development in the great Pacific Northwest, and if we are to generate more power, it seems very obvious to this amateur in the electrical business that we need transmission lines to carry the power. My point is that if the Government of the United States, with the people's money, builds a hydroelectric power project, erects a dam and puts in the generating facilities, no private company should have a monopoly in taking that power off that public property.

Mr. CAIN and Mr. ECTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Minnesota yield; and if so, to whom?

Mr. HUMPHREY. I yield to the Senator from Washington.

Mr. CAIN. How are we in the Pacific Northwest to get a sufficient amount of power from all sources, both public and private, to distribute on the lines which are of such great concern to us this afternoon? If we have these new lines in the months to come, we are not going to have any power to distribute over them. That happens to be basic, and we are all in agreement on that. My great desire is to get the power. Where is the power coming from?

Mr. HUMPHREY. The junior Senator from Minnesota, because he is interested in the development of regional river projects and believes in the multiple-purpose type of project, thinks the best thing for us to do is to get the Columbia River project completed as fast as we can.

Mr. CAIN. Is there a single kilowatt of electricity available in the power project to which the Senator has referred?

Mr. HUMPHREY. I am sure there is.

Mr. MURRAY. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield to the Senator from Montana.

Mr. MURRAY. The junior Senator from Washington is greatly disturbed over the fact that we are building these transmission lines, and that we have not power to carry over the transmission lines.

Mr. CAIN. I am not greatly disturbed, I am raising a question which perplexes me.

Mr. MURRAY. The transmission lines are being provided for in order to have them ready when the various projects are completed, and when the power will become available. If we do not have them ready, then we will have these great projects producing power but no transmission facilities, no possibility of disposing of the power. So provision is being made for the power lines in order to take care of that situation.

For instance, take the situation in the State of Montana. We have the Hungry Horse Dam, which is going to become a very important part of the Columbia River development. It is going to provide a tremendous amount of power. We must have transmission lines in order to integrate that power with the Columbia Valley program.

Mr. CAIN. Mr. President, my understanding, and I may be mistaken, is that the transmission lines we presently have in the Northwest are capable of carrying a considerably greater amount of power than is being generated now. I approach this problem from the point of view of emphasis: Which should we do first?

Mr. HUMPHREY. Mr. President, I will say that I would give the Pacific Northwest both. I think both dams and transmission lines should be constructed. When I was mayor of the city of Minneapolis I heard argument over the question: "Should we put in the sewers first or should we wait until the houses were built and then put in the sewers? If we put in the sewers first we will have to wait until the houses are built before the sewers can be made use of. But on the other hand if we have the houses without the sewers we cannot use the houses." What kind of talk is that? What we need is electric power and we need transmission lines to carry that power. If there is any doubt as to which should come first, the junior Senator from Minnesota, because of the fact that he is not given credit for being among those who compose the economy bloc, is willing to vote to give both. I think both should be constructed in the great Northwest, which is a wonderful area. I think the great Northwest should also be generous in dealing with the Midwest.

Mr. President, the argument the distinguished Senator from Washington [Mr. CAIN] is making on the floor now was made by every utility man in the country respecting the TVA and respecting every public works project we have had which generates public power. First of all, they say we have too much electric power. Then when it is discovered that there is not sufficient power, the statement is made that there is no need for the building of transmission lines because there is not enough power being generated to call for construction of such lines. It is a nice Mexican bean game. When we have too much power there is no need for constructing more dams, because we do not have sufficient transmission lines to carry the power. When we have too little power the claim is made that because we have so little power there is no need to construct more transmission lines.

Mr. CAIN. Mr. President, will the Senator permit me to say that at the

moment I am not attempting to make an argument.

Mr. HUMPHREY. I surely agree that the Senator has not made an argument.

Mr. President, had we listened to the proponents of private utilities in this country I believe half the people would be living in darkness, and more darkness than just the lack of electric bulbs.

Mr. CAIN. Will the Senator permit me to finish? I wish to have the situation made quite clear, and I want to let the people in the Northwest know what the situation is, because I bear a considerable responsibility in that area, as the Senator from Minnesota also shares a considerable interest in the affairs of that region. If we build additional transmission lines without having an answer to when and how we are going to obtain additional power, we are merely going, in the immediate years ahead, to provide less service than the prevailing meager service we unfortunately have been required to provide for our people. We are going to have more miles of transmission lines to serve more customers with the same quantity of power. Now, if my people at home understood what they are getting, that is one thing. But my chief concern goes back to generating additional power.

I am not critical of the Senator from Minnesota, because I think he is adding a great deal of substance to the debate. But if I am not mistaken, the Senator's interest is almost entirely restricted to transmission lines, for I do not recall that the Senator was among those of us who appeared before the committees of the Congress to plead as best we could, on the basis of documented cases, for more money with which to generate additional power.

Mr. HUMPHREY. If the Senator will look into the record I think he will find that while it was not my privilege to be present in body, I was present in spirit, and by written testimony. I should like to make it crystal clear that not only the matter of transmission lines is involved, but also the matter of public power is involved. I am not going to be placed in the position of voting simply to build power projects, without the transmission lines, and then have someone say, "Look at me. I obtain power from a private power company at 5.8 mills a kilowatt-hour. Let that company have the monopoly on Uncle Sam's power projects." Not on your life, Mr. President. I say that if there is now a little shortage of power in the Northwest, and if the question is whether or not there ought to be built additional transmission lines, I say, build them. The fact remains that 80 percent of the power potential of electric power is to be found in the Senator's section, in the great Pacific Northwest.

Mr. CAIN. That is correct.

Mr. HUMPHREY. I say the Congress has been quite generous with the Pacific Northwest, and if there are a few transmission lines out there for which ready kilowatts cannot be found, dams can be built to keep the lines loaded. Where these great hydroelectric projects have been built, they are meaningless unless transmission lines exist to carry the current. The question is, Who is going to build the lines? I say it should be the Federal Government, if the project is federally owned. If it is a private dam or a private project, more power to the private company. That is my answer.

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

Mr. HUMPHREY. I yield to the Senator from Illinois.

Mr. LUCAS. I should like to see if we can secure a unanimous consent agreement to vote on the amendment. As I understand only two Senators, the two Senators from Montana, expect to speak on the amendment. Am I wrong in that assumption?

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

Mr. HUMPHREY. I yield.

Mr. MAGNUSON. I should like to have not more than 10 minutes at some time tomorrow.

Mr. LUCAS. I think the amendment has been quite well debated. I should very much appreciate it if we could secure a unanimous consent agreement. How much time will the senior Senator from Montana require?

Mr. MURRAY. Speaking for myself I wish to take some time to go over the program in its entirety. I want to take considerable time on it.

Mr. LUCAS. I expect the Senate to take a recess until 11 o'clock tomorrow. How long does the senior Senator from Montana expect to take?

Mr. MURRAY. I want at least an hour.

Mr. LUCAS. And how about the junior Senator from Montana? How long does he expect to speak?

Mr. ECTON. Mr. President, I am willing to do anything within reason to secure an agreement.

Mr. LUCAS. If the Senate meets at 11 o'clock a. m., will it be satisfactory that the time for voting on the amendment be fixed at 3 o'clock tomorrow?

Mr. CAIN. Mr. President, reserving the right to object, and I certainly have no disposition to object, I will say that the minority leader, the Senator from Nebraska [Mr. WHERRY] before he left, did not anticipate any unanimous-consent request to be made at this time. With the Senator's permission I should like to endeavor to get the Senator from Nebraska on the telephone and pose to him any unanimous-consent request the Senator seeks to have reached.

Mr. MURRAY. I spoke to the Senator from Nebraska just before he left the Chamber and he indicated to me that no effort would be made to secure a unanimous-consent agreement this evening.

Mr. LUCAS. Mr. President, I shall start asking for unanimous-consent agreements upon practically everything that comes before the Senate with the view of trying to advise the country that, insofar as the majority leader is concerned, I am not holding up the Senate of the United States in the matter of legislation.

It is my understanding that tomorrow the House will send to the Senate a concurrent resolution asking the Senate to join with the House in giving the House a 3 weeks' recess because the House does not have anything to do. I am as anxious to get away from the Senate of the United States as is any other Senator. We have important measures before us. I appreciate and realize that fully. But I am going to start to ask for unanimous-consent agreements on practically every measure that comes before the Senate and upon every amendment which gives rise to debate, with a view to try to tell the country at least that we are endeavoring to make some speed with respect to the adjournment of Congress. Of course, it is within the province of any Senator who wishes to do so to object.

I ask unanimous consent that not later than 2 o'clock tomorrow afternoon the Senate proceed to vote without further debate upon the pending amendment and all amendments thereto.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois?

Mr. MURRAY. Mr. President, I have no objection if we meet at 11 o'clock and vote at 2 o'clock.

Mr. LUCAS. That is my intention.

Mr. FERGUSON. Mr. President, reserving the right to object, the Senator from Michigan does not state this definitely, but he has in mind a motion to recommit the bill to the committee.

The VICE PRESIDENT. That would have no effect on the vote of the amendment.

Mr. FERGUSON. It would relate to the bill itself.

The VICE PRESIDENT. The unanimous-consent request relates to the vote on an amendment.

Mr. FERGUSON. Did I correctly understand the Senator from Illinois to say that he wished an agreement with respect to a vote on the bill?

Mr. MAGNUSON. No; only the pending amendment and all amendments thereto.

Mr. FERGUSON. I have no objection.

Mr. ECTON. Mr. President, is it assumed that the time will be equally divided?

Mr. LUCAS. That is correct. The time is to be equally divided between the junior Senator from Montana and the senior Senator from Montana.

Mr. FERGUSON. And time may be assigned to any Senator.

Mr. LUCAS. Certainly.

Mr. CAIN. Mr. President, knowing of the continuing desire of the Senator from Nebraska [Mr. WHERRY], the minority leader, to cooperate with the majority leader, and the wish of Senators on this side of the aisle to get on with the transaction of the business of the Senate, I think I can safely speak in this instance for the minority leader. I have no objection.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. LUCAS. Mr. President, in view of what the able Senator from Michigan said with respect to recommitting the bill to the committee, I presume the motion will be made on the ground that it contains legislation. If that is the viewpoint of any Senator, and if that is what is expected, if the point of order is good

it should be made at once. I have not examined the bill from that angle.

Mr. FERGUSON. Mr. President, will the Senator yield for a moment?

Mr. LUCAS. I yield.

Mr. FERGUSON. It is not on that ground. It is on the ground that so much has been added to the bill, and that there are so many unbudgeted items in the bill, that the committee should have the right to reconsider the entire bill. The motion would be based on that ground, rather than on the ground of legislation.

Mr. LUCAS. I appreciate the Senator's statement. The Senator from Michigan would probably make the motion to recommit.

Mr. FERGUSON. Yes. I merely wished to explain the grounds for the motion.

Mr. LUCAS. I am very appreciative of the Senator's statement. I was about to suggest that in the event the other situation was involved, instead of going through the bill we should consider that question immediately.

Mr. FERGUSON. No. My motion would not be based upon any technicality. The idea would be to send the bill back to the committee with all the amendments which the Senate has made. I am not trying to eliminate those amendments, but merely to have them considered by the committee.

Mr. LUCAS. I am grateful to the Senator for that explanation.

Mr. MYERS. Mr. President, as chairman of the Committee on Resolutions of the 1948 Democratic National Convention which drafted the platform on which President Truman successfully ran for election, I should like to make only a brief comment on the issue which is now before the Senate.

At Philadelphia last July our intent was to draft a platform which said as specifically as possible just where we, as a party, stood on the major issues before the country. We made no attempt to erect a tent under which any candidate, regardless of his views, could conveniently pause whenever it became important for him to identify himself with the Democratic party.

The platform was drafted to outline clearly and without any doubts where President Truman stood. It was drafted to suit his candidacy. It was drafted to demonstrate the clear continuation of Roosevelt policy in the Truman administration.

This is what we said on this issue of power—and I emphasize that there was no attempt whatsoever at the convention to erase any of this from the platform:

> The irrigation of arid land, the establishment of new, independent competitive business and the stimulation of new industrial opportunities for all of our people depend upon the development and transmission of electric energy in accordance with the program and the projects so successfully launched under Democratic auspices during the past 16 years.
>
> We favor acceleration of the Federal reclamation program, the maximum beneficial use of water in the several States for irrigation and domestic supply. In this connection, we propose the establishment and maintenance of new family-size farms for veterans and others seeking settlement opportunities, the development of hydroelectric power and its widespread distribution over publicly owned transmission lines to assure benefits to the water users in financing irrigation projects, and to the power users for domestic and industrial purposes, with preference to public agencies and rural electrification administration cooperatives.
>
> These are the aims of the Democratic Party which in the future, as in the past, will place the interest of the people as individuals first.

That is what we said, and we said it straightforwardly and, I trust, sincerely.

Our purpose is to assure that the power developed by the Federal Government, through facilities paid for by all of the people of the United States, is distributed fairly, equitably, and efficiently. This power belongs to all the people, and is not the private preserve of any interest except the public interest. The Government must not be forced to sell this power to monopolies unless private utilities show clearly that they will cooperate in the distribution of it on a proper basis.

Mr. President, although I have supported the administration's position and the Democratic platform on this matter, and intend to vote against the committee amendments on public power, I am struck by the fact that there is evidence of sizable opposition in Pennsylvania to the position which I am taking.

I am a little puzzled by an influx of mail from the eastern area of the State, particularly in the anthracite region, opposing any publicly owned transmission lines as constituting competition with private enterprise.

Although this is not a matter of direct geographical interest to this section of Pennsylvania, since we have no public-power projects anywhere in the State, I am impressed by the intensity of the feelings which these Pennsylvanians indicate on this subject.

As I have said, since I do not intend to support the position urged upon me by so many Pennsylvanians, I think it only fair to them that their views are brought directly before the Congress, and I therefore ask unanimous consent to have inserted at this point in the RECORD, as a part of my remarks, communications from individuals in Pennsylvania urging support for the Senate Appropriations Committee amendments limiting the construction of publicly owned transmission lines.

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

POTTSVILLE CHAMBER OF COMMERCE,
Pottsville, Pa., August 2, 1949.

Hon. FRANCIS J. MYERS,
Senate Building,
Washington, D. C.

DEAR SIR: Your help and support on the Senate Appropriations Committee's recommendation of bill H. R. 3838 will be appreciated.

This bill will eliminate the destructive and costly competition of the Federal Government against private enterprise in the generation and distribution of electric power.

Very truly yours,

ROBERT B. GABLE,
President.

WILMER FASHION,
Lehighton, Pa., August 2, 1949.

Hon. FRANCIS J. MYERS,
Washington, D. C.

DEAR SENATOR MYERS: We would like you to support Senate Appropriations Committee recommendations in Report No. 661 on the Interior Department appropriations bill H. R. 3838, in order to eliminate the destruction and costly competition of the Federal Government against private enterprise in the generation and distribution of electric power.

These recommendations in Report No. 661 will be a means of protecting investors in privately owned electric companies from destructive Federal competition, and should also be supported to stop wasting the taxpayers' money in building electric lines and plants where they are not necessary or where they are already built, for the Government to build additional transmission lines would only be a costly duplication of facilities.

It is important and desirable to stop the threatened nationalization of one of America's key industries.

Your support of this request will be appreciated.

Very truly yours,

PETER MERLUZZI.

THE UNION NATIONAL BANK,
Minersville, Pa., August 1, 1949.

Hon. FRANCIS J. MYERS,
United States Senator,
Washington, D. C.

DEAR SENATOR MYERS: Hearing that the Senate Appropriations Committee Report No. 661 on the Interior Department appropriation bill, H. R. 3838, is coming up for discussion, I would earnestly request you support this Report No. 661.

This, I believe, will stop the destructive and costly competition between Federal Government and private enterprise in the generation and distribution of electric power. It is also important to bring a halt to the threatened nationalization of one of America's key industries. This should be done to stop wasting taxpayers' money in the building of electric lines and plants where they are not necessary or where they now exist, therefore, we are asking for the support of this recommendation.

Very truly yours,

FRED J. WIEST.

DEPARTMENT OF PUBLIC SAFETY,
CITY OF POTTSVILLE, PA.,
Pottsville, Pa., August 1, 1949.

Hon. FRANCIS J. MYERS,
Senate Building,
Washington, D. C.

DEAR SIR: I am writing you with reference to bill H. R. 3838. This bill will eliminate competition of the Government with private utilities in the manufacture and distribution of electric power. This bill will also stop costly duplication of electric facilities and protect the investors in the privately owned electric companies.

Your help and support of this bill will be appreciated.

Yours respectfully,

EARL J. HOWELLS,
Director.

BERKELEY BAGS, INC.,
Mauch Chunk, Pa., August 1, 1949.

Hon. Senator FRANCIS MYERS,
United States Senate,
Washington, D. C.

DEAR SENATOR MYERS: We strongly approve the above bill which is now up for consideration in the Senate. We are writing this letter to you to make our viewpoint clear with regard to our position on the

principles of public utilities and private enterprise.

We are deeply concerned with the current trend of philosophy wherein the Government seeks to gradually encroach upon private enterprise or such public utilities as power, light, railroads, etc. We hope that you are in agreement with us that what has happened in Britain shall not be permitted to happen here.

We shall appreciate hearing from you as to your position on the above bill. We trust that you are in accord with us in the principle of not permitting the Government to go into competition with either public or private industry. We cannot begin to stress too much that if we are not continuously on our guard the Government may gradually gain a foothold from whence it would be easy to expand into other industries.

Very truly yours,

MILTON SAMUELSON,
President.

MINERSVILLE, PA., *August 1, 1949.*

Hon. Senator MYERS,
United States Senate,
Washington, D. C.:

We urge that you support the Senate recommendation 661, referring to the bill H. R. 3838, as we feel if this bill is passed it will not only help our community but every taxpayer in the United States.

JOHN RADZIEVICH.

C. V. CONVERSE & CO.,
Allentown, Pa., August 1, 1949.

Hon. FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MYERS: As vendors of public utility securities, we are very interested, as are many of our clients, in the Interior Department appropriations bill, H. R. 3838. We understand the Senate Appropriations Committee has recommended the disapproval of appropriations for the Central Valley steam plant and certain transmission lines in the Southwest as well as funds for the Southwestern Power Marketing Division.

We respectfully request that you support the recommendations of the Senate Appropriations Committee on the floor of the Senate.

Nationalization of industry regardless of the type is not the American way, and incidentally, does not seem to be doing so well in other parts of the world. We urge you to help keep our Government out of business.

Thanking you in advance for consideration in this matter, I am,

Very truly yours,

C. V. CONVERSE.

CHAMBER OF COMMERCE,
Ashland, Pa., August 1, 1949.

Senator FRANCIS J. MYERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MYERS: We are requesting that you lend your support to the Senate Appropriations Committee's recommendations on the Interior Department appropriations bill, H. R. 3838. Report No. 661.

We consider this very important in stopping the threatened nationalization of one of America's key industries. We certainly do not want a duplication of electric facilities and we would like to see the investors of private-owned electric companies protected from destructive Federal competition.

Thanking you in advance.

Very sincerely yours,

FRANKLIN L. LANE,
Secretary.

ALLENTOWN, PA., *July 29, 1949.*

Hon. FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MYERS: It is my understanding that the Senate Appropriations Committee has reported out the Interior Department appropriations bill, H. R. 3838, with certain definite recommendations, among which is the disapproval of appropriations for the Central Valley steam plant and certain transmission lines in the Southwest and adjacent Rocky Mountain States. I further understand that funds were disapproved for the Southeastern Power Marketing Division.

My only quarrel with the Senate Appropriations Committee is that it did not go far enough as I feel very keenly that neither Federal, State, nor municipal governments have either constitutional or moral right to enter into the power business, or any other business.

It is my firm conviction that the Socialists are using the so-called theory of byproduct electric energy as a vehicle to infiltrate in industry with the ultimate objective of socializing, and eventually communizing, this great country of ours.

I respectfully request that you support the recommendations of the Senate Appropriations Committee when the bill is brought on the floor of the Senate. This, I understand, will be very shortly.

Thank you for the courtesy extended in this matter.

Very truly yours,

W. C. MCHENRY.

LAUBENSTEIN MANUFACTURING CO.,
Ashland, Pa., August 1, 1949.

Hon. FRANCIS J. MYERS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I am taking the opportunity to ask you to support the Senate Appropriations Committee's report on the Interior Department Appropriations bill H. R. 3838, Report No. 661.

My reasons for asking you to support the committee's recommendations are to have eliminated the destructive and costly competition of the Federal Government against private enterprises in the generation and distribution of electric power, and to stop the costly duplication of electric facilities. I remain,

Your very truly,

RAYMOND P. LAUBENSTEIN.

MERCHANTS' BUREAU,
POTTSVILLE CHAMBER OF COMMERCE,
Pottsville, Pa., August 2, 1949.

Hon. FRANCIS J. MYERS,
Senate Building, Washington, D. C.

DEAR SIR: Your help and support on the Senate Report No. 661, bill H. R. 3838, with reference to making appropriations for the year of 1950, will be appreciated.

We hope this bill will stop the costly duplication of facilities and protect the investors in the privately owned electric companies, from destructive Federal competition. This bill would also stop the wasting of the taxpayers' money in building electric lines and plants where they are not necessary or where they may already exist.

Yours respectfully,

HENRY J. FICK,
President.

MAUCH CHUNK KIDDY KLOES,
Mauch Chunk, Pa., August 2, 1949.

Hon. FRANCIS J. MYERS,
Washington, D. C.

DEAR SENATOR MYERS: The Senate Appropriations Committee has reported out of committee the Interior Department appropriations bill H. R. 3838, which has been approved by the House. We desire your support of the Senate Appropriations Committee Report No. 661.

We urge you to support the recommendations in the report. It is important to eliminate the costly and destructive competition of the Federal Government against private enterprise, in the generation and distribution of electric power.

We feel it is important and desirable to stop the threat of nationalization of one of America's key industries.

The costly duplication of facilities and wasting the taxpayers money in building lines and plants where they are not required should be stopped to protect the investors in privately owned electric companies.

Anything you can do to have the recommendations approved will be appreciated.

Very truly yours,

JOSEPH R. MICALE, *Manager.*

SCHARADIN'S PHARMACY,
Frackville, Pa., August 1, 1949.

Hon. FRANCIS MYERS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Your support of the Senate Appropriations Committee recommendations to bill H. R. 3838 is urgently requested so that costly Government duplications of electric power facilities will not take place and which will save the taxpayers money.

Sincerely,

WILLIAM L. SCHARADIN.

BETHLEHEM, PA., *August 3, 1949.*

Hon. FRANCIS J. MYERS,
Senate Office Building:

It is our understanding that the Senate Appropriations Committee has reported out the Interior Department appropriations bill (H. R. 3838), and we wish to commend those features of the bill which declined approval of the Central Valley steam plant and separate funds for southeastern power marketing division.

We believe that the bill as reported out is substantially satisfactory because it achieves desirable savings and at the same time is in line with our interpretation of maintaining the free-enterprise system.

HARRY K. TREND,
General Secretary, Bethlehem Chamber of Commerce.

CHAMBER OF COMMERCE OF ALLENTOWN,
Allentown, Pa., July 29, 1949.

Hon. FRANCIS J. MYERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MYERS: For reasons which we believe to be sound, we are most anxious that you support the Senate Appropriations Committee recommendations with respect to H. R. 3838. It is our understanding that the committee has disapproved appropriations for the Central Valley steam plant and transmission lines in the Southwest and Rocky Mountain States, and that funds were disapproved for the Southeastern Power Marketing Division.

This organization is strongly opposed to the socialistic principle involved in legislation providing for governmental ownership and operation of what is presently private industry. That principle is very apparent in H. R. 3838 as originally drawn. The Appropriations Committee has rendered a fine service in its recommended revisions.

Again, may we ask your support of the committee recommendations on this bill.

Cordially,

COMMITTEE ON GOVERNMENTAL AFFAIRS,
CHAMBER OF COMMERCE OF ALLENTOWN, ALLENTOWN, PA.
WINFIELD CLEARWATER, *Secretary.*

ARCADY BAG CO.,
East Mauch Chunk, Pa., August 2, 1949.
Hon. FRANCIS J. MYERS,
Washington, D. C.

DEAR SENATOR MYERS: The Senate Appropriations Committee has reported out of committee the Interior Department appropriations bill, H. R. 3838.

My purpose in writing this letter is to urge your support of the Senate Appropriations Committee recommendations on their Report No. 661.

My reasons for requesting your approval of these recommendations are because the competition of the Federal Government with private enterprise is not only costly but destructive.

In order to protect the investors in private owned electric companies it is necessary to eliminate the duplication of facilities such as building electric lines and plants where they are not required.

Your cooperation will be greatly appreciated.

Very truly yours,

SAMUEL SAMUELSON.

MINERSVILLE PLANNING COMMISSION,
Minersville, Pa., August 1, 1949.
Hon. FRANCIS J. MYERS,
Senate, Washington, D. C.

DEAR SENATOR MYERS: After having looked into the provisions of the Interior Department appropriation bill, H. R. 3838, and the supporting Senate Appropriations Committee recommendation No. 661, we believe this to be the best program so far proposed in connection with Federal power, therefore, we ask you to support recommendation No. 661.

As we understand it this will certainly eliminate costly competition in the generation and distribution of electric power and will prevent the threatened naturalization of one of our key industries.

This will permit the Nation as a whole and every taxpayer to enjoy the fullest values of the development in its own way, each separately, Federal power and private power. This would stop wasting of taxpayers' money in building lines and plants where not necessary or where they already exist, thus protecting the investors in private owned electric companies from destructive competition.

For these reasons we ask your support of these bills.

Very truly yours,

F. T. TRAFFORD, *President.*
JOHN A. MOWER, *Secretary.*

BLACKWOOD COAL CO., INC.,
Minersville, Pa., August 2, 1949.
Hon. FRANCES J. MYERS,
Senate, Washington, D. C.

DEAR SENATOR MYERS: Having heard that the Interior Department appropriation bill H. R. 3838 has passed and that the Senate Appropriation Committee Report No. 661 on this bill is coming up for discussion, I would earnestly request you support this Report No. 661.

This will stop the destructive and costly competition between Federal Government and private enterprise in the generation and distribution of electric power. It is important in that it will stop the threatened nationalization of the electric industry in America. This should be done to save taxpayers' money in the building of electric lines and plants where they are not necessary or where they now exist, therefore we are asking for the support of this recommendation.

Very truly yours,

JOHN RADZIEVICH,
President.

TAMAQUA MERCHANTS ASSOCIATION,
Tamaqua, Pa., August 1, 1949.
Hon. FRANCIS J. MYERS,
United States Senate,
Washington, D. C.

DEAR SENATOR MYERS: Please give your urgent support to the passage of the Interior Department appropriation bill H. R. 3838. The committee Report No. 661 on this bill H. R. 3838 appears to have some merit in the solution of the wasteful power project programs that are currently raging. We know that you are no more in sympathy with nationalization of electric industry or any other than we are. Therefore we again ask that this situation be carefully studied and the Report No. 661 above referred to shall be included in the bill.

H. R. FENSTERMACHER,
President.

THE FREE PRESS,
Minersville, Pa., August 11, 1949.
Hon. FRANCIS J. MYERS,
Senate, Washington, D. C.

DEAR SENATOR MYERS: According to congressional reports, the Senate Appropriation Committee recommendation No. 661 on the Interior Department appropriation bill H. R. 3838 is up for hearing, I would ask that you support this recommendation No. 661.

This will stop the costly competition and bring a halt to the threatened nationalization of one of our key industries, also permit the Nation and every taxpayer to enjoy the fullest values of the development, each in its proper sphere, Federal power and private power. This would save the taxpayers money in building electric lines and plants where they are not needed or where they already exist.

There may be many more good reasons but I believe this is sufficient for you supporting this Report No. 661.

Very truly yours,

IRA B. JONES,
Publisher.

MESSNER & HESS STORES,
Minersville, Pa., August 11, 1949.
Hon. FRANCIS J. MYERS,
Senate, Washington, D. C.

DEAR SENATOR MYERS: Hearing that the Senate Appropriation Committee Report No. 661 on the Interior Department Appropriation bill H. R. 3838 is coming up for discussion, I would ask that you support this recommendation No. 661.

This will eliminate costly competition and is necessary to bring a halt to the threatened nationalization of one of our key industries, also permit the Nation and every taxpayer to enjoy the fullest values of the development, each in its proper sphere, Federal power and private power. This would stop wasting the taxpayers' money in building electric lines and plants where they are not needed or where they already exist.

There may be other good reasons but I believe this is enough to warrant the support of this recommendation No. 661.

Very truly yours,

CLARENCE MESSNER.

LYKENS CHAMBER OF COMMERCE,
Lykens, Pa., August 11, 1949.
Hon. FRANCIS J. MYERS,
United States Senate,
Washington, D. C.

DEAR SENATOR: We feel that the Senate Appropriation Committee's Report No. 661 on recommendations to the Interior Department bill H. R. 3838, is very beneficial and important. If it is adopted, our people's confidence in our Government will be restored, knowing that they are not wholly competing with the industries of our country.

Your support of this bill will be greatly appreciated.

Yours respectfully,

PETER J. MCCORMICK,
Secretary.

WILLIAMSTOWN CHAMBER OF COMMERCE,
Williamstown, Pa., August 11, 1949.
Hon. FRANCIS J. MYERS,
United States Senate,
Washington, D. C.

DEAR SENATOR: The Senate Appropriation Committee's Report No. 661 on Recommendations to the Interior Department bill, H. R. 3838, seems to us to be most constructive. If adopted, it would be reassuring to the American people to know that their Government is not going socialistic, deviating from the American way of life by being competitors with private industry.

May we respectfully ask your support in its adoption.

Respectfully yours,

ANTHONY J. CAMER,
Secretary.

WEISS'S, INC.,
Lansford, Pa., August 4, 1949.
Senator FRANCIS MYERS,
The Senate,
Washington, D. C.

DEAR SENATOR MYERS: We urge you to support Senate committee recommendations contained in Report No. 661 on the Interior Department appropriations bill H. R. 3838. Passage of this bill will eliminate the costly competition of the Federal Government against private enterprise in the generation and distribution of electric power.

It is desirable to stop threatened nationalization of one of America's key industries and permit the taxpayers to enjoy the fullest values of Federal power and private power, each in its own way. It is also desirable to stop costly duplication of facilities caused by Federal competition where facilities already exist and this will protect the investors in privately owned electric companies.

Very truly yours,

JOSEPH P. WEISS.

SUNBURY CHAMBER OF COMMERCE,
Sunbury, Pa., August 5, 1949.
The Honorable FRANCIS J. MYERS,
United States Senate,
Washington, D. C.

DEAR SENATOR MYERS: We are advised that the Senate Appropriations Committee has reported out Interior Department appropriation bill H. R. 3838.

We have studied the provisions of this bill and our executive committee has directed that we urge your support of this bill when it is presented in the Senate.

We are satisfied that the provisions of this bill are in the interest of individual citizens as well as industry throughout the area and will have the hearty endorsement of the general public.

Yours very truly,

E. L. GILL,
Secretary.

POCONO MOUNTAINS
CHAMBER OF COMMERCE,
Stroudsburg, Pa., August 3, 1949.
Senator FRANCIS J. MYERS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: We note that the Senate Appropriations Committee has reported out the Interior Department appropriations bill (H. R. 3838), and in so doing has declined to approve Central Valley steam plant and many transmission lines there, in the Southwest

and the Rocky Mountain States, assuming that affected companies will negotiate contracts and thus avoid duplication of facilities. We also note that it decided against approving separate funds for Southeastern Power Marketing Division.

We strongly urge that you give your individual support to the recommendations of this committee because of the desirable savings effected and the limitations imposed against further trends toward socialism in our form of government.

Sincerely yours,

CARL B. SEARING,
Executive Secretary.

LANSFORD BUSINESSMEN'S ASSOCIATION,
Lansford, Pa., August 4, 1949.

Senator FRANCIS MYERS,
The Senate, Washington, D. C.

DEAR SENATOR MYERS: We ask you to support Senate Appropriations Committee recommendations contained in Report No. 661 on the Interior Department appropriations bill H. R. 3838. We believe the support of these recommendations to a successful passage of the bill will eliminate the destructive and costly competition of the Federal Government against private enterprise in the generation and distribution of electric power.

This is important and desirable to bring to a halt the threatened nationalization of one of America's key industries and permit the Nation to enjoy the fullest values of the development, each in its proper sphere, of Federal power and private power.

We believe costly duplication of facilities must be stopped to protect the investors in privately owned electric companies from destructive Federal competition where electric facilities already are built.

Very truly yours,

RODMAN MORGAN,
President.

HAZLETON, PA., *August 5, 1949.*

Hon. FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SIR: I have noted that the Senate Appropriations Committee has reported out the Interior Department appropriations bill H. R. 3838. It seems to me that the committee report and the bill are steps in the right direction in the interest of economy in Government, cooperation of Government and business, and efficient use of the facilities of both.

For a long time the sharp and unfair competition existing between Government and business has cost the taxpayers of the United States millions of dollars. Why should citizens of Pennsylvania be billed for subsidized electrical energy provided citizens of Tennessee or Missouri or California? Why should Government be allowed to build steam electric-generating plants in direct competition with and ofttimes in duplication of privately owned and operated utilities? Why should transmission facilities be duplicated all over the land? Ever since the founding of this great Nation of ours private initiative and enterprise has been responsible for the enormous strides which have been made in every field of endeavor without unfair competition from our Government. Let's keep our Government out of business. Remember the mess we made of running the railroads and the air-mail service?

H. R. 3838 at least indicates a willingness on the part of Government and business to cooperate and live together. I therefore wholeheartedly solicit your support for this bill and let's keep America safe for free Americans.

Yours very truly,

ROLAND E. EDMUNDS.

HAZLETON, PA., *August 5, 1949.*

Hon. FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SIR: The established course over the past years which our Government has taken regarding the huge expenditures spent for ventures into fields which rightfully belong to private initiative is appalling. Millions for this business venture and millions for that venture, most of which are unnecessary and could be more efficiently and economically handled by privately owned business, are being approved with regularity. This needless spending has had its effect on the mounting Federal debt.

I am, therefore, pleased to note the report of the Senate Committee on Appropriations on the Interior Department appropriation bill, H. R. 3838. This report indicates a spirit of cooperation between Government and business in the elimination of a measure of destructive and unfair competition of the Federal Government against private enterprise in the generation and distribution of electric energy. It is in this field particularly, where large amounts of money have needlessly been spent and where the taxpaying public utilites could have done the job just as well.

I would appreciate your favorable consideration and support of this bill and any other measures which will preserve the long-established American way of working together for the common good.

Yours very truly,

DAVID J. RODERICK.

TREMONT, PA., *August 10, 1949.*

Senator FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SIR: I urgently solicit your support of the Senate Appropriation Committee's Report No. 661 on their recommendations on the Interior Department appropriation bill, H. R. 3838.

This will eliminate the destructive and costly competition of the Federal Government against private enterprise in the generation and distribution of electric power. It is time to call a halt to the wasting of the taxpayers' money.

Respectfully yours,

W. E. JONES.

HAZLETON, PA., *August 8, 1949.*

Hon. FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SIR: Your active support of Interior Department appropriations bill H. R. 3838 is earnestly solicited.

From reports which I have recently read this bill together with the Senate Appropriations Committee report on the bill indicate a trend of thinking which we believe is consistent with good, sound American common sense. I see no reason for the widespread cutthroat competition now existing between Government and business which is costing the taxpayers of the Nation countless millions of dollars at a time when the need for curtailment of Government spending is most urgent in order that a balanced economy may be obtained. I believe that private industry can do the job efficiently and at a saving, and they certainly should be allowed to do so.

Government certainly has no right to set itself up in business against private interests and thus reduce the potential tax revenues and increase the financial burden of all of us. Those burdens have become almost too heavy already. Great Britain is now in the throes of economic bankruptcy brought on purely by their Government dabbling very inefficiently in business for which it is not fitted. We in America prefer the American way of doing things which has proved so successful since 1776.

Yours very truly,

FRED BICKING.

HAZLETON, PA., *August 8, 1949.*

Hon. FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SIR: I am happy to note from the report of the Senate Appropriations Committee on Interior Department appropriations bill (H. R. 3838) that a realization of the necessity for cooperation between Government and private enterprise is at last evident. The needless construction by the Government of electric power generation and transmission facilities, duplicating in many instances those of privately owned companies, has cost the American taxpayer countless millions of dollars.

Consider the expenditures approved for New Johnsonville steam electric generating station. This plant will merely firm up installed hydroelectric power generation and this could just as easily have been accomplished by privately owned, taxpaying public utilities.

It seems to me that the obvious course to be followed today is to trim Government expenditures wherever possible in order that a stable economy may be assured. With this fact in mind, the elimination of Government spending in direct and unfair competition with private business would certainly be one place in which tremendous savings could be made.

It is therefore in the interest of good government that I earnestly solicited your support of this bill.

Yours very truly,

JOHN S. DAVIDSON.

TREMONT, PA., *August 10, 1949.*

Senator FRANCIS MYERS,
Senate Office Building,
Washington, D. C.

DEAR SIR: I urgently solicit your support of the Senate Appropriations Committee's Report No. 661 on their recommendations on the Interior Department appropriation bill, H. R. 3838.

This will stop the costly duplication of facilities and protect the investors in private-owned electric companies from destructive Federal competition.

Respectfully yours,

MORGAN S. FELLOWS.

POTTSVILLE, PA., *August 11, 1949.*

Hon. FRANCIS J. MYERS,
Senate Building, Washington, D. C.

DEAR SIR: Your help and support on the Senate Report No. 661, bill H. R. 3838, with reference to making appropriations for the year of 1950, will be appreciated.

I hope this bill will stop the wasting of the taxpayers' money in the building of electric lines and plants where they are not necessary.

Very truly yours,

MATT J. MCDONALD.

PITTSBURGH, PA., *August 11, 1949.*

Senator FRANCIS J. MYERS,
United States Senate,
Washington, D. C.

DEAR SENATOR MYERS: Undoubtedly, you are being overwhelmed with communications urging you to reconsider the action of the Senate Committee on Appropriations in disallowing certain funds for use by the Government in building duplicate transmission lines and other power facilities.

My judgment is that this action of the Senate committee is one of the first hopeful signs that our legislative leaders are beginning to think in terms of economy in the

use of taxpayers' funds. I sincerely hope that you will use your great influence to maintain a trend in this direction.

There is no better way to economize than to avoid duplicating and unnecessary expenditures of taxpayers' money. It is especially true when these duplications compete with American business enterprise. No branch of this enterprise has done a better job for the country than that accomplished by the electric utilities. There is no need for the Government in the power business on the basis of power supply or transmission of energy from existing plants.

If we are to preserve America, we must stop competing with the industries that made America possible and we must stop wasting taxpayers' money. I hope you will agree that these nonessential appropriations should not be authorized again and will use your influence accordingly.

Very truly yours,

P. H. POWERS.

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a copy of a letter addressed to the Senator from Tennessee [Mr. MCKELLAR], chairman of the Senate Committee on Appropriations, by Wesley R. Nelson, Acting Commissioner of the Bureau of Reclamation, regarding efforts which have been made from time to time by the Bureau of Reclamation to obtain a so-called wheeling arrangement with various private power companies, which, if entered into, would put into effect a plan similar to the so-much-discussed Texas contract plan.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D. C., August 9, 1949.

Hon. KENNETH MCKELLAR,
Chairman, Senate Committee on Appropriations, United States Senate.

MY DEAR SENATOR MCKELLAR: In reading the report of the Committee on Appropriations on the Interior Department appropriation bill, 1950 (S. Rept. No. 661), I note that in a number of instances in which the committee has recommended against the appropriation of funds for the construction of certain Bureau of Reclamation proposed transmission lines and other power features, the committee has stated that its recommendation is based upon the assumption that contracts can be negotiated which will provide, in effect, that the companies concerned will deliver Government-generated electricity to customers having a preference by law in the purchase of power from the Government. This service is, as you know, sometimes referred to as "wheeling" service. The report states that the Commissioner of Reclamation shall report to the Appropriations Committee by January 1, 1950, on the progress made in entering into such wheeling contracts for service to preferred Government customers.

I am in a position at this time to inform you as to the results of our previous attempts to obtain wheeling service with the companies in question in order to serve preferred Government customers. A brief résumé of the status of those negotiations with each company is set forth in the following paragraphs.

PACIFIC GAS & ELECTRIC CO.

Active negotiations with the Pacific Gas & Electric Co. to obtain wheeling arrangements whereby the Government could serve preferred customers of the Central Valley project were resumed in 1948. Several requests have been made of the company. The only wheeling service that the Pacific Gas & Electric Co. has indicated a willingness to render is limited to wheeling to deliver power for project irrigation pumping and certain other direct project uses. The company has not agreed to supply wheeling service to any preferred customers of the United States. The company has also refused, in the face of requests from the Bureau of Reclamation so to do, to provide wheeling service in order to permit the Central Valley project to supply electric power and energy for the direct use of other agencies of the United States in California. It is apparent, therefore, that over an extended period of time the Bureau of Reclamation has been unable to secure from the company an agreement to wheel power along the lines indicated in the committee report.

IDAHO POWER CO.

In reply to a request made to the Idaho Power Co. early in 1949 as to the willingness of the company to wheel Bureau power to serve preferential customers and for Bureau use, the company has replied indicating a willingness only to transfer power from Anderson Ranch for the service of irrigation pumping customers. Here again this Bureau has seen no evidence of a willingness on the part of the Idaho Power Co. to render the type of wheeling service concerning which the committee has indicated that negotiations should be undertaken.

MONTANA POWER CO.

In 1947, request was made of the company that it provide a general wheeling service in order to enable the United States to serve preference customers. This request was twice repeated. The only reply that this Bureau has been able to obtain is that the company was giving the wheeling question consideration. I think you will agree that such an answer from the company does not indicate much promise that preference customers of the United States will be afforded an opportunity to purchase power from the United States through wheeling arrangements with the Montana Power Co. Further light on the attitude of the Montana Power Co. in connecting with wheeling is shed by the fact that the company has been unwilling to entertain arrangements for the wheeling of power even for the purpose of supplying construction power at the Hungry Horse and Canyon Ferry projects, both of which are under construction by the Bureau of Reclamation.

PUBLIC SERVICE CO. OF COLORADO

The Public Service Co. of Colorado was contacted as early as September 1947 to discuss mutual power problems. At that time the company representatives appeared to be amazed at the temerity of the Bureau officials in suggesting that consideration be given to wheeling. However, at a later date, in conversation with an REA project, the company apparently indicated that it was willing to consider wheeling if the charges for wheeling were paid by the REA project involved over and above the charges which that project would pay for Bureau power. In all such discussions, the company appeared to be willing to consider only one REA cooperative and not the general class of preferred customers as indicated by reclamation law. It is noted in the hearings before the Senate Appropriations Committee that the company made the statement that now they did not care who paid the wheeling charge, although the company has never presented any such proposal to the Bureau of Reclamation. Such proposal as the company made to the REA project did not appear very attractive because of the high price indicated for a relatively short transmission distance. What arrangements might be made with the company for a wider service area for wheeling of Government power are not definitely known, but unofficial comments made by company representatives would not make the possibilities look too bright.

CONCLUSION

In summary then, the Bureau has not thus far found in its discussions with the companies concerned reason to believe the preference to public bodies and cooperatives embodied in the reclamation law can be achieved through wheeling arrangements of the type the committee has in mind.

Sincerely yours,

WESLEY R. NELSON,
Acting Commissioner.

SENATOR FROM RHODE ISLAND

The VICE PRESIDENT. The Chair lays before the Senate a copy of a letter from the Senator from Rhode Island [Mr. MCGRATH] addressed to the Governor of that State on August 19, 1949, submitting his resignation as United States Senator, effective at the close of business of the Senate on Tuesday, August 23, 1949.

Without objection, the letter will be printed in the RECORD, and ordered to lie on the table.

The letter is as follows:

AUGUST 19, 1949.

The Honorable JOHN O. PASTORE,
Governor of Rhode Island,
State House, Providence, R. I.

DEAR GOVERNOR: I hereby submit my resignation as United States Senator for the State of Rhode Island, to be effective at the close of business for the United States Senate Tuesday, August 23, 1949.

I plan to take my oath of office as Attorney General of the United States on the 24th after I have relinquished my position as chairman of the Democratic National Committee. It would please me very much if you could be in Washington on that occasion. However, I realize that you may already be irrevocably committed to other engagements and I will certainly understand if that is the situation.

The decision which I have reached, I need not tell you, was not an easy one at which to arrive. However, I have made the decision more in the nature of responding to a call than of making a choice between two great offices.

Also, through you as Governor of the State, I would like to say to all of our people that the opportunity of becoming Attorney General of the United States through the direct appointment of the President is an honor which could come only through the support which the people of Rhode Island have given to me throughout my public career, and I shall always try to repay their kindnesses through devotion to my official duties and an ever-readiness to serve our State in any way that I can.

Every assistance will be extended by myself and my staff to whomever you appoint to the United States Senate.

Yours sincerely,

J. HOWARD MCGRATH,
United States Senate.

RECESS

Mr. MYERS. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, August 24, 1949, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 23 (legislative day of June 2), 1949:

COAST AND GEODETIC SURVEY

The following-named employee of the Coast and Geodetic Survey to the position indicated:

To be ensign

John J. Dermody, effective August 10, 1949.

IN THE ARMY

Brig. Gen. Elbert Louis Ford, O5251, United States Army, for appointment as Chief of Ordnance, United States Army, and for appointment as major general in the Regular Army of the United States, under the provisions of section 12, National Defense Act, as amended, and title V, Officer Personnel Act of 1947.

Lt. Gen. Wade Hampton Haislip, O3374, Army of the United States (major general, U. S. Army), for appointment as Vice Chief of Staff, United States Army, with the rank of general under the provisions of section 504 of the Officer Personnel Act of 1947.

Maj. Gen. William Henry Harrison Morris, Jr., O3102, United States Army, for appointment as commander in chief, Caribbean, with the rank of lieutenant general under the provisions of section 504 of the Officer Personnel Act of 1947.

IN THE AIR FORCE

The following-named persons for appointment in the United States Air Force, in the grade and corps indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), and title II, Public Law 365, Eightieth Congress (Army-Navy-Public Health Service Medical Officer Procurement Act of 1947):

To be majors, Medical Corps

Andres I. Karstens, O542449.
Paul E. Lance, O480242.

To be captains, Medical Corps

Robert R. Kessler, O1746057.
Carl B. Richey, Jr., O435892.

To be captains, Dental Corps

Leonard S. Johnston, Jr., O356385.
Thomas K. Jones, O360089.

To be first lieutenants, Medical Corps

Neill H. Baker, O962711.
Charles G. Campbell, O965830.
Philip C. Canney.
Hugh H. Curnutt, O963956.
Toby Freedman.
Ned T. Gould, O954270.
Gene A. Guinn, O961037.
Eugene T. Hansbrough, O961453.
William C. Hedberg, O963363.
Prescott B. Holt, O965461.
Sidney B. Kern.
Paul J. LaFlamme, O965462.
James T. Leslie, Jr.
Benjamin J. Meadows, Jr., O961040.
Richard C. Peterson, O962718.
Rhea S. Preston.
Walter P. Reeves, O965463.
Fabian J. Robinson, O961438.
Warner M. Soelling, O961549.
Robert J. Suozzo, O963142.
Archie E. Van Wey, O953811.
Charles J. Weber, Jr., O962730.
Robert L. Williams, O1718921.
Joseph B. Workman, O1727509.
Richard L. Zettler, O961435.
Louis H. Zucal, O953813.

To be first lieutenants, Dental Corps

Salvatore A. Cordaro, O959922.
Sterling H. Kleiser, O966172.
Joseph F. Welborn, O962112.

The following-named persons for appointment in the United States Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), and section 2, Public Law 775, Eightieth Congress (act of June 25, 1948):

To be first lieutenants

Robert B. Booz, O434631.
John E. Cleary, AO1593501.
Vincent J. Del Beccaro, AO319095.
Francis C. Eberhart, AO406720.
Leonard Eichner, O1171524.
Fred B. Hammond, Jr., O351266.
F. Ned Hand, O423267.
Raphael J. Hogan, O361965.
Henry M. Klein, AO566934.
William L. Koch, AO703274.
Joseph E. Krysakowski, AO725888.
Jonah Lebell, AO949879.
Henry S. Lewis, Jr., MO16867.
Robert W. Michels, AO409120.
Gilbert E. Montour, AO435975.
Lee G. Norris, AO1849788.
Peter Portrum, AO569807.
Donald H. Smith, AO728118.
Ralph Trabb, AO794905.
Joseph R. Wine, Jr., AO376451.
Gust J. Yandala, AO789852.

The following-named persons for appointment in the United States Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

To be second lieutenants

Joseph O. Beard, Jr.
Marion C. Becker.
Joe L. Bradley.
Allen C. Clark.
Guy F. Collins.
William R. Coughlin.
Robert S. Cruikshank, AO1849578.
John S. Finlay III.
Robert E. Gabosch.
Francis L. Gasque.
Richard C. Golden.
Edgar B. Gray.
Warren L. Hildebrandt.
Lauren D. Hobbs, AO1849258.
Hoyt F. Holcomb.
Bondy H. Holcombe, AO1847999.
Samuel B. Love, AO1904202.
Ralph A. Magnotti.
Ramon McKinney.
Richard R. Moore, AO932640.
Ralph A. Morgen.
David W. Sharp.
Kemon P. Taschioglou.
Walter T. Wardzinski.
Donald F. Wischow.

HOUSE OF REPRESENTATIVES

TUESDAY, AUGUST 23, 1949

The House met at 12 o'clock noon.

The Acting Chaplain, the Reverend James P. Wesberry, pastor, Morningside Baptist Church, Atlanta, Ga., offered the following prayer:

Gracious Father, we unite our prayer today with the prayers of millions of earnest, sincere, God-fearing citizens of our Nation who thank Thee and pray each day for these great and good leaders who serve so faithfully and untiringly.

Overshadow each of them, we pray, with Thy loving and providential care. Endow them with health and strength for their bodies. Give them wisdom for the great decisions they must inevitably make. Bless and keep their families. Comfort and heal any of their loved ones who may be sick.

When we have served our day and generation, and evening wanes, may it come as the close of a perfect day, as we hear Thee say:

Well done, thou good and faithful servant: thou hast been faithful over a few things, I will make thee ruler over many things: enter thou into the joy of thy Lord.

In the name of the Supreme Judge of all mankind. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries.

PERMISSION TO SIT DURING SESSION TODAY

Mr. STANLEY. Mr. Speaker, I ask unanimous consent that the Subcommittee on Accounts of the Committee on House Administration may sit during general debate during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

EXTENSION OF REMARKS

Mr. SIKES asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution from the Florida State Legislature.

Mr. HEDRICK asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the Atlantic magazine of August 7, 1949, by Mr. Soterios Nicholson, entitled "World Federation."

BIRTHDAY CONGRATULATIONS TO JOHN KEE

Mr. CAVALCANTE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CAVALCANTE. Mr. Speaker, yesterday was the seventy-fifth birthday of our esteemed chairman of our House Committee on Foreign Affairs, the gentleman from West Virginia [Mr. KEE]. It is regrettable that the press of business yesterday did not permit us to extend our felicitations to him on the record. I know that the gentleman from West Virginia [Mr. KEE] will overlook our unintentional inadvertence and accept the belated congratulations of his colleagues. May time and health extend his span of life into the years to come and then beyond, until the cup of life is brimly coned to overflow.

Mr. Speaker, may I extend, at this point in my remarks, an article written by Mr. John White in the Times-Herald, Washington, D. C., of August 22, 1949, entitled "Did You Happen To See Representative JOHN KEE?"

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CAVALCANTE. The article is as follows:

DID YOU HAPPEN TO SEE REPRESENTATIVE JOHN KEE?

(By John White)

If friendliness is an asset in men who help direct their country's foreign affairs, then the United States is fortunate indeed in having JOHN KEE as chairman of the powerful House Foreign Affairs Committee. He is one of the friendliest men in Congress.

Or outside of Congress.

He is the joiner of joiners.

He is a past governor of the Bluefield, W. Va., lodge of Moose; he has been West Virginia State president of the Elks; he belongs to the Odd Fellows and the Knights of Pythias; he is an active Episcopalian; he is an honorary member of the Veterans of Foreign Wars; he belongs to various other groups too numerous, as the society editors say, to mention.

If he can't find some outfit to join he gets so restless he is liable to start one of his own.

He just naturally likes to be with people.

JOHN KEE has been a joiner all his life.

When he was only 19 he was State councilor for the Junior Order of American Mechanics. He has belonged to something or other as long as he can remember.

He was born in Glenville, W. Va., August 22, 1874 (Happy birthday, sir! May all your organizations prosper), and for a long time there was a story in his family that he made his first public appearance at the age of 6, campaigning for his father, who was running for county clerk.

There is no truth to this rumor, KEE reports. Actually he had made his initial public appearance several years before that time. "My mother nearly fainted when I came out to give a recital. My dress was rumpled."

Along with his love of organizations he very early showed a knack for the law. After Glenville State Normal School he went to law school at West Virginia University and for years was a successful lawyer.

He practiced in West Virginia and was an attorney for oil companies. In 1902 he opened the first office the Virginia railroad ever had. It was in Beckley, W. Va., and it possessed exactly six chairs, a flat-top table, a roll-top desk, a broom, and a sprinkler. Eight years later that railroad was a $42,000,000 affair.

In 1914, KEE tried politics. He was defeated for prosecuting attorney. In 1922, however, he was elected to the West Virginia State Senate and served for 4 years in that body. He was nominated in 1928 in the Democratic primary for Congress and was defeated. His fourth try came in 1932, when he was elected to Congress, ousting the man who had defeated him in 1928. He has never had much trouble getting back in since. He became chairman of the Foreign Affairs Committee recently when Sol Bloom died.

JOHN KEE is a gentleman with kind brown eyes, soft gray hair, and a most polite manner. People automatically call him "Judge." He loves to tell stories like this:

Once a friend of mine, an ex-judge, asked a friend of his, a many-time offender, how things were going.

"Well, Judge," said the man, "I reckon that I've been impleaded criminally before the bar of every court in West Virginia, from the slopes of the Alleghenies to the falls of the Great Kanawha, but, thank God, now I've got rid of all my troubles except for three little darn insignificant indictments down here in Boone County; one for murder, one for horse stealing, and one for highway robbery."

EXTENSION OF REMARKS

Mr. MITCHELL asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous material.

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD in two instances and include in one a speech he delivered before the convention of the American Federation of Teachers and in the other an editorial from the Milwaukee Journal.

Mr. FLOOD asked and was given permission to extend his remarks in the RECORD and include a statement made by former Assistant Secretary of Labor Hon. John T. Kmetz.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in three instances and include excerpts.

Mr. AUCHINCLOSS asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. STOCKMAN asked and was given permission to extend his remarks in the RECORD and include an article.

ECUADOR

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FLOOD. Mr. Speaker, yesterday I introduced a concurrent resolution asking the Congress to extend its sympathy to our sister Republic of Ecuador because of the disastrous and tragic earthquake which recently occurred there, and also asking the Congress to express its intent that the Government of the United States take some formal monetary action of assistance, as has been done by other American Republics.

I hope that the Committee on Foreign Affairs, through the chairman or some member thereof, will see fit to introduce the necessary legislation to execute the intent of the concurrent resolution, and I hope the chairman of the Committee on Foreign Affairs will take immediate action as far as the House is concerned on such resolution.

H. R. 4495

Mr. DAVENPORT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DAVENPORT. Mr. Speaker, in the interest of all postal employees I urgently request the Members to sign discharge petition No. 18, introduced on Thursday, August 18, by Congressman ROBERT J. CORBETT, of Pennsylvania, to discharge the House Committee on Rules in order to bring H. R. 4495 to the floor of the House for action. This bill provides for a general salary increase, which is vitally necessary. It provides for an annual wage increase of $150. It grants the postal employees 20 days' annual leave, which is an increase of 5 days over and above what he now receives; but 6 days less than civil-service employees enjoy. It provides for the crediting of all past service in order that the older employees in point of service may enjoy the longevity grades which are so rightfully theirs.

There are 495,000 employees serving the public in the United States post offices. They, together with their families, total up to millions of law-abiding, hard-working American citizens. They represent a sizable segment of the Nation's population. It is an important segment, reaching into every city, village, and hamlet. They have rendered good service and fully deserve your support.

DEFICITS IN THE POST OFFICE DEPARTMENT

Mr. WITHROW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WITHROW. Mr. Speaker, today I have presented a bill which I commend for especial study by all Members of the Congress. This bill deals with the Post Office Department's recurring deficits, a subject of concern to all of us.

As a member of the Post Office and Civil Service Committee, I have been particularly interested in this subject for several reasons. I am offering my bill in the sincere belief that a method at last can be found for abolishing postal deficits, thus enabling the Post Office Department to demonstrate how well it can operate within its income and still meet ordinary expenses.

We have been totally unfair toward the Department in expecting it to meet its obligations from its appropriations when all sorts of extraordinary expenses are piled high, thus forming a drain upon its income. I wonder that the deficit is not even more than $325,000,000 this year.

In any event, I find myself entirely opposed to withholding from the postal employees the fair play they should receive in better salaries and in working conditions and at the same time confronting these employees with this ever-mounting deficit as the reason why we should not pass pending legislation.

At the same time, the public is entitled to know the whole truth and nothing but the truth on the subsidy issue—just what is being paid to whom for what services to the Government. I doubt that any Member of the Congress has these answers.

Eminently unfair is the threat to increase postal rates, or even to lower them, unless and until we know by what amount the postal system fails to discharge its duties with the operating funds it receives and the revenues it produces—minus the subsidies.

Just now I am not specifically expressing opposition to subsidies until we can know what these subsidies consist of and for what reasons. Therefore, I propose in my bill the simple expedient of crediting the Post Office Department for all services it performs for all other branches of the Government, including all so-called penalty and franked mail. In addition, the bill would credit the Department with all subsidies. Later, after our committee has had opportunity to study the entire field, we can find ways and means of authorizing direct appropriations to the cause of subsidies and not

clutter up the orderly process of delivering the mails with all kinds of extraneous matter. Last of all must we retard the even flow of justice to the postal employees by using the postal deficit as an excuse.

I appreciate the desirability of balancing the postal budget. However, I realize that that cannot be done until the encumbrances which are forced upon that Department are credited to the proper departments. As an example, the Hoover report stated that more than $100,000,000,000 in free services are rendered by the Postal Department to other departments of the Government, including the Members of the Senate and the House. I have no complaint as to the advisability of granting these services, however, I feel that it is manifestly unfair to charge the Postal Department with the administering of these services and not credit the service to their account. The cost of these services should be charged to the departments that receive the service.

In my opinion, the same yardstick should be applied to all the departments that is applied to the Post Office Department. Particularly in view of the fact that it is in reality a service department and has done more to develop this great Nation of ours than any other one Government agency.

LEAVE OF ABSENCE

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. MARTIN] may be granted a leave of absence for 10 days on account of official business.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

REMOVE EXCISE TAXES

Mr. SADLAK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SADLAK. Mr. Speaker, Sunday afternoon I had the opportunity to visit and attend some four outings in Connecticut. During the course of the afternoon I met a great number of people, particularly in the Meriden-Wallingford area, who were greatly concerned about the excise taxes, especially the taxes on silverware. They are of the belief that if these taxes were removed or reduced that a considerable amount of silverware would be purchased which, in turn, would mean employment for many people who are now unemployed in that area; layoffs due to present large inventories. One particular observation, Mr. Speaker, still baffles me and perhaps the Speaker and the distinguished minority leader might be able to resolve this bafflement for me. It arises from a remark made by one of the ladies expressing her belief that if, perchance, there were more married persons in the Congress, perhaps the Congress would then more readily and more quickly remove all of these burdensome wartime taxes, especially those on such necessities as baby oils and ladies' handbags.

EXTENSION OF REMARKS

Mr. RICH asked and was given permission to extend his remarks in the RECORD in two instances and include in each an editorial.

Mr. PATMAN asked and was given permission to extend his remarks in the RECORD and include an address delivered by Alexander M. Campbell, Assistant Attorney General, at the State convention of the Department of Texas of the American Legion.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. THOMPSON. Mr. Speaker, I offer a resolution (H. Res. 337) and ask unanimous consent for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That House Resolution 44, Eighty-first Congress, as amended, providing that the Committee on Merchant Marine and Fisheries, making a study and analysis of the financial operation of the Panama Canal; shall report its findings not later than September 1, 1949, is hereby amended to extend the time of such report until January 31, 1950.

The SPEAKER pro tempore (Mr. PACE). Is there objection to the request of the gentleman from Texas?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand this is just merely postponing the time for the filing of a report.

Mr. THOMPSON. That is correct.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CIVIL FUNCTIONS APPROPRIATION BILL, 1950

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I will shortly offer a motion which will be found on the first page of yesterday's RECORD to instruct the conferees on the civil functions appropriation bill.

As soon as I am recognized for that purpose, I expect to go into the matter in detail and show just what it means. I trust that every Member will stay here, for the reason that this is of vast importance to the people of every section of the country. This bill has been in conference since the first of June. Here it is almost September.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. RANKIN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

(For motion of Mr. RANKIN, see pages 11931–11933 of the House proceedings of August 22, 1949.)

Mr. RANKIN (interrupting the reading of the motion). Mr. Speaker, I ask unanimous consent that further reading of the motion be dispensed with. I will discuss it as we go along.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

CALL OF THE HOUSE

Mr. CANFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 193]

Allen, Ill.	Halleck	Phillips, Calif.
Bailey	Hand	Pickett
Bates, Ky.	Hart	Poulson
Bates, Mass.	Hays, Ark.	Powell
Blackney	Hébert	Quinn
Bland	Heffernan	Redden
Blatnik	Heller	Reed, Ill.
Bolton, Md.	Hill	Reed, N. Y.
Bolton, Ohio	Hinshaw	Regan
Breen	Hoffman, Ill.	Rhodes
Brehm	Hoffman, Mich.	Ribicoff
Brown, Ohio	Jackson, Calif.	Richards
Buckley, N. Y.	James	Rivers
Bulwinkle	Jenkins	Roosevelt
Burke	Kee	Sadowski
Byrne, N. Y.	Keogh	Shafer
Chatham	Kilburn	Simpson, Pa.
Clevenger	Latham	Smith, Kans.
Cole, N. Y.	Lodge	Smith, Ohio
Coudert	McCormack	Stigler
Curtis	McGregor	Thomas, N. J.
Dingell	McSweeney	Tollefson
Durham	Mack, Ill.	Towe
Eaton	Macy	Underwood
Elston	Madden	Velde
Fogarty	Marshall	Vursell
Gamble	Martin, Iowa	Whitaker
Gilmer	Morgan	Wilson, Ind.
Gore	Morton	Woodhouse
Gorski, Ill.	Murdock	Woodruff
Gorski, N. Y.	Murray, Wis.	Zablocki
Hall, Edwin Arthur	Noland	
Hall, Leonard W.	Norton	
	Pfeiffer William L.	

The SPEAKER. On this roll call 331 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CIVIL FUNCTIONS APPROPRIATION BILL, 1950

Mr. TABER. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. TABER. Mr. Speaker, I make a point of order against the motion that it is not a proper motion to instruct the conferees. It relates to a bill which has come from the Senate with numerous amendments running from 1 to 17. It does not give any instructions as to details relating to the bill.

I make the further point of order that the motion is in violation of clause II, rule XX and of clause II of rule XXI in that it includes items that are not authorized by law. It is not a separate motion relating to those items required in clause II of rule XX, which rule says "unless specific authority to agree to such amendments shall be first given by

the House by a separate vote on every such amendment."

Now, as to that particular point of order I wish to call the Chair's attention to the report of the Committee on Public Works, which committee reported a bill which was passed yesterday, and particularly to pages 106, 107, and 108 of that report. If the Chair would like a copy, I have a duplicate of that report here. This relates to the Missouri Valley Basin and on page 108 the report states:

Additional authorization. The committee notes that the cost of work completed and under way under the basin plan approval exceeds the monetary authorization for the approved basin plan by $391,363,600. Thus monetary authorizations are not sufficient to cover the completion of work now under way; and there is no backlog of authorizations for the initiation of new projects.

In other words, none of the projects in that particular basin that have not been started are authorized.

This motion provides $500,000 for the Gavins Point Reservoir to start in Nebraska, and it appears on page 44 of the Senate report that the over-all cost of that project will be $23,300,000.

In addition to that item there is the Optima reservoir project in Oklahoma. The Optima project, it was stated in the hearings before the Senate by the engineers, was authorized by the Flood Control Act of 1936. On page 1577 of the laws of 1936 it appears that an authorization for that project was made to the tune of $1,530,000. The estimated cost of that project as appears on page 47 of the Senate report is $18,150,000, so that this project is not authorized by law.

I have some precedents that I would like to call to the attention of the Chair. The first is paragraph 3235 of Cannon's Precedents of the House of Representatives, volume 8, 1936, page 724:

The ruling out of a motion to instruct conferees does not preclude the offering of a proper motion to instruct.

Instructions to managers of a conference may not direct them to do that which they might not do otherwise.

A motion to instruct conferees may not include directions which would be inadmissible if offered as a motion in the House.

A motion to instruct conferees to concur in a Senate amendment with an amendment not germane thereto was ruled out of order.

It goes on there for quite a distance, and follows the same sort of set-up.

Then on page 730, a point of order was made on a tariff bill. This is section 3244:

Instructions to managers of a conference may not direct them to do that which they might not otherwise do.

Instructions may not require conferees to report back amendments outside the subjects in disagreement between the two Houses.

That was in 1922, on a point of order made by Mr. Garner of Texas. The motion attempted to direct the conferees to report a rate lower than that in disagreement between the two Houses.

On page 737 of the same volume there was a question as to whether conferees could go beyond what they were authorized to do. The Speaker ruled that they could not be so instructed. That was on a point of order made by Mr. Fitzgerald of New York, in 1912.

In Hinds' Precedents, volume 5, 1907, a ruling of the same kind was made on page 701, paragraph 6386:

Instructions to managers of a conference may not direct them to do that which they might not otherwise do.

In paragraph 6387, it is stated that Speaker Keifer ruled in 1882 that it was not in order to recommit a conference report with instructions for them to do something which they might not have done in the first instance.

On page 720 it is stated that in 1898 a similar point of order was sustained, and it was held that the committee of conference had no jurisdiction to agree to anything of that kind.

I submit this to the Chair, feeling that when we take up matters of this kind we should not try to bypass the rules of the House and provide for things on which, if any action is to be taken, it should be taken on a reporting back of the items in disagreement in the regular way in accordance with the rules.

Mr. RANKIN. Mr. Speaker, the gentleman from New York [Mr. TABER] has wobbled all over the lot and has not put his finger on a single item that is not authorized by law.

This resolution comes under section 910 of the Rules of the House of Representatives which was adopted, I believe, in 1931. It reads:

After House conferees on any bill or resolution in conference between the House and the Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees or to instruct said House conferees.

That is what this motion provides, Mr. Speaker. The gentleman from New York attempts to tell the Chair that there are some projects covered by this resolution which have not been authorized.

If that is true, the point of order should be directed at those specific projects. The truth is I think every project included here has not only been approved or authorized by the Congress, but has also been passed by the United States Senate.

So I submit, Mr. Speaker, that the gentleman's point of order is not well taken and I trust the Chair will overrule the point of order.

Mr. CASE of South Dakota. Mr. Speaker, will the Chair indulge me for just a brief comment?

The SPEAKER. The gentleman may proceed.

Mr. CASE of South Dakota. Mr. Speaker, with reference to the Gavins Point Reservoir, which was cited by the gentleman from New York, that is a part of the comprehensive plan for the Missouri River Basin which was authorized by the Flood Control Act of December 22, 1944. As I understood the remarks of the gentleman from New York, he was calling attention to the report of the Committee on Public Works and the bill which was considered by the House yesterday carrying additional authorizations in dollar amounts. It is true that the bill which first authorized the Gavins Point Reservoir as a part of the comprehensive plan for the Missouri River Basin carried an authorization for appropriations for the prosecution or partial accomplishment of the program to the extent of $200,000,000. There has been one addition to that, of another $200,000,000 of authorization. Both were applicable to the comprehensive plan as a whole, and were not specified as related to the individual projects. The bill which the House considered yesterday carried an additional general authorization for $250,000,000. It is true that the committee report on the bill considered yesterday, the public works bill, did list the Gavins Point Reservoir as a project on which actual construction has not yet started. It is also true the report stated the projects already started exhausted the prior authorizations. But I would call the attention of the Speaker to the fact that the original project was authorized as a comprehensive plan and that Gavins Point Dam is a unit in that plan.

Mr. FERNANDEZ. Mr. Speaker, may I be heard on the point of order?

The SPEAKER. The gentleman may proceed.

Mr. FERNANDEZ. Mr. Speaker, in line with the point of order which was made by the gentleman from New York, I would like to propound a parliamentary inquiry because if this motion to instruct is a motion which in arriving at the total under dispute would limit the conferees to the items included in the motion, then the point of order, I think, is good insofar as, for example, an item in New Mexico, the Chamita Reservoir, for which $75,000 for planning was included in the budget report and included in the total amount which the House approved for flood control when the bill was passed here first, and then included by the Senate as part of the construction money provided by the Senate. In effect, it has been approved by both the House and the Senate, and yet is not included in this motion to instruct.

Consequently if the motion limits the conferees to an amount within which they cannot include that sum, then we would be requiring them to do that which they could not do otherwise, that is to say, to eliminate an item already approved by both the House and the Senate.

The SPEAKER. In answer to the gentleman's parliamentary inquiry, the Chair would state that the conferees can only be instructed on matters set out in the motion. Other matters would be in conference just the same. It would not be an exclusion of anything not contained in the motion.

Mr. FERNANDEZ. But this item is a part of the total made up by the items contained in this motion. If they are not

limited to the amount of the total made up by the items included here, then, of course, that is all right.

The SPEAKER. Those matters are in conference. This motion would not affect them at all, one way or the other.

Mr. ENGEL of Michigan. Mr. Speaker, I would like to be heard on the point of order.

It is my judgment that the motion to instruct conferees should be directed toward each individual amendment by number, and give instructions as to that particular amendment. The weakness of the present motion to instruct is that it attempts to instruct the conferees on a particular list of projects. On page 9 of the bill, pertaining to flood control, amendment No. 7, the Senate increased the amount for flood control from $321,000,000 to $415,084,300. The committee report to the House in addition to the amount in the bill but not a part of the bill specifies the projects which the committee and the House recommends the money be spent on. It is not legally binding on the engineers; they have an option to change if projects run short of money; they can increase and finish a project. It is merely advisory. The engineers have always followed the advice of the Congress as nearly as they could.

My contention is that a proper motion to instruct would instruct the House conferees as to just what amount they want that $321,000,000 to be increased to. The motion should instruct us either to recede or concur in the Senate amendment for the $415,084,300, or the motion should specify the exact amount. So unless the motion includes the amount specified and exact instructions on each amendment it is absolutely out of order.

Mr. RANKIN. Mr. Speaker, in reply to the two gentlemen who have just spoken, I call attention to the fact that the rule provides that where a conference between the two Houses shall have been pending for more than 20 days and the conferees shall have failed to make a report this motion is in order. These conferees were appointed on June 1, almost 3 months ago; so from that standpoint I note they raise no point of order.

On August 17 the gentlemen speaking about these projects—they are so accurately described that I do not believe even that member of the conference can misunderstand them, but the gentleman from Missouri [Mr. CANNON] on the 17th of August inserted in the CONGRESSIONAL RECORD in the Appendix, page A5382, a list of the projects that the House conferees were willing to accept. Nobody misunderstood what that meant, and nobody misunderstands what my motion means.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. CANNON. The citation to the CONGRESSIONAL RECORD which the gentleman just gave us does not include the items which the gentleman has since that time added.

Mr. RANKIN. I understand; if it had it would not be necessary to offer the motion.

Mr. CANNON. And they do not include those complained of in this point of order.

Mr. RANKIN. What are you complaining of in this point of order? Let us see about it. They talk about budget recommendations. According to the statement of the gentleman from Missouri [Mr. CANNON] there were 25 projects on the first page of his table that he proposes to approve, that have no budget estimates.

Now the gentleman comes back and attempts to ring down the curtain of limitations on the project in Nebraska, Gavins Point Reservoir, for which we propose to instruct the conferees in this motion to provide $500,000. There was no limitation on the authorization or that of the Tennessee-Tombigbee, or the Buford Dam in Georgia.

There is no limitation whatsoever on these projects in Nebraska and at Tucson, Ariz. They were simply authorized by Congress. There is one at Rutland, Vt., and also one in Ohio, namely, the Martin's Ferry project. There was no limitation on those authorizations. They have not put their finger on a single project, Mr. Speaker, that violates the rules of the House and if they did, if there should be one in here, it would be their duty to point it out and make the point of order against that specific provision or specific project.

I submit, Mr. Speaker, this motion is thoroughly in order. Here we are almost ready to adjourn or to take a recess for 30 or 60 days, I do not know how long; yet this bill is hanging fire. It involves every section of the United States. This is the only method, the only way that we can bring the conferees to a decision to present this bill back to the House and Senate and let both Houses pass it in the regular way.

Mr. Speaker, I submit that the gentleman's point of order is not well taken.

Mr. TABER. Mr. Speaker, I should like to call the attention of the Speaker to the fact that rule XXVIII, paragraph 1½a, which allows a motion to instruct conferees to come up after 20 days, does not waive the requirements of clause 2, rule XX, in the slightest degree. I really think I should read that so that it may be fully before the House:

> No amendment of the Senate to a general appropriation bill which would be in violation of the provisions of clause 2 of rule XXI, if said amendment had originated in the House, nor any amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

Now, clause 2 of rule XXI prevents appropriations being made without authorization by law. The Committee on Public Works itself has stated to the House in its report that there is no authority in law for the Gavins Point Reservoir which is mentioned on page 107 of their report and as the Optima project; it was stated in the Senate hearings to be only authorized by the law of 1936, which I referred to in detail to the amount of $1,520,000, and the cost will be $18,100,000.

Of course, the point of order could be made just to the two items which are out of order, but I have made it to the whole motion. The whole motion is out of order.

Mr. ENGEL of Michigan. Mr. Speaker, I want to insist upon the point of order that the motion to instruct must be directed at a particular amendment; for instance, amendment 2, which is an appropriation for rivers and harbors, increasing it from $176,000,000 to $229,000,000.

The gentleman from Mississippi would write the entire list of projects into the bill. He cannot tell me now whether his motion will increase this from $176,000,000 to $200,000,000 or $225,000,000. The same is true with regard to amendment No. 7, flood control.

There is nothing in this motion which instructs the committee as to how much money they should provide in this bill for either flood control or rivers and harbors. It may even exceed the Senate figures.

The SPEAKER. The Chair is prepared to rule.

The Chair has been very much interested in the discussion of the point of order from both angles.

Attention has been called to rulings of Speakers in the past. The Chair has examined those precedents and finds that they were motions to recommit conference reports with instructions that were either not germane to a Senate amendment or directed House conferees to change the text of a bill that had been agreed to by both Houses.

When it comes to clause 2 of rule XX, to which the gentleman from New York called attention, that clause is simply a limitation on the authority of House conferees.

That rule, I think, was adopted about 1920, but in 1931 the following became a part of the rules of the House.

Rule XXVIII, clause 1½a:

> After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees—

And so forth. Clause 2 of rule XX is a restriction on the powers of House conferees; a limitation upon their authority. This rule that the Chair has just read, adopted in 1931, goes to the authority and the power of the House of Representatives to instruct its agents.

The only question before the Chair then is as to whether or not the items included in the motion to instruct are in conference. The Chair thinks they are in conference between the Senate and the House, and therefore holds that it is in order under clause 1½a of rule XXVIII to instruct House conferees on any matter in disagreement.

The Chair overrules the point of order.

Mr. RANKIN. Mr. Speaker, I have made this motion in order to bring this bill to the floor of the House and to approve those projects that are absolutely necessary.

As I pointed out, on the seventeenth the gentleman from Missouri [Mr. CANNON] inserted in the RECORD the projects that the House conferees were willing to accept. Some of the most vital and necessary projects in this bill were left out. The gentleman from South Dakota, [Mr. CASE] was contemplating and had worked out a motion to instruct. I simply took the figures that he had and included them in my motion.

Now, let us see what we propose to do.

The first one is the Tennessee-Tombigbee inland waterway. I took the figures of the gentleman from South Dakota and reduced them to the irreducible minimum, $625,000. The Army engineers said that they needed $5,000,000. They are ready now to begin work. We are going to have a great deal of unemployment in that area in the next few months. This work needs to be started right now. Again, it will provide a slack-water route from the Gulf of Mexico to Pittsburgh, Pa. There will be a slack-water route up the Tombigbee to the Tennessee, then a downstream route 215 miles to Paducah, Ky., and then you have, I believe, 46 locks and dams between Paducah and Pittsburgh, Pa., which provide a slack-water route all the way. At the same time it saves the downstream current of the Mississippi for descending traffic.

It will provide a slack-water route all the way from the Gulf to Chicago, and all the way to Minneapolis and St. Paul, and all the way up the Missouri River behind those dams that are being constructed and, provided for in this bill.

Again, the greatest defense plant on earth is at Oak Ridge, Tenn. The greatest defense plant on earth, I repeat, is at Oak Ridge, Tenn., on the Tennessee River. This project will cut the water distance from Oak Ridge to the Gulf of Mexico by 800 miles and reduce the cost by more than $30,000 on a barge load of 14,000 tons going from Mobile to Oak Ridge.

Then, from Demopolis, to which point we already have navigation provided, it would cut that cost $38,000 going from there to the Oak Ridge plant on the Tennessee River.

You talk about war. You are not going to have a war with bows and arrows.

If there should be another war, it will be a war with atom bombs and airplanes. Where are your bombs made? They are made at Oak Ridge on the Tennessee River. For you to quibble about starting this project that means so much from that standpoint, and then vote billions and billions and billions of dollars to give to foreign countries, the loyalty of many of which is in question, is about the most ridiculous performance I have even seen.

Again, you have this Buford Dam in Georgia. They did not attack it; did they? Why did they leave it out? This Buford Dam is one of the great projects of the South. It needs to be developed. We provide here $750,000. If my motion is carried today, this bill will be adopted, I will guarantee you that. It will be accepted at the other end of the Capitol, and that will be the end.

Then we have in Texas the Intracoastal Waterway from Galveston. That is only planning money, $50,000.

What is the objection to that? None whatever. With the Intracoastal Waterway, when this project is provided, the Tennessee-Tombigbee inland waterway, you will have a slack-water route from Brownsville, Tex. to Pittsburgh, Pa.

Mr. DAVENPORT. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Pennsylvania.

Mr. DAVENPORT. Mr. Parrish, the president of the Alleghany Asphalt Co., told me here a couple of months ago that it would save his company thousands and thousands of dollars a year.

Mr. RANKIN. I thank the gentleman from Pennsylvania.

I know Mr. Parrish. They have a large number of barges, many of them 14,000 tons capacity. When one of them goes down the Ohio and the Mississippi to the Gulf what do you suppose it costs to go from Mobile back to Pittsburgh? What would be the saving? If that barge should pick up a load of, we will say, bauxite or lumber or oil or cottonseed meal and hulls, what would it save in going from Mobile back to Pittsburgh, Pa.? It would save $22,000 on its fuel bill alone.

Yes, the businessmen of Pittsburgh and Cincinnati, and of every other town along the Ohio, the upper Mississippi, the Missouri and the Illinois, that understand what this project means, are for it. This attempt to smother it is one of the most ridiculous performances I have ever known.

Tucson, Ariz.: We provide there $500,000 for that project, that is long overdue. The opposition did not attempt to tell you that it was not authorized.

You take the one at the Toronto Reservoir, in Kansas, on the Missouri River. We provide $400,000, not as much as the Senate provided. None of these items are up to the Senate's provisions. We cut them down to the irreducible minimum.

For the House Montana project we provide $200,000.

At Gavins Point Reservoir, in Nebraska, $500,000: If there is anything wrong with the authorization of the Gavins Point project, why do they not make a direct attack on it? Why do they not make a point of order against that one project?

Mr. LECOMPTE. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Iowa.

Mr. LECOMPTE. I notice the gentleman has included in his motion a considerable number of flood-control projects. The Red Rock project on the Des Moines River, long ago authorized, and with some money appropriated for it, and included in the Senate bill to the extent of $500,000, is not in the gentleman's motion, if I read it correctly.

Mr. RANKIN. But it still is in conference.

Mr. LECOMPTE. But you do not include it in your motion today.

Mr. RANKIN. I will say to the gentleman that I overlooked that.

Mr. LECOMPTE. But we are out—you do leave it out of your motion.

Mr. RANKIN. But it is in conference.

Mr. LECOMPTE. It may be in conference, but it is not included in the resolution today.

Mr. RANKIN. I believe there are five or six projects in Iowa.

Mr. LECOMPTE. But we do not have anything for the Red Rock Dam proposition, a flood-control project for the richest agricultural valley in the world.

Mr. RANKIN. I will say to the gentleman from Iowa that if the other body includes it I will support it when it comes to us.

Mr. LECOMPTE. But you did not put that in.

Mr. RANKIN. I am sorry, but nobody called it to my attention. I took the list that my distinguished friend, the gentleman from South Dakota, had. I conferred with men at the other end of the Capitol and worked out the best list we could.

Mr. LECOMPTE. Will you be willing to accept an amendment to the resolution?

Mr. RANKIN. I will have no objection to it, I will say to the gentleman.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. CASE of South Dakota. The gentleman from Mississippi has referred two or three times to a list that I had, as if it were something which I had originated.

Mr. RANKIN. I know that you did not.

Mr. CASE of South Dakota. I think the Members are entitled to know what that list was. It was not a list which I originated and it was not my list or my selection.

Mr. RANKIN. I know. I did not say it was the gentleman's list.

Mr. CASE of South Dakota. It was not a list which I prepared.

Mr. RANKIN. I know that; but it was a list which the Senate conferees were willing to agree to.

Take this one—the Rutland, Vt., or take the Martin's Ferry, Ohio, project, or the Optima reservoir in Oklahoma. If they are not authorized, why did they not make a point of order against them?

In New Mexico there is the Rio Grande floodway—$50,000 for planning. All we are doing here is trying to iron things out and bring out a bill which the House can agree to and the Senate will adopt.

Mr. FERNANDEZ. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. FERNANDEZ. In New Mexico there is one project, the Chamita project, for which the Bureau of the Budget approved $75,000. That amount of $75,000 was approved by the House in the bill and was included in the total amount in the bill. It was included by the Senate in the total amount of its bill except they added construction money. That is not in the gentleman's list. I am certain, after talking to the gentleman this morning, that it was probably left out

inadvertently. It is not in the list of the gentleman from Missouri [Mr. CANNON]. I am sure it was not intended to be disapproved by not being in that list—I am so advised. But can the gentleman advise what is going to be the effect of his motion on the conferees? Will they have the right to put that item, which is not in dispute, back in their total?

Mr. RANKIN. They will have the right to adopt the Senate amendment.

Mr. FERNANDEZ. I make this inquiry because I realize I am not in a position to offer a motion to amend the gentleman's motion, unless he were to yield to me for that purpose.

Mr. RANKIN. They will have the same right as with reference to the project mentioned by the gentleman from Iowa [Mr. LECOMPTE].

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. SHEPPARD. Do I understand correctly the gentleman's statement a moment ago that the list he was referring to included projects which the Senate put in the bill, which were not in the House but had been authorized by law?

Mr. RANKIN. No.

Mr. SHEPPARD. Did the gentleman from Mississippi [Mr. RANKIN] make that statement?

Mr. RANKIN. I made the statement that the gentleman from Missouri [Mr. CANNON] inserted in the RECORD a list of projects which the House conferees were willing to accept. This is a list that the Senate insisted on, I will say to the gentleman from California; this is a list to which I added other projects in order that I might get this instruction and get this bill out of the way before the House went into recess.

Mr. SHEPPARD. What I am trying to establish, if the gentleman please, is that the Senate put in a certain amount of other projects over and above those that came from the House.

Mr. RANKIN. That is right.

Mr. SHEPPARD. Does the gentleman's list include all of those which the Senate put in, or does it not?

Mr. RANKIN. It does not include all of them—no; not all of them.

Mr. Speaker, I reserve the balance of my time and now yield 15 minutes to the gentleman from Missouri [Mr. CANNON].

CALL OF THE HOUSE

Mr. McGRATH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Evidently no quorum is present.

Mr. HARRIS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 194]

Allen, Ill.	Bland	Bulwinkle
Bailey	Blatnik	Burke
Bates, Ky.	Bolton, Md.	Byrne, N. Y.
Bates, Mass.	Bolton, Ohio	Celler
Bentsen	Breen	Chatham
Biemiller	Brehm	Chiperfield
Blackney	Brown, Ohio	Clemente
Clevenger	Hoffman, Mich.	Poulson
Cole, N. Y.	Jackson, Calif.	Powell
Combs	James	Quinn
Coudert	Jenkins	Redden
Cox	Kee	Reed, Ill.
Curtis	Keogh	Reed, N. Y.
Dawson	Kilburn	Regan
Dingell	Latham	Ribicoff
Durham	Lesinski	Richards
Eaton	Lodge	Rivers
Evins	McCarthy	Roosevelt
Fellows	McCormack	Sadowski
Fisher	McGregor	Shafer
Fogarty	McSweeney	Short
Gilmer	Madden	Simpson, Pa.
Gorski, Ill.	Marshall	Smith, Kans.
Gorski, N. Y.	Martin, Iowa	Smith, Ohio
Gross	Morgan	Stigler
Hall, Edwin Arthur	Morton	Thomas, N. J.
Hall, Leonard W.	Moulder	Tollefson
Halleck	Murdock	Towe
Hand	Murray, Wis.	Underwood
Hart	Norton	Velde
Hébert	O'Neill	Vinson
Heffernan	O'Sullivan	Vursell
Heller	Pace	Welch, Mo.
Hill	Patman	Whitaker
Hinshaw	Pfeiffer, William L.	Withrow
Hoffman, Ill.	Phillips, Calif.	Woodhouse
	Pickett	Woodruff
		Zablocki

The SPEAKER. On this roll call 331 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CIVIL FUNCTIONS APPROPRIATION BILL, 1950

The SPEAKER. The Chair recognizes the gentleman from Missouri [Mr. CANNON] for 15 minutes.

Mr. CANNON. Mr. Speaker, in order that we may understand exactly what is before us and what we are asked to vote on here, let us try to analyze this motion. The motion proposes to instruct the House conferees to agree to certain items in the bill.

But it is to be noted that those items include all the items listed in the table the committee put in the RECORD on August 17. In other words the principal part of this motion is to instruct the conferees to agree to what the conferees have already agreed to include in the bill. Every item that is in the table on page A5382 of the CONGRESSIONAL RECORD is, in effect, already in the bill. There is no question about these items. We are already pledged to agree to them—every one of them—as is.

So that part of the motion is superfluous. The conferees will approve every item in the table which you have before you—whether this motion is approved by the House or not.

The issue, therefore, is on the remaining items which the gentleman from Mississippi [Mr. RANKIN] has added in his motion. It is these few items added by Mr. RANKIN which are at issue in this motion. It is these few items which are holding up the bill. And they are significant.

They consist of items which ought not to be in any bill—and I trust will not be in any bill passed by this Congress.

How have they been brought before the House? Why have they been allowed to interrupt the prompt enactment of this legislation?

There is a custom on the other side which has for many years complicated the appropriation bills—especially appropriation bills of this character. Under that custom anyone may put in an appropriation bill almost any proposal for expenditure within and for the benefit of his particular State vast sums of money—millions of dollars—as in the present bill, with very little attention to the best interests of the rest of the Union and the taxpayers who pay the bill.

These are the amendments which are holding up this bill. They are unbudgeted, unwarranted, unjustified, and unconscionable.

The House conferees will include in the bill every item for which there is a budget estimate. And many others for which we could find some extenuating excuse. The only items in disagreement in this motion are items for which there is no budget estimate and no reasonable justification.

The budget is not sacred. Lack of a budget estimate does not preclude appropriation. But the conditions under which budget estimates are submitted are so liberal that failure to secure an estimate warrants the closest scrutiny. So generous are the estimates sent to Congress and so all-inclusive are the annual and supplementary budgets, that it is an unwritten rule in the House Committee on Appropriations to cut the budget estimates except under unusual circumstances. Every chairman in submitting his bill to the committee and to the House points with pride to the amount he has been able to cut below the budget. Invariably the first paragraph of any subcommittee report lists the cuts below the budget estimates. So there is something radically wrong with an appropriation for which no budget estimate can be secured.

These amendments which the gentleman from Mississippi proposes to add to the committee program in his motion to instruct have not only been rejected by the Budget but they are so unjustified and so profligate that even on reconsideration the Bureau has refused to approve them. Since the conferees have been in session advocates of these expenditures recommended by the gentleman from Mississippi have besieged the Bureau of the Budget and ordered the Bureau to include them, and all but sandbagged the Bureau personnel in an endeavor to secure an estimate, but the proposed expenditures were so lacking in merit and so unreasonable a drain on the Public Treasury that the Bureau cannot approve them and does not approve them. And it is this lack of merit and this exorbitant cost that has made it impossible for the House conferees to agree to them—rather than the failure of the Budget to recommend them—although their rejection by the Bureau corroborates the judgment of the managers on the part of the House in disagreeing to them.

But the question before this House today as embodied in this motion is not merely a question of who can get his hands in the United States Treasury and how much bacon he can carry home. It reaches far beyond that simple problem. It is not only of national but of world-wide importance. It is a question

of national solvency and financial integrity. While it does not directly involve defense against predatory forces abroad or against depression at home, it is inseparably concerned with both. If the financial stability of the Nation is threatened or undermined we are handicapped in fighting either a war or a depression. And both are an ever-present possibility.

We owe today more than a quarter of a trillion dollars. The national debt is vastly in excess of a quarter of a trillion dollars. It is such a debt as men never dreamed of—of such vast magnitude as to be beyond the finite mind of man to comprehend.

But the disturbing feature of the national debt is not its size. The alarming feature of the debt is the fact that instead of decreasing it, we are steadily increasing it. Although a man's obligations may be heavy, as long as he is paying them off he is still an eligible risk. It is only when he continually sinks deeper and deeper in debt that his case becomes hopeless. We had planned to pay each year not less than $5,000,000,000 annual reduction on this debt. Instead we are each year adding $5,000,000,000 to it. In the next 2 years—and I hope the House will hear this carefully considered statement—in the next 2 years we will spend over $10,000,000,000 more than the Government takes in. Think what that means if we continue such a policy for even 5 more years. Unless we expect a crash ahead we must stop spending. That is the only alternative. And here is one of the places to stop. Half a billion dollars we do not have for things we can get along without.

Remember, the gentleman from Mississippi [Mr. RANKIN], is not proposing to spend money out of the Treasury. He is proposing to spend money we do not have. We will either have to start the printing presses or we will have to try to sell more bonds. Which plan do you recommend when you vote to spend this half billion dollars we do not have?

And selling bonds is not the simple uninhibited procedure it used to be during the war. Week before last the Treasury found it had to have $200,000,000—just the comparatively small amount of $200,000,000. They had to appeal to every bank in the country to help sell that many bonds. Every bank in the Nation, even the little country bank in the hinterland, was importuned to help sell United States bonds.

And here these Senate amendments propose to spend more than twice that amount on extravagances that even the budget will not approve. That is the question before us. Will you demand that the House conferees stultify themselves by signing a conference report containing such expenditures above and beyond the national revenues?

Do you know that in London this week English Government bonds are selling at less than 70 cents on the dollar? Do you want to invite such a situation over here? Do not say "it can't happen here." It has happened here. In 1921, as you very well remember, United States Government bonds sold at $84. You pushed a $100 liberty bond across the counter and they gave you $84.

What would happen in this country if Government bonds dropped one point? Every bank in United States is jammed with Government bonds. The drop of a single point would be catastrophic. But that is what you are inviting when you continue to vote money here when we will have to sell Government bonds to get it. How many here want to personally contribute to such a situation by their vote to spend half a billion dollars for these Senate amendments that will have to be borrowed?

But, Mr. Speaker, bonds do not have to drop on the open market to leave us with a loss. They can still sell for a hundred cents on the dollar and leave us out of pocket. Inflation necessarily follows deficit spending. The buying power of the dollar drops. Runaway prices follow. Your salary will buy less. Your life insurance will leave your family with depleted resources. We increase wages to 75 cents and the 75 cents will not buy more than they previously got. We increase veterans' allowances which will buy less than the old allowance. We raise old-age pensions and our aged will have less than they had before. It is not a theory. You have seen it happen. The country has gone through it.

What does the country think about it? Sitting here listening to the importunities of the spenders and their lobbies we are prone to forget the people back home. What do they think about spending money we do not have for things we can get along without? If you will read your mail and note the increasing demands for tax reduction that come in with every mail delivery you will have no misconceptions about that. There is a growing demand throughout the country for a reduction in taxes. And taxes ought to be reduced. The excessive taxation under which we are laboring is a brake on national prosperity. It is accentuating unemployment and decline in volume of business. But how can we reduce taxes when the national income is insufficient to meet national expenses, when the income from taxes is not sufficient to pay the money Congress is appropriating?

The way to reduce taxes is to reduce expenditures. There is no other way in the world to do it. And here is the place to start—right here on these outrageous Senate amendments.

Now, Mr. Speaker, I do not condemn States for coming in here and asking for everything that is not nailed down and carrying away everything they can get their hands on. But I do wish to call their attention to the fact that in the end they themselves will have to help shoulder the ultimate cost. I would like to quote from an eminent American statesman of our own generation—a man who has served with rare distinction in the legislative, executive, and judicial branches of the Government. Here is what he said just this month:

> Federal aid is deceptive. It is an opiate. It leads people to believe that Federal funds come from a Christmas tree. The truth is there are no Federal-aid funds except those taken from your pockets. If the people generally will ever come to understand this, there will be less demand for Federal aid.
>
> The States may have failed to make adequate expenditures in some fields. That does not justify the transfer to the Federal Government of powers it was never intended to exercise. In every State there have been increased expenditures for welfare purposes. Give the States a chance.
>
> —*James F. Byrnes.*

And if I may be pardoned for going a little further back to the men who founded the Nation and who pledged their lives, their fortunes, and their sacred honor in order to place it on a sound basis I would like to include another quotation appropriate at this hour:

> I place economy among the first and most important virtues and public debt as the greatest of dangers. To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our choice between economy and liberty, or profusion and servitude. If we can prevent the Government from wasting the labors of the people under the pretense of caring for them, they will be happy. The same prudence which in private life would forbid our paying our money for unexplained projects, forbids it in the disposition of public money.
>
> —*Thomas Jefferson.*

Mr. Speaker, let us not lose sight of the real question involved in this motion. A vote for the pending motion by the gentleman from Mississippi to instruct the House conferees to agree to these Senate amendments, is a vote for extravagance; it is a vote to spend money we do not have; it is a vote to start the printing presses or compel the Treasury to go to the banks of the country peddling bonds; it is a vote to menace national defense in time of war and national prosperity in time of depression; it is a vote to increase the national debt already beyond the point of prudence; it is a vote to encourage inflation; to reduce the buying power of the dollar; it is a vote to increase taxes; it is a vote against ordinary business judgment and common sense; it is a vote to burden future generations with debts they did not create.

I trust the House will vote down the motion.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. RANKIN. Mr. Speaker, I yield myself 2 minutes. That is all the time I need to answer the speech of the gentleman from Missouri. You would think to hear him talk that these items would cost more than all the money you are pouring into all the foreign countries. I added up what these amendments will amount to for the next fiscal year and find it is $4,400,000.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I will yield.

Mr. CANNON. The gentleman will note that is merely the first cost. Before the items are concluded, they will, according to the engineers, cost a minimum of $469,000,000. That is the minimum and unquestionably before completion they will require in excess of half a billion dollars.

Mr. RANKIN. Congress authorized them and we do not intend for one or two

men on the Committee on Appropriations to block these developments. That is what you are trying to do here. The idea of accusing us of wasting money is ridiculous.

Mr. Speaker, the money that is spent on these projects will enrich the American people, it will enrich the country, instead of dragging it into bankruptcy.

Mr. Speaker, I reserve the balance of my time and I yield 7 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL of Michigan. Mr. Speaker, while I have worked on this particular appropriation bill for 13 years, this is the first time in those 13 years that I have had nothing to do with the hearings or with drafting the bill. I am acting here only as a conferee.

In the short time at my disposal I want to discuss just two things. I have tried to have a balanced flood-control program. By a balanced program I mean that I have always tried to put in the bill for each project an amount which sound engineering requires on a particular project to get the most flood control for the flood-control dollar. We put that plan into force and effect in 1947.

The first dirt job we let was Garrison Dam. There were seven bidders, and the lowest bid was a million and a half dollars below the Army engineers' estimate. The next was Randall Dam. The low bid was a million dollars below the engineers' estimate.

I am not opposed to any particular project, but I am anxious to keep that plan going. Let us take the Gavins Point, S. Dak., for instance. We have in North Dakota $192,000,000 worth of projects going on with a budget estimate for 1950 of $31,800,000. In South Dakota we have $385,000,000 worth of projects going with a budget estimate for 1950 of $28,000,000. In Nebraska we have $60,890,000 worth of projects going with a budget estimate of $14,000,000. In other words, we now have under construction in these three States $638,000,000 worth of projects, and the Budget has sent down estimates for 1950 of not quite $74,000,000, or almost 18 percent of the total budget flood-control estimate for the 48 States.

Do you want to vote to put in Gavins Point and add $25,000,000 more, or do you want to go ahead and follow through on these projects in a logical manner?

Let us take the Tombigbee project. The engineers' estimate as given by the Senate for this project is $169,000,000. I believe this to be a very low estimate. It does not include the 18 locks, which I am told will cost in excess of $200,000,000 more. The gentleman from New York [Mr. TABER], will speak on that.

The total budget estimate for all the rivers and harbors projects in this bill for 1950 is only $146,000,000. So you are adding on to this bill one project that exceeds in total cost the amount allowed for all rivers and harbors projects in the entire bill by $20,000,000. Do you want to do that?

What else are you doing? To construct a job economically, after you have commenced construction, you should put in your bill 10 percent the first year, 20 percent the second, third, fourth, and fifth years, and end it up with 10 percent the sixth year. You are adding on the annual bill $34,000,000 a year for 4 to 5 years. And some of you are not going to get adequate funds for your project because the budget tells the engineers how much money they are going to have and they have to apportion it. The more projects, the smaller the allocations. Two years ago we completed this bill the last night of the session at 2 o'clock in the morning, but we got a good bill, and if you will leave this conference committee alone we will get a good bill and put in projects which should go in there and no others.

I am not opposed to any project, but I do not think we ought to start any more large projects at this time until we have finished some of those we now have under way. The Tombigbee may be a worthy project, but I am thinking of the time when some of you people came to me as chairman and pleaded with me for projects and produced pictures with houses going down the river. I had to say "No," because I could not conscientiously put them in and have the money spread out so thin as to increase costs.

We have a good program going now. Let us not upset that program. I have here a list of the projects. I have had as much to do with marking up this bill as any one member of the committee. I know the bill and I know we tried to be fair.

You have two Tombigbee projects in this bill, one a $169,000,000 construction project with $2,500,000 allowed by the Senate for this year, and another $200,000 a year for planning for the same Tombigbee.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. ENGEL of Michigan. I yield to the gentleman from Mississippi.

Mr. RANKIN. Why, yes, that $200,000 was included in the Senate's $2,500,000 that they provided for the Tennessee-Tombigbee.

Mr. ENGEL of Michigan. No. The gentleman is in error. I have the list right here. You have two projects here. On page 1, rivers and harbors, the Senate put in $2,500,000 construction money for Tombigbee, and I have an "SR" opposite it. You can guess what that means? Who receded? The second is in the planning part down here: Alabama, Tennessee-Tombigbee, $200,000 for planning. There is a question mark there as far as the Senate is concerned.

Mr. RANKIN. The gentleman said in his speech $200,000 a year.

Mr. ENGEL of Michigan. Not $200,000 a year. I said $200,000 in the bill for planning for Tombigbee.

Mr. RANKIN. The gentleman said $200,000 a year, and I thought the gentleman was going off on a tangent.

Mr. ENGEL of Michigan. I know, and my good friend from Mississippi always gets up here and says, "That is ridiculous, that is absurd." I want to ask the gentleman from Mississippi this question: Can he tell the Members of this House the total amount of money you are going to have in this bill for flood control or rivers and harbors if you pass this resolution to instruct the committee? Can the gentleman tell us?

Mr. RANKIN. Yes, I can.

Mr. ENGEL of Michigan. How much?

Mr. RANKIN. Does the gentleman mean for next year?

Mr. ENGEL of Michigan. Yes.

Mr. RANKIN. $4,400,000 for next year.

Mr. ENGEL of Michigan. I am talking about the number of projects you have got.

Mr. RANKIN. And every one of those flood control and river and harbor projects adds to the wealth of the Nation.

Mr. ENGEL of Michigan. Oh, yes, I know that, but you cannot cash them in and pay taxes with them.

Mr. RANKIN. The gentleman is just lined up with that element that is determined to destroy the Tennessee-Tombigbee.

Mr. ENGEL of Michigan. I am not trying to destroy anything. I am merely trying to follow an orderly program.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. RANKIN. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. WOOD].

Mr. WOOD. Mr. Speaker, I believe that my record in this Congress will demonstrate that there is not a man here that has been more consistently favorable to economy in Government than I. But, sometimes I get a little weary of hearing preached by some people the doctrine of economy on small items such as are contained in this motion, while at the same time being a party to voting to take billions of the American taxpayers' dollars and turning them over to the peoples of foreign countries who have absolutely no interest in our welfare. As for my part, I have long ago reached the point where I feel that we ought to start doing a little something for our own people at home.

I have particular reference to the item in this motion known as the Buford Dam, which happens to be located in the district which I serve, and which is the only project that that district ever had in the more than 100 years of its existence. That project has been recommended by the Army engineers for more than 10 years. It has been approved by the Congress and there has already been expended on it by the Congress $650,000 for a preliminary survey and preparation for the construction of that dam. The Senate put into the bill, when it was on the Senate side, $2,261,000 for that project. This motion has cut it down to $750,000 to begin the construction of that project which not only will aid in the control of floodwaters throughout the whole Chattahoochee-Flint-Appalachicola River system from Buford south to the Gulf of Mexico, but is recognized as the key project to the Woodward Dam now nearing completion on the lower reaches of this river system at a cost of $30,000,000. Not only that, but the construction of this project will insure available year around water supply for the city of Atlanta, Ga., and in addition to that will make it possible for the people

of that entire area to have competitive water freight rates from the city of Atlanta, a great metropolis and shipping point for the entire Southeast, and which will tie in with all of the adjacent territory. In addition to that, the power produced on this project will add to the economic worth of every man, woman, and child in the whole area of the Southeast.

It seems to me that when you spend a small sum of $750,000 for the initiation of a project which will bring that character of benefit to the number of people involved in this area, starting in with the real development of the Appalachicola system, where you have already spent approximately $15,000,000 in the construction of a dam now nearing completion, it is poor economy to junk the whole project at this time, and I earnestly urge favorable action on the pending motion.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. RANKIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Speaker, I wish to commend my colleague, the gentleman from Georgia [Mr. WOOD] for the splendid statement he has just made regarding the Buford Dam on the Chattahoochee River, which is one of the four projects on the Chattahoochee, Flint, Apalachicola system.

The Buford Dam was authorized in 1946. In 1947 there was an appropriation of $250,000 for advance planning, for the fiscal year 1948. For the fiscal year 1949 a further appropriation of $400,000 was made for further planning.

This is not one of the unauthorized projects referred to by the gentleman from New York [Mr. TABER] in his speech.

This dam has had the careful consideration of the Army engineers, who have made plans to spend $3,000,000 on construction of this dam for 1949, $2,500,000 for 1950, $5,000,000 in 1951, 1952, and 1953, leaving a remainder of $1,788,000 to be spent in 1954, the year of completion. The total amount of the cost of this dam is $22,538,000.

General Feringa testified regarding the Buford Dam before the Senate Civil Functions Subcommittee, and when he was asked by Senator RUSSELL:

> Of course, the Buford Dam is the key dam on water storage in this area?

He replied:

> That is right. The Buford Dam is an important part of the plan, because without the Buford Dam we will not be able to assure positive navigation below Columbus, and as it also will be a power dam, certain water will be discharged as a result of generating the power. Hence, the low water flow of the river will be augmented.

Senator RUSSELL asked this further question:

> So far as the Chattahoochee is concerned, for anything that is north or west of the junction dam, for flood control or navigation, the Buford site is the key site?
>
> Colonel FERINGA. The Buford is the only one for flood control?

It is well understood by all who have given consideration to the Jim Woodruff Dam at Chattahoochee, Fla., and the Buford Dam, that the Buford Dam is necessary in order for efficient use of the Jim Woodruff Dam to be realized. There are months during the dry season of the year when there will not be sufficient water coming down the Chattahoochee River to make it possible for a 9-foot channel for navigation to be maintained through use of the Jim Woodruff Dam, and to provide against this dry period, it is absolutely necessary to hold water in the storage reservoir which the Buford Dam will provide.

The Jim Woodruff Dam is now nearing completion, and for it to be used efficiently, it is essential and necessary that the Buford Dam be constructed. It is wasteful to delay its construction. This is a project which certainly cannot be lumped with those referred to by the gentleman from New York [Mr. TABER].

I did not prepare or introduce this motion, but since the Buford Dam is included in it, I do not want the House to have a wrong impression regarding the Buford Dam. It may be that the House will want to vote down this motion because of some other items which are in it. I, therefore, want to point out the difference between the Buford Dam and any other projects which may have been in the mind of the gentleman from New York [Mr. TABER] when he made his remarks.

Mr. RANKIN. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I am in entire sympathy with the desire of the gentleman from Mississippi [Mr. RANKIN] to see the conferees conclude their work on this bill. In all my experience over the years in Congress I have never seen such delays in respect to conference reports as I have seen recently in this Eighty-first Congress. In my opinion, these delays are inexcusable.

I cannot support his motion, however. I am opposed to the motion for two very simple reasons.

First. I am opposed to it because I am convinced that it is not the proper method to bring about a completed bill in this instance.

There are some 400 items in this measure. It is impossible to write the bill on the floor of the House. Moreover we have had experience recently with an instruction to conferees in respect to another bill, the ECA appropriation bill, which has held up the conference on that bill day after day after day in respect to a matter which should have been settled long since in the spirit of common sense and compromise.

Second. I am opposed to the motion because, as already pointed out, if agreed to it commits this Government over the years to an expenditure of over $500,000,000, a commitment in respect to items all of which are unbudgeted, some of which are unauthorized, all of which ought to be dealt with individually in conference.

There are 14 of these items. I have a list of them here but there is not time to read and discuss them in the brief time at my disposal.

The Tombigbee item alone, heretofore estimated to cost $169,000,000, according to the most recent information, will call for an ultimate expenditure of some $375,000,000. Whatever value this project may have, it must be considered from the standpoint of priority and in the light of available funds. This has been done repeatedly. The members of this committee know that this item has been passed upon again and again in this House and turned down.

The Gavins Point item is, I am sure, a very worthy project. It is only fair to say, however, that it calls for a very large ultimate commitment, and that it calls for it at a time when there are some $745,000,000 worth of projects in the same general area now under construction.

Other projects included in the list also call for very large commitments by the Federal Government.

The Senate has raised the appropriations made by the House to the extent of about $158,000,000.

Mr. Speaker, this motion in my judgment goes too far. Despite the delay, I urge its defeat, and the leaving of adjustment in the hands of the conferees.

Mr. RANKIN. Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON. Mr. Speaker, I take this time to call attention to the problem in central and southern Florida, particularly with reference to the Kissimmee River Okeechobee flood-control area in central and southern Florida. That is an area in which it is estimated by the Corps of Engineers that the loss in a single year amounted to $59,000,000. The project has been authorized. The budget approved $4,000,000 and the Senate included the item of $4,000,000.

Immediately after the approval of that item our Senators and Representatives in the House appeared before the Florida legislature and told them the item had been included in the Senate bill. The item had been approved by the budget and the President of the United States. Florida then called together their committee and the Florida legislature authorized and had allocated Florida's part of the program. That is the situation. In this area in a single year while the losses there amount to far more than the amount which would be expended the income tax in the area in 1946 amounted to $115,783,000, as paid by individuals, and another $50,000,000 by corporations. The losses in the flooded area would prevent a great portion of that sum from coming into the Federal Treasury. In addition to that, there are losses which are charged off by reason of the damage to privately constructed dikes which are lost at the time of the flood. It was pitiful to go into that area and see them trying to get their cattle out using rowboats. It was pitiful to see them trying to save their little pigs and get them on dry land out of the areas covered by water. Vast areas of land, streets, farms, orange groves were under water at the same time. We are merely asking that the

$4,000,000 approved by the budget be included.

The income tax paid by the people of Florida in that area will more than pay that back in a single year. We hope we may be able to be protected in this particular amount. This project is designed for orderly building of levees. Coordinating the work and this amount is essential. The benefit ratio is 2.23 to 1.

Mr. Speaker, I ask unanimous consent that I may revise and extend my own remarks and that the other members of the Florida delegation also may extend their remarks at this point.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. PETERSON. Mr. Speaker, I yield back the balance of my time.

Mr. BENNETT of Florida. Mr. Speaker, as a Congressman from a northern part of Florida, I take this opportunity to join my colleagues from southern Florida in hearty endorsement of the funds sought for flood control in central and southern Florida. The amount sought is small in comparison with what is really needed; but it will do a great deal of good toward saving life and property. It will pay for itself by indirectly increasing income taxes to the Federal Government.

Mr. ROGERS of Florida. Mr. Speaker, I rise to support the amendment offered by the gentleman from Florida [Mr. PETERSON] to increase the sum in the appropriation as set out in the motion on the project known as central and southern Florida, for the sum of $1,500,000 to $4,000,000.

I regret that the time allotted to me forbids my enumerating the merits of the project as well as detailing to you and particularly outlining the benefits, not only to the State of Florida, but to the Nation. I believe that if there was ever a project that should have favorable consideration in an appropriation bill, it is this comprehensive plan for flood control in central and southern Florida.

I quote to you from the report of Gen. R. A. Wheeler, Chief, Corps of United States Army Engineers, as follows:

> The area under consideration embraces some 15,570 square miles in central and southern Florida. Development and settlement of this area has progressed in spite of the difficulties inherent in a land where there is either too much or too little water, according to variations of the seasons and changes from year to year. Hurricane-driven floods of 1926 and 1928 resulted in the loss of some 2,500 lives in the area around Lake Okeechobee, producing one of the greatest disasters in the history of this Nation. The existing Federal project for flood control and navigation on Lake Okeechobee and its outlets has afforded a high degree of protection against a repetition of such a disaster. In addition, numerous drainage and flood-control works constructed by local interests have been instrumental in bringing the area to its present degree of development. However, the problem of too much water has not yet been solved, as the recent flood of 1947 caused damages estimated at $59,000,000 during the summer and fall of that year, even though direct overflow from Lake Okeechobee was prevented by Federal protective works. Recession of floodwaters has been so slow that gravity drainage from some agricultural areas is not yet possible as of the date of this report. Floods of similar magnitude occur with relative frequency, and minor flooding occurs almost every year. On the other hand, during the dry years, from 1943 through 1946, cattle died in the pastures of the Kissimmee Valley for lack of water; smoke from burning muck lands of the Everglades darkened the coastal cities, and salt water moved inland along drainage canals and through the underlying rock as the supply of fresh water diminished.

This project has the full cooperation of the various State and local interests behind it. This is also a mutual undertaking on the part of the Nation and the State of Florida. The Legislature of the State of Florida will provide an appropriation of not less than $3,000,000 to comply with that part of the State's contribution, as recommended in the report of the Army engineers. As a matter of fact, the past session of the Legislature of Florida created a flood-control district consisting of 18 counties for the purpose of giving full and complete cooperation in conjunction with the Federal Government in completing this project. I might say, over the years, this will be a self-liquidating project.

This comprehensive plan of improvement is actually a plan for the conservation and use of the water and land resources of a large part of Florida, as well as for protection from floods. The Everglades, which comprise the agricultural heart of southern Florida, are the largest single area of rich muck land in the United States and probably in the world; while the prairies of the Kissimmee, upper St. Johns and North Fork St. Lucie River areas, which lie north of Lake Okeechobee, are rapidly developing cattle and farming lands. Winter vegetables, citrus fruit, sugarcane products, and cattle are shipped from this area to all parts of the Nation, and make an important contribution to its food supply. Thus the Everglades and prairie lands to the north are no longer the watery waste of popular imagination; except when great floods occur as in 1947, when damages of over $59,000,000 were incurred, when the development built up patiently over a period of years is swept away and our people must start over again.

I will state that during the Eightieth Congress the project was approved by the Congress, and an appropriation of $16,300,000 for the first phase was authorized for initiating the first phase of the comprehensive plan for flood control in central and southern Florida.

The Florida delegation appeared during the Eighty-first Congress before the Subcommittee on Civil Functions of the Committee on Appropriations, seeking an appropriation to begin work on this project this year. The House Appropriation Subcommittee recommended the sum of $1,000,000. However, after the House Committee included this sum in the appropriation bill there was recommended by the Bureau of the Budget, in which the Bureau of the Budget filed a supplemental estimate, with the consent of the President, $4,000,000. Then a hearing was had before the Senate Subcommittee on Appropriations, and the sum of $4,000,000 was recommended in the Senate bill.

We consider this an emergency undertaking in the State of Florida, and I beseech the House to go along with the recommendation of the Bureau of the Budget and of the President, and approve the sum of $4,000,000. This sum is absolutely necessary to provide operation on the first step in the first phase of the plan as outlined by the United States Army engineers.

While making appropriations all over the world, I appeal to the Members of this House to become home-appropriation conscious and let us do something for our home folks, where property is preserved, lives are saved, and taxes are paid.

Mr. SMATHERS. Mr. Speaker, I am happy to join my colleagues in this amendment to the Rankin motion with the understanding that it is not the purpose of any one of the Florida delegation to force this issue of appropriations for the Florida flood-control program at this time. However, in view of the fact that Mr. RANKIN'S motion seeks to instruct the House conferees on the civil functions appropriations bill to stand by the recommendations of the House Appropriations Committee and not accede to the Senate conferees; and because at the time this appropriations bill was passed it did not contain the $4,000,000 for Florida flood control, we must either oppose this motion outright or amend it so that it will include the $4,000,000 recommended by the President, approved by the Bureau of the Budget, and passed by the Senate as this year's allotment for the Florida flood-control program. There is some possibility of Mr. RANKIN'S motion being adopted, and for that reason and because of the absolute necessity and the overwhelming desire of the people of our State to proceed with our flood-control project, we deemed it advisable to proceed in this parliamentary fashion.

In view of the limited time at our disposal, I shall not again detail to this House the very urgent necessity for a Florida flood-control project. In 1947 there was approximately $4,000,000 damage to the State of Florida by reason of floods. Some 20,000 square miles were under water, and approximately 20,000 families were driven from their homes. There was immediate and grave danger of an epidemic breaking out in the highly populated areas of south Florida. The epidemic was only averted at the last minute by the excellent work and tireless efforts of the various State, county, and municipal agencies and the Red Cross. We do not want that to happen again, and if the $4,000,000 which we seek is appropriated, it will greatly minimize the danger to life, limb, and property in our State.

In addition to these facts, it has been well demonstrated even by the Army engineers, who are notably conservative, that if this flood-control program is put into effect there will be a benefit to the national economy in an amount of approximately $25,000,000 annually. This $25,000,000 would be broken down into

increased production of winter vegetables, increased cattle production, and increased citrus production. The taxes which the Federal Government would realize from this increased production would total in the neighborhood of eighty to one hundred million dollars. Therefore, this is a program of economy, one by which we can invest and be certain of a greater return.

The cost of this program will not be borne exclusively by the Federal Government. The State of Florida, through its State legislature, has already or will make available approximately 18 percent of the cost of this entire program, and, in addition, will pay the cost of all future maintenance for the project. The State of Florida has done this upon the recommendation of the two United States Senators and we six Members of the delegation in the House of Representatives after we had been advised by the President, the Bureau of the Budget, and the Senate committee had all urged the appropriation of the $4,000,000 for Florida flood-control work. If, by some strange circumstance, all of this $4,000,000 should not be appropriated, it would mean a great set-back to the economy of the entire State.

In view of these facts, which of necessity have been briefly given, I trust that you will vote enthusiastically and solidly for this amendment offered by the gentleman from Florida, Congressman PETERSON.

Mr. RANKIN. Mr. Speaker, I yield myself 1 minute to reply to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

He is worse than the gentleman from Michigan [Mr. ENGEL]. He got up here and said that the Tombigbee would cost $370,000,000. Here is the testimony of the Army engineers stating that it will cost $136,000,000.

Every time they take a shot, you understand, they increase the scope. So it is utterly ridiculous to say it will cost about $370,000,000.

Mr. WIGGLESWORTH. If the gentleman will yield, the gentleman from New York [Mr. TABER] will establish the figure which I mentioned.

Mr. RANKIN. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

CALL OF THE HOUSE

Mr. CANNON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 195]

Allen, Ill.	Brehm	Combs
Anderson, Calif.	Brown, Ohio	Coudert
Bailey	Bulwinkle	Curtis
Bates, Ky.	Burdick	Davies, N. Y.
Bates, Mass.	Byrne, N. Y.	Dingell
Blackney	Celler	Durham
Bland	Chatham	Eaton
Bolton, Md.	Clemente	Elston
Bolton, Ohio	Clevenger	Evins
Breen	Cole, N. Y.	Fellows
Fogarty	Lucas	Richards
Furcolo	McCormack	Rivers
Gilmer	McGregor	Sabath
Gorski, Ill.	McSweeney	Sadowski
Gorski, N. Y.	Macy	Scott, Hugh D., Jr.
Hall, Edwin Arthur	Madden	Shafer
Hall, Leonard W.	Martin, Iowa	Short
Halleck	Morgan	Simpson, Pa.
Hand	Morton	Smith, Kans.
Hart	Moulder	Smith, Ohio
Hébert	Murdock	Stefan
Heffernan	Murray, Wis.	Stigler
Heller	Norton	Thomas, N. J.
Hill	Patman	Tollefson
Hinshaw	Pfeiffer, William L.	Towe
Hoffman, Ill.	Phillips, Calif.	Underwood
Hoffman, Mich.	Pickett	Velde
Jackson, Calif.	Poulson	Vinson
James	Powell	Vursell
Jenkins	Quinn	Welch, Mo.
Keogh	Redden	Whitaker
Kilburn	Reed, Ill.	Woodhouse
Kilday	Reed, N. Y.	Woodruff
Lodge	Regan	Zablocki
	Ribicoff	

The SPEAKER. On this roll call 324 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CIVIL FUNCTIONS APPROPRIATION BILL, 1950

The SPEAKER. The Chair recognizes the gentleman from New York [Mr. TABER] for 5 minutes.

Mr. TABER. Mr. Speaker, the gentleman from Missouri [Mr. CANNON], the chairman of the Committee on Appropriations, has been exceedingly liberal in the conference. He placed in the RECORD on Wednesday, August 17, a list of the figures to which the House was prepared to go on the different projects, and that was a long way toward the $128,000,000 increase that the Senate put in.

He has not agreed to and the conferees have not agreed to certain items that are presently in disagreement. At the top of the list is the Tombigbee waterway, which is sponsored by the gentleman from Mississippi [Mr. RANKIN]. That project, according to the figures I have, consists of 18 locks, which, on the basis of what the other locks cost, will cost $12,500,000 apiece, or $225,000,000. The excavation proposed will cost at least $150,000,000. It goes through a mountain 170 feet high, and they will have to spread out from either side so that there is a width at the top of the ditch of 2,000 feet. Otherwise, they would have landslides. They could not avoid that.

Going up through that river you go through a limestone formation that is cracked, and it would have to be concreted in order to protect it.

On top of that, the Board of Engineers in considering this project in 1945 reported to the chairman of the Committee on Rivers and Harbors that the gross benefits would be $6,250,000 a year.

The major barge line in New Orleans, which operates on the Mississippi River, I understand has said that it could not use this waterway if it was built. So we ought not to be led astray by such a thing.

All the way through the only projects that have been stood out against are unbudgeted items. Many of these items not only are unauthorized by law, such as the Optima project, and there is doubt about this Oologah project, but they are unbudgeted.

The total of all these projects that are involved in this motion would increase the over-all ultimate cost by upward of $500,000,000. It means that every time there is a river-and-harbor bill and every time there is a flood-control appropriation the money must be spread out a little thinner, and that we must slow up on the construction of the projects.

One of the curses of a lot of these projects, especially those on the Missouri River, has been that instead of taking a project and carrying it through full sledge so that it would be promptly completed and the people down below would have flood control, they have spread themselves out into project after project and got them started and moving along very slowly, so that they almost never will be completed.

The total appropriations and allotments on projects that have been started there will cost upward of $450,000,000.

Let us not approach this proposition from the standpoint of what might be the local interests of somebody. Every one of these people whose project was named by the gentleman from Missouri [Mr. CANNON] on the 17th, which was last Wednesday, in the extension of his remarks, can count on having that amount of money if they vote against this motion.

We stand a chance of getting a bill that way, but I do not believe we have a chance if we adopt the motion of the gentleman from Mississippi [Mr. RANKIN].

The SPEAKER. The time of the gentleman from New York has expired.

Mr. RANKIN. Mr. Speaker, I yield myself 1 minute to answer the gentleman from New York [Mr. TABER].

He is as far away off as the gentleman from Massachusetts [Mr. WIGGLESWORTH]. The Army engineers testified when this bill was before the other body that it would cost $133,000,000 and not $370,000,000. Not only that, but the project is already completed up to the mouth of the Warrior—from Mobile up to the mouth of the Warrior.

Furthermore, the barge lines at New Orleans made no such statement as the gentleman quoted. A gentleman from Louisiana said they never said the barge line could not use this slack-water route. Besides all this bunk about cutting through rocks has been answered by the Army engineers for years.

Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. O'SULLIVAN] and reserve the balance of my time.

Mr. O'SULLIVAN. Mr. Speaker, great hue and cry has been raised by certain of the House Members to the effect that we should now be economywise when considering this resolution. For the first time some of these voices have reached the very zenith of their fervent appeal and a hitherto unsurpassed volume. They act as if this money would be thrown away, would be lost to the American people. It is neither a give-away nor a throw-away program, but is

a sound investment for our people and their Government.

Please realize that such is the case. These projects will be a fine investment for the American people. They will pay back one hundredfold all the costs of the contemplated improvements. These improvements will be the greatest boon to States which are treated now as national stepchildren. Heretofore only a few States have been granted any consideration whatsoever as far as improvement projects are concerned. One of these States is Nebraska.

This bill contemplated the following projects for Nebraska:

Gavin's Point Reservoir	$500,000
Harlan County Reservoir	11,250,000
Missouri River agricultural levees (Nebraska and Kansas)	5,952,700
Missouri River, Kensler Bend, Nebr., to Sioux City, Iowa	380,000
City of Omaha, Nebr	1,500,000

All of the projects in same are not burdensome expenses but are in the real interests of national economy.

The Nebraska projects are well known to me and are badly needed for flood prevention and other purposes and will pay off to the State of Nebraska and the Nation splendid dividends if they are authorized. The projects for all other States are equally splendid. All of them are long-time programs and the yearly cost of same will never be missed.

My colleague the gentleman from Mississippi, JOHN RANKIN, is to be complimented for the persistent and splendid work he has done in bringing this resolution before us today and I shall wholeheartedly support this resolution and hope that all of you may see your way clear to do something for the Republic today.

Mr. RANKIN. Mr. Speaker, I yield 1 minute to the gentleman from Idaho, [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Speaker, I think this is one of the greatest improvements and one of the greatest money-saving programs that has ever been brought forth to connect the southern part of the country to give water transportation with the North and the East and the West, with the industrial and manufacturing sections of the country along the great Ohio River; and the Mississippi River down to the Gulf of Mexico and back through this waterway to the Ohio River.

Mr. Speaker, I would like to call the attention of the gentleman from New York to the fact that the figure he has quoted here as to the cost of this project is not one-tenth of the money that this Government has thrown away in China.

If he will look at the little country of Holland, one of the richest countries in the world, he will discover that it is the system of canals and water navigation that has made Holland great.

I would like, too, to call his attention to what Holland has accomplished with her canals and waterways. When he and I studied geography in school as children we learned that the capital of every State was on some river or waterway.

He knows, too, that practically every great city of the United States are on such rivers or waterways. That access to navigation has been the prime factor in the upbuilding of our industrial centers and great cities. Where would Detroit, Chicago, St. Louis and Pittsburgh be without navigation. Let us construct this waterway to fully utilize water transportation between the great industrial sections along the Ohio and the commercial centers on both streams down to the Gulf.

Mr. RANKIN. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. WILSON].

Mr. WILSON of Oklahoma. Mr. Speaker, I rise to speak concerning Mr. RANKIN'S pending preferential amended motion to instruct the House conferees on the Army civil functions appropriation bill for 1950.

My particular interest therein is in connection with the Optima Dam and Reservoir project in Texas County, Okla. Notwithstanding statements or references to the contrary previously made here today it should be clearly understood from the record that this worthy project has heretofore been approved by Congress and was first authorized for construction by the Flood Control Act of June 22, 1936. This project received allocations for preliminary planning in 1944. Preliminary plans were prepared and submitted in November 1945 and approved by the Chief of Engineers in March 1946. While $50,000 was allotted in the 1949 Army Civil Functions Appropriation Act for preparation of detailed plans for this project, such was not intended to be sufficient, and in fact was not sufficient to cover the detailed survey necessary and the final preparation and completion of the detailed plans for this project.

This project consists of a rolled earth-filled structure located on the North Canadian River about 623 miles above its mouth and about 4½ miles northeast of Hardesty, Okla. The dam is to be 10,800 feet long with a maximum height of 85 feet above the valley floor. In addition to 100,000 acre-feet of flood control, storage in the project, an allocation of 70,000 acre-feet has been made for irrigation storage and municipal water supply to supplement the needs in the completed Canton Reservoir located downstream.

Some work in regard to survey and planning in detail has already been done and the Senate, looking to completion of the plans and perhaps a beginning on the actual construction, approved $500,000 to be allotted to the Optima Dam and Reservoir project in the Army civil functions appropriation bill of 1950. It is now desired to instruct the House conferees on this measure to agree to an authorization for this purpose in the amount of $100,000 as contained in the proposed preferential motion.

I need not tell you of the importance of water and water conservation to this area of the high plains that was once a part of the Dust Bowl. The North Canadian River, which this dam would help control, yearly goes upon a rampage and inundates thousands of acres of rich farm land. Then between floods the river recedes into the sands of its shallow bed and the parched lands about cry for moisture. Floodwaters from this river cast their muddy burden into the Arkansas River and thence into the Mississippi at times when those streams are already overburdened with floodwaters. The Optima Dam would have as its primary purpose flood control. That is what it was authorized for and that is what it would be built for. But in this semiarid region the possibilities of irrigation have not been overlooked. The Bureau of Reclamation has promised to cooperate to the fullest practicable extent to insure that the potentialities for irrigation are properly evaluated.

In addition to the many incidental benefits from the construction of such a dam I must point out the vital interest of cities in the surrounding area in having an adequate source of water supply. My own home city of Enid over 150 miles away has expressed its keen interest in this project and is looking to this project as a potential source of water supply. Oklahoma City 200 miles down river has always looked to the North Canadian River for its water supply. The Canton Reservoir recently completed above Oklahoma City on this river would be protected and supplemented by this dam. The Bureau of Reclamation has called my particular attention to the value of the Optima Dam to prevent siltation of the Canton Reservoir. In addition floodwaters which already have strained the Canton Reservoir's capacity and required the hasty dumping of water from that reservoir in order to receive more anticipated floodwaters, could be easily contained and controlled.

I urge serious consideration of this worthy project.

Mr. RANKIN. Mr. Speaker, this brings us to the close.

We have asked for only $625,000 on the Tennessee-Tombigbee, whereas the Senate gave us $2,500,000. We have gone just as far as we can. The opposition cannot any more kill this project than they can turn back the waves of the ocean.

On this project in Nebraska, the one in Georgia, the one in New Mexico, the one in Kansas, the one in Ohio, and the ones in other sections of the country are absolutely necessary for the improvement of the United States of America. It will be interesting to read this roll call and the roll call on the expenditure on those bills that have been pouring billions into other countries by Members of this House.

I sincerely trust that this motion will be carried by a unanimous vote.

Mr. PETERSON. Mr. Speaker, will the gentleman yield for an amendment?

Mr. RANKIN. I yield for an amendment.

Mr. PETERSON. Mr. Speaker, I offer an amendment, which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. PETERSON to the motion by Mr. RANKIN to instruct the managers on the part of the House who were appointed by the Speaker for a conference with the Senate on H. R. 3734: In the item "Florida: Central and southern," strike out the figure "$1,500,000," which appears in the

column "Amount to which House conferees are instructed to agree," and insert in lieu thereof "$4,000,000"; and following the item "Jemez Reservoir" under the item "New Mexico," add "Chamita Reservoir, $750,000."

Mr. RANKIN. Mr. Speaker, I move the previous question.

Mr. TABER. Mr. Speaker, a point of order. I make the point of order that the Chamita Reservoir is not authorized by law. I make that point of order against the amendment.

The SPEAKER. Is it in conference?

Mr. TABER. It was in the Senate bill, but it is not being presented for a separate vote. It is being presented with other items, and it does not comply with the provisions of clause 2, rule XX.

The SPEAKER. The Chair will hold the same as he held earlier today, that the matter is in conference, and therefore overrules the point of order.

Mr. RANKIN. Mr. Speaker, I move the previous question on the amendment and the motion.

Mr. LECOMPTE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LECOMPTE. Is it in order to offer an amendment to the pending motion?

The SPEAKER. There is an amendment pending now.

Mr. LECOMPTE. But after this amendment is acted upon.

The SPEAKER. If the previous question is ordered, it will not be.

Mr. RANKIN. Mr. Speaker, I yield to the gentleman from Iowa for that purpose.

The SPEAKER. The gentleman has moved the previous question on the amendment and the motion.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from Florida [Mr. PETERSON].

The amendment was rejected.

The SPEAKER. The question is on agreeing to the motion offered by the gentleman from Mississippi [Mr. RANKIN].

The motion was rejected.

EXTENSION OF REMARKS

Mr. MANSFIELD asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article by Senator BRIEN MCMAHON.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article.

Mr. JUDD asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and in each to include extraneous matter.

AMENDMENT OF NATIONAL HOUSING ACT

Mr. SABATH. Mr. Speaker, I call up House Resolution 336, providing for the consideration of the bill (H. R. 6070) to amend the National Housing Act, as amended, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6070) to amend the National Housing Act, as amended, and for other purposes. That after general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final pasage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, this rule makes in order the bill H. R. 6070 in lieu of the original bill H. R. 5987, as reported by the Committee on Banking and Currency. After several hearings on the bill H. R. 5987 the Committee on Rules unfortunately could not agree to reporting it out. Finally, after several efforts on the part of the Committee on Rules, with which I had a little something to do, I received the consent of the committee that a rule should be reported out provided agreement were entered into between the chairman of the Committee on Banking and Currency, the gentleman from Kentucky [Mr. SPENCE] and the ranking minority Member, the gentleman from Michigan [Mr. WOLCOTT]. They finally agreed, and this compromise bill was granted a rule by the Rules Committee. It strikes out a provision of the original bill providing for direct loans.

I was of the opinion that the rule should be granted on the original bill which contained the provision for direct loans because I did not feel it should be necessary for an ex-serviceman to be required to obtain loans through the banks at greater cost to him. It is our duty, the duty of the Congress, to aid the ex-serviceman in every way possible; especially if it does not mean added expense to the Government.

We are trying to bring about as much economy as we can and to eliminate unnecessary expenditures. So why eliminate a provision, as has been done by the agreement to get this rule, prohibiting direct loans to these deserving men?

There is no objection to titles I and VI of the bill or to many of the provisions of title III. There is a general demand for legislation to enable the middle man, the man of medium earnings, to obtain a home in which to live. Unfortunately, by the elimination of that provision we do not accomplish the aims of those who are interested not only in the ex-serviceman but in those of the middle class.

May I say to you that the American Federation of Labor, the CIO, the various veterans' organizations, including the American Legion, and many civic organizations are pleading for a broad bill. I hope you will realize the necessity for this legislation.

I have many telegrams which I intended to read to you. They are all of the same character. It is felt that the Senate bill as reported is the bill that should be adopted. It has been suggested that it might be well to substitute the Senate bill for the House bill. But that is up to the membership of the House. You will have the right and opportunity to amend the bill under the rule that is before us reinserting the provisions that have been stricken out. In view of the fact that the bill will be explained to you not only by the chairman of the Committee on Banking and Currency but by many of the able men who worked with him to bring about favorable legislation demanded by the country, I feel I should not take up any more of your time.

Mr. Speaker, I ask unanimous consent that I may include as a part of my remarks from among the many letters, telegrams, and petitions which I have received up to now, a telegram signed by Lyall T. Beggs, commander in chief, Veterans of Foreign Wars, now holding its annual convention in Miami, Fla.

The SPEAKER pro tempore (Mr. BOGGS of Louisiana). Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. The telegram is as follows:

MIAMI, FLA., *August 22, 1949.*

Congressman ADOLPH SABATH,
Chairman, House Rules Committee,
House of Representatives,
Washington, D. C.

Fiftieth annual convention Veterans of Foreign Wars of the United States today unanimously adopted resolution calling upon Congress to enact middle-income housing bill in form as reported from Senate committee, S. 2246. Opposed to H. R. 5987 in form as bill emerged from House committee. Convention unalterably opposed to any legislation which would continue in effect so-called section 505 combination GI-FHA loan. Strongly urge Congress to continue and expand GI loan program of GI bill of rights. Convention would be exceedingly grateful for your assistance in furthering objectives of this mandate for a million and one-half overseas veterans.

LYALL T. BEGGS,
Commander in Chief, Veterans of Foreign Wars of United States.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I wonder if the gentleman could tell the House whether or not, in his opinion, the provisions of the original measure which the Committee on Rules insisted on the Committee on Banking and Currency eliminating were desirable provisions in the first instance, and whether he would like to have them retained in the measure now before the House.

Mr. SABATH. I believe a motion will be made to reinstate the provisions that were stricken out because of the unfavorable action on the part of the Committee on Rules. I was obliged to agree, to get the rule out; otherwise it would

have been impossible to bring the rule to the floor.

Mr. EBERHARTER. I am sure the gentleman has always favored the most liberal housing provisions possible to pass in this House, and I certainly did not mean to intend that he favored the elimination of any of these desirable provisions.

Mr. SABATH. I repeat; if there is any legislation that is needed in this country it is legislation to provide for the hundreds of thousands of deserving ex-servicemen and those in the so-called middle class. I feel that the Committee on Banking and Currency has done a good job, taking into consideration the various interests that were at work to emasculate the bill. I feel that they brought in a fairly good bill, although they, too, have their own troubles, and they have not included certain provisions that should be included in the bill.

In view of the fact that we have been able to bring in an open rule so that the Members will have an opportunity to offer amendments, I hope that all amendments offered to improve the bill will be acted on favorably so that the bill will be more workable and more advantageous to the deserving ex-servicemen and the people in general.

I now yield 30 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, as far as I know there is no objection whatsoever to the rule. In addition, so far as I know, there is no objection to the bill as it now stands. It is my belief that there may be some debate over what may be inserted in the bill. Insofar as the text of the bill at the present time is concerned, there seems to be no division of opinion on that. For that reason it seems to me that there is no necessity of explaining the terms of the bill, as that will be done by members of the Banking and Currency Committee, nor have I any requests for time on this side.

Mr. Speaker, I hope the rule will be adopted.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. O'BRIEN].

Mr. O'BRIEN of Michigan. Mr. Speaker, I favor the adoption of this rule, inasmuch as it is an open rule which will permit the offering of amendments.

Mr. Speaker, I am in favor of H. R. 6070 reported by our Committee on Banking and Currency providing substantial extension from the present expiration date for FHA insurance on homes. I am also in favor of certain amendments that will be proposed to the bill that would authorize direct loans to certain cooperatives and veterans at 3-percent interest to be amortized over a period as high as 60 years for durable construction or during the useful life of the dwellings. There is no greater bulwark for the present and future strength of the Nation than the largest possible scope of home ownership. Down payments that are beyond the reach of many and high interest rates make it completely discouraging for a multitude of moderate-income people in this country to undertake the ownership of a home. The usual prevailing interest rate now is about 4½ percent. The reduction of interest rates and the longer period of amortization will inevitably add greatly to the number of families in this Nation that will own or be buying their homes for a cost and on an amortization basis that is within their economic means. It is regrettable that we cannot provide universally for an interest rate of not more than 3 percent for home purchasing, but this program will directly aid many thousands and will tend to set standards which will ultimately redound to the good of all. I hope the amendments which were recommended by a better than 2-to-1 vote in our committee, later to be stricken by the insistence of a majority of the Committee on Rules, will be restored to the bill when it is read for amendment in the Committee of the Whole.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6070) to amend the National Housing Act, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6070, with Mr. MANSFIELD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, in the first 7 months of this year, 1949, the building industry has surpassed any previous 7-month period of construction in the history of the Nation. Total construction in dollar volume amounts to $10,300,000,000 for the first 7 months of this year. If this pace continues, it is likely that 1949, as far as dollar volume output is concerned, will exceed or approach $19,000,000,000.

It is true that residential construction in this same period is about 3 percent below the similar period in 1948, whereas public construction is up about 33⅓ percent, that is, as far as hospitals, schools, and public highways are concerned. Industrial and commercial construction is off about 5 percent.

I cite these figures to point out that at the present time, in spite of a recession or a disinflation or whatever economic term you want to apply to the present stabilizing period, we are enjoying a relatively high productive year as far as building construction is concerned.

It has been the endeavor of the Committee on Banking and Currency to bring out this year a well-rounded, comprehensive housing program. With the support of the House, the other body concurring, we have enacted into law, now, slum-clearance and public-housing legislation which provides a long-range housing program for those in the $2,000-income level and below. Since the year 1946, the private building industry has devoted its efforts largely to the higher-price home market. This level has been above the reach of many of those in what is known as the middle-income group. It was the intention of the committee in reporting legislation that we would try to cover that middle-income bracket from $2,500 to $4,000. We have in the pending legislation liberalized title I of FHA, title II and title VI and with amendments to the Federal National Mortgage Association have probably given to the building industry and to private enterprise in the private construction phase of that industry more liberalized aids and supports than possibly any Congress has ever done in the past.

I will just run briefly over some of the high lights of what this bill does in its present form.

These are the high lights of the bill, H. R. 6070:

FHA TITLE I AMENDMENTS

House bill, H. R. 6070 extends title I to July 1, 1952, in amount $1,250,000,000. Class 3 loans reduced from $4,500 to $3,000, and new section 8 with maximum mortgage amount $4,750 for 95 percent 30-year loans may be increased by FHA to $5,700 maximum in high-cost areas.

FHA TITLE II AMENDMENTS IN H. R. 6070

Title II revolving fund increased by $1,250,000,000. Section 203 (b) 2 (B) now providing 90 percent $3,600 loans repealed. Section 203 (b) 2 (c) amended to provide 95 percent of $7,000 value plus 70 percent of the excess up to total of $11,000 on owner-occupant 25-year mortgages.

Present law 90 percent of $7,000 and 80 percent of excess to $11,000.

Section 203 (b) 2 (D) provides maximum mortgage amount $6,650 on a 95 percent 30-year mortgage with $950 additional for each bedroom in excess of two but not exceeding four—85 percent firm commitment for the builder. Maximum of $6,650 may be increased by FHA to $7,600 in high-cost areas.

FNMA AMENDMENTS

The 50-percent restriction is lifted for GI loans not exceeding $10,000, loans under section 8, title I, section 203 (b) 2 (D), section 207, section 213, section 608, section 611, and section 803.

Prior to sale to FNMA, VA must certify that dwelling conforms with minimum VA construction standards and the mortgagee must certify that "no bonus, fee, or other charges in excess of those expressly authorized by the Association have been or will be charged or received by such mortgagee to or from the builder or the mortgagor in connection with such mortgage."

FHA TITLE VI AMENDMENTS

House bill extends section 608 to June 30, 1950, with one-half billion increased authorization; no reduction in 90 percent insurance features.

The bill raises section 611 insurance percentage from 80 to 85 percent—$5,950 per individual unit with $850 for

each additional bedroom in excess of two.

Where construction is initiated under section 611 the mortgage may be replaced by individual mortgages covering each individual dwelling upon completion and insured under this section on the same basis as loans under section 203 (b) 2 (D).

FHA BUDGET AMENDMENT

The bill provides that FHA expenses for examination and insurance of loans and other field expenses not attributable to general overhead, can be paid out of income received by FHA from premiums and fees during the previous fiscal year, provided that not more than 35 percent of such previous year's income can be so used.

The FHA is authorized to process applications and issue commitments under section 8 of title I, title II, title VI, or title VIII, even though the permanent home financing may not be insured by FHA. If not so insured, FHA is authorized to charge additional reasonable application fees.

House bill changes present 501 loans guaranty from 50 percent or $4,000, to 60 percent or $7,500. The mortgaged property would have to conform with VA minimum construction requirements.

House bill extends loan term of GI mortgages from 25 to 30 years.

For an $800 mortgage this would amount to a reduction of $4 per month.

HOUSING FOR EDUCATIONAL INSTITUTIONS

House bill authorized RFC to purchase obligations of and to make loans to nonprofit educational institutions of higher learning for the construction of student and faculty housing, such loans to be at 4 percent and up to 40 years but no special fund is set aside for that purpose.

PREFAB DISTRIBUTION LOANS

House bill gives RFC authority to make loans directly to any business enterprise or financial institution to finance the purchase and erection, including the distribution and marketing, of prefabricated houses manufactured with financial assistance under section 102; the total amount of such loans not to exceed $75,000,000 outstanding at any one time.

Title VI is likewise liberalized.

In all, this might be said to be a bill which really goes all out for the private construction industry.

I would like to read, for the benefit of the House, a telegram from Gen. John Thomas Taylor, director of the national legislative commission of the American Legion, and his comments on this particular bill:

WASHINGTON, D. C., *August 22, 1949.*

Hon. FRANK BUCHANAN,

House Office Building, Washington, D. C.:

Last year the House Rules Committee bottled up housing proposals of the American Legion and prevented them from reaching the floor. Censuring these tactics, the 1949 national convention of the Legion castigated Congress for its confused treatment of housing legislation and its callous refusal to afford World War II veterans preferred consideration on an effective basis.

Once again the Banking and Currency Committee because of action by the Rules Committee has been forced to change reported legislation which contained the recommendations of the American Legion. For the last 18 months World War II veterans have sought vainly to exercise the guaranty benefit held out to them by the Congress in the Servicemen's Readjustment Act. The private investor, avid for higher interest rates, has in many areas closed the door to the veteran coming in for a loan to finance his purchase of a home or farm. The American Legion sought to amend that picture. The proposed direct loan was the keystone of its plan. It proposed that the World War II veterans who proves himself qualified, and who has been denied credit by private institutions, can get a loan from the Federal Government at a 4-percent interest rate to purchase his home or farm. The Rules Committee forced the jettisoning of the direct loan.

We urge your support of an amendment which will be offered to H. R. 6070 to reconstitute the direct loan provisions for veterans. The defeat of this amendment will charge the Congress with again having turned its back on shelter-seeking veterans and with again sidestepping payment of the promise it made to him while he was still in uniform.

We also ask you resist any attempt made on the floor to strike out the provision contained in the bill designed to eliminate the combination FHA-VA (section 505 (A)) loan. So long as the combination loan is authorized Congress will leave in the hands of the builder and the broker a tool which will frustrate successful seeking by a veteran of a 4-percent loan. So long as this type of loan remains there will remain a question of whether it was the veteran or the builder and lender that Congress proposed to take care of in the GI loan program.

We ask, therefore, for your support of the amendment to reinstate the direct loan provisions requested by the American Legion and resistance against any other amendments to title II of H. R. 6070.

JOHN THOMAS TAYLOR,
Director, National Legislative Commission.

Likewise, a telegram from Veterans of Foreign Wars in convention now at Miami, Fla., endorsing the principles that were cut out of this bill and asking that we attempt to restore these provisions.

This telegram is as follows:

Congressman FRANK BUCHANAN,
Washington, D. C.:

Fiftieth annual convention Veterans of Foreign Wars of the United States today unanimously adopted resolution calling upon Congress to enact middle income housing bill in form as reported from Senate committee, S. 2246. Opposed to H. R. 5987 in form as bill emerged from House committee. Convention unalterably opposed to any legislation which would continue in effect so-called section 505 combination GI-FHA loan. Strongly urge Congress to continue and expand GI loan program of GI bill of rights. Convention would be exceedingly grateful for your assistance in furthering objectives of this mandate for a million and one-half overseas veterans.

LYALL T. BEGGS,
Commander in chief,
Veterans of Foreign Wars of United States.

The American Federation of Labor calls upon Congress in a three-point program to combat sporadic unemployment by resolution to wit:

Furthermore, the executive council calls upon Congress to approve before adjournment pending legislation to encourage the construction of moderate rental apartments for families just above the low-income group. This legislation, which would involve no Government subsidies but would authorize low-interest loans to cooperatives and nonprofit groups to build apartments, is badly needed to supplement the public housing and slum-clearance program already approved by Congress. The shortage of rental housing in the $50 and $60 a month level is acute and new construction activity in this field would serve as a stimulus to all of industry.

So, in the full review of today's general debate, you will have presented the picture of what is needed insofar as comprehensive housing legislation is concerned.

I might point out, too, that as far as this direct loan feature is concerned, it is certainly not a new thing. There are already provisions in existing law under REA, Farmers Home Administration, the Federal National Mortgage Association, and previous legislation under HOLC and under RFC for direct loans.

So my appeal to the House today is to support the bill as reported, with amendments that will be offered by various members of the committee, to restore the bill as originally reported by the commiteee. I am sure that if we are able to report that kind of bill it can truthfully be said that a comprehensive program will have been enacted and the building construction boom that is presently at a high level will continue at an extremely high level and be able to bring about complete recovery in this Nation to the full employment era of 1948.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. BUCHANAN] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, it is very difficult to understand why we must face constantly and stubbornly a resistance against the direct-loan program to aid the lower middle income groups to get housing.

I notice that the very bill which the Rules Committee has given a rule on, H. R. 6070, does carry a provision for a direct loan. It carries that provision on page 33 with respect to aiding in the distribution, erection, and marketing of prefabricated houses. Provision is made there for $75,000,000 of direct loans by the RFC.

I think it has become clear by now that the housing program in the country, upon which we made a start in the previous Housing Act, must have more aid for its solution than is given by the FHA or than is given by enlargement of the so-called "Fannie May." Apparently the only plan upon which a very large number of Members of the House have been able to agree, and which the Committee on Banking and Currency in the other body has incorporated in its bill, is this provision for direct loans for housing middle-income families.

In the other body they provided for only $500,000,000 in lending authority with the right of the President to increase it to a billion dollars. That differs rather materially from the bill offered by the 10 Republican Members of this House way back in January of this year which pioneered this direct loan idea to provide housing that families in the lower middle-income groups

can afford. This is truly a bipartisan approach to the solution of this problem. While it does not do all that the original sponsors of direct loans for such housing wanted, acceptance of this billion dollar proposal would at least be an approach and a fair trial of a plan to do something for the lower middle-income families.

Over 50 Members of the House have introduced almost identical bills on this subject—Members on both sides of the aisle. But there was always an undercurrent of resistance despite the fact that a majority of the House wanted housing legislation—that majority not confining itself to one side, but coming from both sides of the aisle. They wanted the Taft-Ellender-Wagner bill, but there was a stubborn resistance from those who could to try to prevent the bill from reaching the floor.

The Members representing districts such as my own where families in the lower middle-income groups urgently need housing aid, were all for public housing under the assurance that we would have a balanced housing program that would extend to the lower middle-income groups. They are taken care of in this bill to a certain extent and we are giving them aid in getting housing for themselves as they are entitled to.

This principle of direct Government loans is carried out in the REA for the benefit of the farmers, it is carried out in the farm programs, and it is carried out for business through the RFC. No one seems to raise any alarm when it is done in those quarters but when it is proposed to extend the same principle to city dwellers who urgently need it, it is called socialistic. Yet city dwellers in the lower-middle income brackets in this whole housing program have been overlooked, those earning in the range of $3,000 a year—the great bulk of the middle-income group—about 15,000,000 American families. Whenever anything is endeavored to be done for them, there is this constant cry of socialism, that the program is to become socialistic; yet it is not socialistic in REA and it is not socialistic when it comes to maintaining farm prices or helping business.

I hope that the Committee of the Whole will see fit to accept an amendment which will let this one innovation that anyone has been able to think of—direct loans for housing—to be put into effect, which will bring housing within the reach of the lower middle-income groups, reduce the rental of four-room apartments from what it is now when built under title VI of this act, about $80 or $85 a month, to about $55 or $60 a month. We took care of the lowest income groups when we passed the Housing Act a few weeks ago. I hope the Committee will at long last give the lower middle-income group a chance and balance out this housing program which should have been done from the beginning.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, the passage of H. R. 6070 is most important in stimulating home construction and ownership at this time.

H. R. 6070 will enable more people to own their own homes. It does not contain any really new program. Our Government has been helping people to own and improve their own homes through the FHA insurance programs since 1934, without costing the taxpayers a penny or increasing the Federal debt. All the Government has done is to insure loans made by private lending institutions to finance the construction, purchase, or improvement of homes. Over $11,000,000,000 of mortgages and nearly $3,500,000,000 of small loans for repairs and improvements have been insured. Not only has the FHA paid its own way, but it has also built up substantial reserves to take care of any future losses.

We have been helping veterans own their own homes through the GI home loan program since 1944. Here again, except for the small gratuity payments amounting to not more than 2 percent of the loans, no Government money is involved. The Veterans' Administration has simply guaranteed lending institutions loss up to 50 percent, or a maximum of $4,000, on the face amount of home loans. Over $8,000,000,000 in such loans have been made to veterans.

I introduced an amendment to the extension of the RFC Act in 1946 creating a secondary market for GI loans, which enabled the Corporation to give a full 100-percent secondary market. This proved very effective in making credit available to veterans in small towns and outlying areas.

The present law makes the GI loans available only up to the extent of 50 percent of GI home loans guaranteed after April 30, 1948.

The secondary market made it possible for local lending institutions to sell FHA or GI mortgages when other outlets have been unavailable.

What H. R. 6070 does is to liberalize these established financing aids so that more people who can pay their way will be able to take advantage of them to own their own homes. These changes will be particularly helpful to families who want new homes in outlying areas and in the smaller towns and to veterans who want to build homes on farms.

One of the most important hurdles to home ownership for many families is getting enough money together to make the required down payment. Except for new homes costing up to $6,300, a purchaser now has to put up at least 10 percent for a new house. At present prices, this means at least $700 or $800 or more. H. R. 6070 would reduce the required down payment for an FHA loan to 5 percent on lower priced houses and give 30 years, instead of 25, to pay out the balance. Furthermore, special allowance is made for larger houses. Thus a buyer could get a 95-percent loan or $6,650 on a house of two bedrooms or less valued at $7,000, or $7,600 on an $8,000 house if it contained three bedrooms, or $8,550 on a $9,000 house if it contained four bedrooms. The bill authorizes the FHA to make further allowance for higher cost areas by insuring 95 percent loans on values $1,000 above the ordinary limits.

The effect of these provisions is to cut the down payment in half for houses in this price class. These liberalized terms, by encouraging lower-priced construction, will help principally people in cities and towns and in the built-up suburbs. The secondary market is made fully available for these loans.

For people in outlying areas and in the smaller towns another change should be most helpful in encouraging home ownership. While the FHA has been authorized in the past to insure loans in such areas actually very few people in small country towns have been able to get FHA loans. The neighborhood standards established by the FHA have been a very fine thing in assuring stability in city areas, but people in small towns have just not been able to meet them.

A special type of FHA loan to take care of such situations has been available under the FHA's title I program of small loans principally for property improvements. At the present time a borrower could get a $4,500 loan payable in 20 years on a new house in an outlying area or small town where ordinary FHA neighborhood standards cannot be met. But lending institutions in small towns have not been making many of these loans. For one thing, they are insured only on 10 percent of their total volume of loans, instead of the full amount of the loan as under the regular FHA mortgage insurance program. Few small-town lenders are in a position to build up a large volume of these loans with so small a guaranty. Further, large financial institutions have not wanted to purchase these loans from local banks, and there is no Government secondary market for them.

I believe H. R. 6070 will eliminate these difficulties. In the first place it provides, in a new section 8 of the National Housing Act, full insurance, instead of 10-percent protection, to mortgage lenders for 95 percent 30-year loans on new houses which are acceptable risks but do not have to meet all FHA neighborhood requirements. The loans may be up to $4,750 and the FHA Commissioner is authorized to increase the maximum amount to $5,700 in higher-cost areas. Further, such mortgages are made fully eligible for the Government's secondary market. These provisions, I believe, will make these loans attractive to small banks and other lending institutions. The purchaser is protected by the FHA construction requirements and FHA inspections.

When a full Government secondary market was available for GI loans, this type of credit requiring little or no down payment was generally available to veterans to finance the purchase of homes, except on farms. After the secondary market was eliminated in 1947, veterans found their sources of credit drying up, particularly in the smaller communities where the lending institutions were fairly well loaded up. The situation has not improved greatly since the secondary

market for GI loans was partially restored a year ago.

H. R. 6070 will restore the effectiveness of the GI loan program by making the Government secondary market fully available for GI loans up to $10,000, made after September 1, 1949, and by making other improvements.

With a full secondary market in which to sell mortgages and with these other changes, I believe that veterans will be able to get 4-percent money as Congress intended in the GI bill of rights. Because of this fact, your committee decided to eliminate the combination FHA-GI loan, with its higher interest rates, as no longer necessary.

The bill would also make GI loans generally applicable, for the first time, to veterans living on farms who want to build houses. It would permit the portion of the farm on which the house is to be located to be separated for mortgage purposes or, if that is not feasible, permit the Veterans' Administrator to waive the first-mortgage requirement as security. The effect of the latter would permit a GI loan to be secured by a second mortgage when the farm is encumbered by a first mortgage.

All of us who know about farm credit are well aware of the difficulty which farmers have in financing homes when their farms already are mortgaged. Congress has already recognized this difficulty in the Housing Act of 1949, when it authorized the Secretary of Agriculture to make a loan to a farmer for the provision of housing, with the loan being secured by the farmer's equity in the property. The principal difference here is that a farm veteran will be able to go to his bank and borrow the money for his house, instead of getting the money from the Government.

I have called attention to these provisions because they will broaden home ownership, a desired objective which we can all support. This bill also extends FHA repair loans and certain rental-housing provisions and liberalizes FHA insurance for cooperative housing. The full secondary market is made available for such loans. Thus, from the point of view of encouraging private-housing construction and financing, it is a balanced bill which fully deserves prompt enactment.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. COLE].

Mr. COLE of Kansas. Mr. Chairman, the members of the committee who have spoken before have generally outlined the provisions of the present bill with which perhaps there are no disagreements. However, one issue is clear in this bill and if it does not pass in this bill the issue will be presented to the Congress not only at this time but next year and probably the year after. It is to that particular issue, which is a fundamental one, I wish to address my few remarks this afternoon.

You know, there was a legendary creature in our past history known as Steve Brody. Steve, you recall, took a chance. There are other legendary creatures and persons in our history who have taken a chance. I recall that George Washington and his ragged Continental Army took a definite chance in establishing this great country of ours.

This has been a Nation of chance takers. The pioneers who left the eastern shores of our country to make the West what it is today took a chance. So, finally, at long last the chance takers of this great Nation developed it into the most powerful Nation in the world today. It was those people who took a chance, who were willing to take a risk, that made our Nation great.

Then there were other chance takers. Those chance takers were the men who risked their money that they might see the great production of this country rise to such heights that we were able to win World Wars I and II. In regard to these risk takers I want to quote to you a statement made by Mr. Thomas B. McCabe, Chairman of the Board of Governors of the Federal Reserve System, as presented to a subcommittee of the Committee on Banking and Currency on August 5, 1949, in which he said:

> Until recently there has never been a general unwillingness on the part of investors in this country to take reasonable risks with their savings. At times we have experienced an actual shortage of savings, but rarely a significant lack of interest in risking those that were available if there was a prospect of sizable return. Such risk-taking had long been an American tradition. It resulted in the rapid development of our resources, expanding production, and a steadily rising standard of living.
>
> As everyone recognizes, the supply of equity or ownership capital is of vital importance to a dynamic, expanding economy. By equity capital I mean those funds supplied to a business which do not involve any fixed lien or debt obligation and on which no fixed return is guaranteed. Equity capital is essential to a business because it permits growth and risk taking without fear that a temporary period of poor earnings will mean hardship.
>
> DESIRE FOR SECURITY
>
> There is no single reason why investors do not buy equity shares in business. We know that the volume of individual savings today is tremendous, and it is not therefore a shortage of available funds that prevents people from buying stock. I am firmly convinced that an important reason for people not buying common stocks is the increased emphasis which they place upon security and safety of their savings rather than upon prospects of gain. Security rather than opportunity has recently become more and more a part of our national philosophy. The disappearance of the frontier and the end of geographic expansion, the unsettled state of international affairs since the turn of the century, and the dark memories of financial collapse and depression in the early thirties have caused people to seek security in investment as well as in Government intervention to mitigate economic and social disparities and instability.

Now, there are those today on our American scene who would remove chance taking. There are people who would remove risk taking in the financial picture. These are the same people who propose that the Government make direct loans to business, that we have direct loans to all sorts of enterprises in this country. So, it is to that particular issue I want to direct your attention today and say there are three reasons why we should not at this time expand the direct loan program of the Government. The first is, there is no emergency. Secondly, the direct-loan program will cause higher prices; and, third, we will find that the direct-loan program is in direct competition with private business.

First, does an emergency exist? Heretofore direct loans have been proposed by the Government on the basis of an emergency. The RFC was set up originally because it was an emergency corporation to meet emergency circumstances. Is there an emergency today which requires direct loans in the housing field?

I direct your attention to a report issued by the United States Department of Labor, Bureau of Labor Statistics, which reads:

> Over half a million new permanent nonfarm dwelling units were put under construction during the first 7 months of 1949, according to estimates of the United States Department of Labor's Bureau of Labor Statistics. Preliminary estimates of new houses started indicate a 549,100-unit total for the first 7 months of 1949, which comes within 4 percent of equaling last year's final count for the same period.
>
> Homebuilders doubled their operations between January and June, as measured by new dwelling units begun, and they started an additional 96,000 units in July. Although July's performance represents a decline of 4,000 from the June peak, it was the third successive month this year in which housing starts were at or near the 100,000 mark.
>
> The high level of housing activity this year has been supported by an increasingly large volume of apartment house construction. A review of local building permits issued in urban places throughout the country shows that rental housing (units in two-or-more family structures) more than doubled between the first and second quarters. When building-permit reports for the first half of 1948 and 1949 are compared, urban rental housing this year almost equals the volume for 1948, but the number of single-family houses authorized is less by 16 percent.

They started an additional 96,000 units in July. Although July's performance represents a decline of 4,000 from the June peak, it was the third successive month this year in which housing starts were at or near the 100,000 mark.

Do we have a shortage of homes today? During the rent-control debates we were warned, and people said, that if we put in the local-option provision in connection with the rent-control bill it would be a catastrophe, that the people of the country would find they would be evicted from homes and rents would rise sky high, and that it would be a terrible thing for the country. Many localities have been decontrolled under the local-option provision. I want to inquire from the members of this committee how many of their constituents find that within their districts where individual towns have been decontrolled the dire predictions of those prophets of doom have been carried out.

True it is that some rents have been raised. True it is that some maladjustments have occurred. But finally and at long last, as it can operate under this restrictive law, housing is now being made available to the people. In 1940 there were 15,000,000 homes occupied by

owners. In 1947 there were 23,000,000 houses occupied by home owners, an increase of 25 percent. The housing shortage is being met.

No one who appeared before our committee has contended that by reason of an emergency due to the housing shortage we should have direct loans. So I say, Mr. Chairman, that, item No. 1, there is no emergency today by which the Government should step out into a new field, an entirely experimental field, and compete with private business.

Secondly, direct lending causes a rise in prices of homes. Those who say that direct lending will give the middle income class and the lower-income class homes at a lower cost are not looking the economic facts of life in the face. Why? Let us give a little illustration. Suppose on September 1 we passed a bill saying that down here at the Bureau of Printing and Engraving they would print enough $10,000 bills to give everybody in the country a $10,000 bill with which to buy a satisfactory home. You know very well what the result would be. The following day the people would rush to the available homes, and the $10,000 bill would be practically worthless. So it is in direct proportion that we increase the cheapness of the credit that we increase the price to the individual home buyer.

Mr. Chairman, that is true because the costs of home building during the year 1939 were 86 percent less than they are today, or conversely, the cost of building a home today is 86 percent greater than it was in 1939. The only thing that goes into building houses today which is cheaper is the interest rate. Therefore, as we have reduced the interest rate, the cost of homes has risen. The reduction of the interest rate has not brought about a reduction in the price of the home.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COLE of Kansas. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Can the gentleman tell us what proportion of that 86 percent is material and labor?

Mr. COLE of Kansas. No, I cannot; I am sorry. I do not have those figures.

Thirdly, this bill provides for the Government's entering into competition with whom? It provides for the Government's entering into competition with the laboring man. It provides for the Government's entering into competition with the farmer. It provides for the Government's entering into competition with every businessman in the United States. Why? Because these people who make a salary, because these people who make a profit, invest a part of that profit and wage. They place that profit in a lending institution. They take the pay check down to the building and loan association, or they buy insurance policies, or they do other things with it from which they expect to receive a return upon their investment. What is that return? It is the money which that institution loans to other people. So if we permit the Government to continue to extend its direct Government-lending program, we permit the Government to enter into competition with every individual in this country who saves a little money. We do more. We place a huge barrier between business and those chance takers who want to invest in American ingenuity. If we continue to do that, then why should we not permit the Government to continue in its business operations in direct competition with people who sell clothing and with people who sell shoes and with people who sell food? The people of this great Nation of ours do not have all the clothing they need. They do not have all the food they need. They do not have all the basic necessities that they need. But we believe in the private enterprise system. Frankly, in this great Republic in which we believe, we believe that private enterprise is proper.

We believe it is proper for individuals to make a profit and to make more wages than to just buy necessities. It is proper for them to invest that profit and surplus wage in a lending institution or invest it in whatever investment they care to make. So, if the Government sells credit, it enters into competition with that individual who wants to sell the use of his surplus wage earnings.

What do the proponents say about this bill? I had the opportunity to sit in the committee and listen to the testimony which was presented to the committee. I said to one of them, "What about the credit of the Nation? If we continue to expand these direct loans, are you not worried a little bit about the fact that your money will be considerably cheaper and that the man who works today for a dollar will work tomorrow for a dollar, but that dollar will not buy on tomorrow what that dollar buys today?"

And he said, "If you are going to discuss finances, you would have to discuss that separately from the need for housing in this country."

Mr. Chairman, that is the philosophy of the people who propose direct lending in this bill.

Mr. Chairman, the two are wound up inseparably, entirely and absolutely together as one problem. That is what the bill provides for. So it is tremendously important that we know where we are going.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 3 additional minutes to the gentleman.

Mr. COLE of Kansas. A quite telling argument is sometimes suggested by the proponents wherein they say, "Well, we have the REA. We have the farm subsidies, and we have the RFC for business, and we have direct loans here and there throughout the Government. Why do we not continue that?"

If we continue each legislative proposal, it must be considered upon its merits. It is not proper for us to say that because we have one program, we ust adopt all of them. If that sort of thinking is correct, then we should have direct Government purchases and gifts in direct competition to every business.

There is a distinction, however, between this program and others. The RFC first was set up as an emergency agency. It lends money to business corporations, on a limited basis. If the direct lending program is approved it will provide for one more tremendous, and unnecessary step further for Government competition with private business. In closing I want to quote to you a great Democrat of the past. Some of you gentlemen do not believe in his philosophy, but I do think it is important that we think about it today because, Mr. Chairman, and Members of the Committee, this Government is faced with the possibility that not today—not with this one program, but with each encroaching program, in the end there will be no private business. This great Democrat, Thomas Jefferson, said:

> I am not among those who fear the people. They, and not the rich, are our dependence for continued freedom. And to preserve their independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude * * * private fortunes are destroyed by public as well as by private extravagance. And this is the tendency of all human governments.

Now, this is the important thing, and is an answer to the gentleman from Pennsylvania:

> A departure from principle in one instance becomes a precedent for a second; that second for a third; and so on—

And I add in parentheses (perpetually)—

> till the bulk of the society is reduced to be mere automatons of misery, and to have no sensibilities left but for sinning and suffering. * * * And the fore horse of this frightful team is public debt. Taxation follows that, and in its train wretchedness and oppression.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. TEAGUE].

GEN. LEWIS A. PICK, CHIEF, CORPS OF ENGINEERS

Mr. TEAGUE. Mr. Chairman, I do not hesitate to come to the defense of someone whom I feel has been wronged, and I assure you that I will not make the same personal attack upon the honesty and integrity of an individual that has been made against Gen. Lewis A. Pick, Chief of the Corps of Engineers.

I believe that most of us are familiar with the manner in which our flood-control projects are authorized and provided for and we realize the long period of time for studying and planning that necessarily goes into each project which is ultimately built. The Corps of Engineers makes detailed studies of our various river basin areas and from these surveys their reports are carefully scrutinized by the Bureau of the Budget, other interested Federal agencies and by the appropriate State agencies involved. These revised reports and opinions are then submitted to the Public Works Committee of the House of Representatives and extensive hearings are held before any new project is authorized. Anyone for or against proposed projects

may appear and be heard and have their opinions considered by the Public Works Committee.

In a like manner, the Appropriations Committees of the Senate and House give very careful consideration to these authorized projects, before the funds are made available to construct a project. The specifications for any one flood control project are not the work of just one person.

Mr. Chairman, the Appendix of the CONGRESSIONAL RECORD has recently had several extensions of remarks which have been very unfair to General Pick who has taken over as Chief of the Corps of Engineers in March 1949. The most recent attack makes a charge that the general is wasting the taxpayers' money. This is just one of many attacks against General Pick because of the Member's disagreement with him and with the majority of Congress over the proposed specifications of a flood-control project.

I have known General Pick since the late twenties when he was an instructor in the ROTC program at Texas A. and M. College. General Pick has a marvelous war record, having accomplished many engineering feats and has contributed materially to the Missouri River flood-control project. General Pick cannot defend himself against these unwarranted attacks in Congress, but his fine record speaks for itself.

General Pick is a native Virginian and a graduate of VPI. He was an engineer officer in World War I and has received additional training from the Engineers' School at Fort Belvoir, Command and General Staff School, Fort Leavenworth, and the Army War College, as recently as 1939.

His duties have called him to Europe in World War I, to the Philippines from 1920–23, and as district engineer to New Orleans and Omaha. During World War II General Pick commanded the group in China-Burma-India, which constructed the Ledo Road. Before becoming the Chief of the Corps of Engineers, the general was assigned to the Missouri River division engineers.

I am glad we have such a well qualified man to direct our flood-control and navigation-improvement projects, a man who will not let political pressure sway his thinking of what is right and wrong. General Pick is a fine Army officer and a great American. There is no part of our Government which is more respected than our Corps of Engineers and I am sure that under General Pick's leadership the Corps of Engineers will be more and more respected.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, it was a little amusing to listen to my able colleague from Kansas [Mr. COLE] bemoan what we have done to the American people through the FHA. I can remember 10, 12, and 15 percent interest rates for home building that he seems to want to go back to. I can remember when most of the people of this country could look forward only to renting houses from some landlords. Now, instead, they can own them at a price and at finance charges that are comparable to rents they once had to pay.

I think this trend of mortgage insurance that the Government has put upon home building through the FHA, while it is true it has lowered the interest return, it has encouraged more investment and more free enterprise than we ever had under the old system of second mortgages and 10- and 15-percent home-finance money.

HAVE AIDED FREE ENTERPRISE

One of the best examples of that would be the situation of the Home Builders Association. Up until we had FHA we had a series of little contractors who lacked capital, equipment, and who each built a few houses each year. We have added to the home-building techniques through this FHA program a great new industry in America, the home-building industry. This private enterprise has built millions of homes on mass-production basis, putting into them new labor-saving devices and new methods of improved construction.

I am sure most of the Members will say that it is a live and aggressive organizaton and has a very definite interest in all types of housing legislation that came before this committee.

NATION OF HOME OWNERS

I do not think we want to go backward. I do not think we want to have a nation of tenants. I think we want to have a nation of home owners that can pay out, in a period of reasonable time, the mortgages on their own homes. I do not think we want to go back to the 5- or 10-year mortgages, with a big balloon note at the end, on which you pay a several hundred dollars' finance charges to get somebody to take a new refinancing mortgage.

What we have done is to put orderly and modern financing into the home-construction field so that when a man buys his home under FHA, or under the GI loan, he can spread his payments on an amortized basis over 25 or 30 years, including the taxes and all of the other charges, and know that he is going to be able to own that home at the end of that definite period. Each year he lives in it he creates a genuine and valuable lasting equity.

HAVE ADDED INCENTIVES

In this bill we have enlarged tremendously the benefits to encourage, through free enterprise, the construction of the millions of homes that America needs. We have enlarged and improved and increased the FHA titles so that people who want to buy homes under the FHA plan can now buy them on very liberal terms. We have not limited that, as it has been in the past, to homes built within city limits, measuring up to zoning requirements and other requirements.

Title I of this act is an effort to get suburban and rural homes, home built on the perimeter of a city that do not need the more expensive qualifications that FHA has insisted upon in other types.

ACCENT ON LOW-COST HOMES

We have increased the time limit and raised the total amount in FHA title II in an effort to do what? To bid out through free enterprise and incentives the construction of medium- and low-priced homes. It is not going to do us any good to build thousands and thousands of $25,000 and $30,000 homes because buyers for such homes are not suffering from any housing shortage.

We need homes running from $5,000 to $8,000, and this bill is tailored and designed to make possible and to stimulate through additional credit help the construction of this type of housing. There are many things in this bill that I believe will help not only the builders, because we would not be legislating only for builders, but will help the actual purchasers, veterans and nonveterans, of this housing; and, after all, if we get the price down so that you can own a house at less money per month there will be a great many more American citizens and GIs buying homes of their own.

LOWERS COSTS BY $4 PER MONTH

One amendment offered by the gentleman from Pennsylvania [Mr. BUCHANAN] that was put into the bill will do more than almost anything else in this bill to put this type of housing, low- and middle-income housing, into the hands of the GIs who need it so badly by extending the total amortization time on the GI loans from 25 years to 30 years.

The rate of interest, 4 percent, remains the same. We raised the total amount of insurance guarantee from $4,000 to $7,500, and from 50 percent to 60 percent which means that a GI can now buy about a $10,000 home at 4 percent interest over a period of 30 years.

This one amendment by the gentleman from Pennsylvania [Mr. BUCHANAN] will lower the average monthly rent by $4 per month, and that will put it within the reach of the great mass of GI's in this country.

GOAL 1,000,000 HOMES A YEAR

There are several other sections of the bill that I think are of much interest and importance in trying to reach and continuing to reach through free enterprise and private building the million homes a year that are necessary if this country is to approach a solution of its housing problem. About a million homes were built last year under the stimulus of Government financing helps to private efforts. Not quite a million homes will be built this year, and we need this bill if we are to get back to the million homes goal next year.

We recognize that every person cannot have a house and lot of his own in the city; particularly in our metropolitan centers do we have an unusual situation which makes it impossible for the individual buyer of a home to procure or build an individual $8,000 home that we are driving for in most places in the country.

That problem has been given a great deal of attention and thought by the committee. Much testimony was taken

by the committee, relative to ownership of apartments in cooperative housing in the big cities.

LEGION SPONSORS VET CO-OPS

There were two programs in the original bill introduced, one was the program advocated by the American Legion which provided for FHA insurance of these cooperative houses based on a unit cost of $8,550 per unit, or $1,800 per room, payable in 40 years at 4 percent. There was another section called title III that had a great deal of support in the House that provided for 3 percent, 60-year money and cut down the payment and set up a new system of finance outside of the FHA but inside of the Federal Housing Agency. It was a new type of operation.

CAREFUL STUDY GIVEN TO PROGRAM

Recognizing and realizing that cooperative housing is a somewhat experimental program, we heard a lot of testimony on this and did not vote to report title III but left it in abeyance until we could experiment more, on this 40-year 4 percent proposition. We have had something similar to this in FHA for the past few years, but it has been ineffective because the private lenders of money and the buyers of FHA mortgages have had no basis of experience with such cooperatives, and were reluctant to originate or take this type of mortgages.

So you had only a few thousand units built under the present cooperative program. In the bill originally—before the Rules Committee that told us what we could and what we could not report to this House—we provided for access to FNMA to make direct loans for these 40-year 4-percent cooperative housing for veterans and for nonveterans.

We did not follow the no-down-payment plan because we felt that if these cooperatives were to succeed, the people should have some serious good intention of putting some money up as evidence of good faith.

When the project is organized, unless they make a down payment of some kind to show their serious intent, the project might be finished and you might find several of the people who you expected to move in had bought houses elsewhere or decided they did not want to come into the program.

So under the program we reported out, we provide a 5-percent down payment for veterans and 10 percent for nonveterans. If we are to experiment on a cooperative housing program, we felt that this is neither to the extreme right or to the extreme left but right down the middle.

It would give us a test whether America will support a cooperative program based on sound financing and by loans, where necessary, by the Federal National Mortgage Association, a subsidiary of RFC.

The amendment that I will offer, which was cut out at the direction of the Rules Committee, will provide that the Federal National Mortgage Association can make loans to these cooperatives under these terms where no private financing is available on those terms. That was cut out of the bill.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MONRONEY. Mr. Chairman, I believe if we start in a small way and under this sound program we may be able to justify a solid substantial program of cooperative housing that is needed in the larger centers where individual home ownership is impossible.

VETERANS' LOANS ARE NEEDED

Another section of the bill that was cut out at the dictates of the Rules Committee, which was advocated by the American Legion and the Veterans of Foreign Wars, not just their housing committees, but in national conventions assembled, provided for direct stand-by Government loans where in areas veterans could not avail themselves of the 4-percent interest pledge for home ownership that the Government had promised them when they were fighting overseas.

Nobody is going to drive the private lenders out of business; nobody wants to compete with private lenders when they will follow the program that Congress during the war period promised the veterans when they were in uniform.

This is limited so that the Veterans' Administrator must first find that in the area where the homes are to be built there is no private financing available under the 4-percent terms and under the GI bill of rights to veterans.

It is not going to do the veteran any good out in a small county in west Texas to know that in Oklahoma City or Dallas or Fort Worth or St. Louis veterans are getting their homes built at 4 percent and he is still asked to pay 8, 10, or 12 percent because there happens to be no financial institution of any strength existing in his community willing to take his mortgage.

So, on the finding of fact by the Veterans' Administrator that there is no private financing available, and only if there is no private financing available, then he may engage in a program of direct loans in that area, and in that area only, and it is limited to $300,000,000 for the year. Three hundred million dollars, I think, is about 6 weeks' production of the home-building industry of this country. So you can see we are not going into a direct lending program in a big way.

This is stand-by credit that I think if Congress meant what it said when we promised the veterans 4 percent loans on their homes, then being unable to obtain that in certain areas of the country, we should go ahead and go the rest of the way. I say that we intend to make good on that promise.

Mr. TACKETT. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Arkansas.

Mr. TACKETT. Suppose that there are but two banks in a given town, but neither care to handle the GI loans, can that individual case be handled under the gentleman's bill?

Mr. MONRONEY. This is designed to take care of area instead of the individual. The GI might have a bad credit rating or his income is not such as to handle the loan. This is not designed to take care of him. It is to take care of an area where there is no financial institution willing, able, and ready to take these 4-percent home loans.

Mr. TACKETT. If there is a banking institution and it is not willing to handle the loan, then this bill becomes operative; is that correct?

Mr. MONRONEY. Yes; it is stand-by only.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. Who will decide whether or not the veteran can or cannot obtain the money?

Mr. MONRONEY. The Veterans' Administrator, probably asking the local district to check and find out.

Mr. BROWN of Georgia. That is provided in the gentleman's amendment?

Mr. MONRONEY. That is right. I cannot look with great askance on this because of all of the evidence we have had in the past on direct lending. I particularly remember the billions of dollars that were lent under HOLC.

HOLC LOANS PAID OUT AT PROFIT

I recall reading in the paper, I think it was last Sunday, where those billions of dollars have been cut down to about $350,000,000, and almost every private lending institution throughout the country is trying to now buy this paper. This HOLC direct-lending program was of the greatest size for home ownership that this country ever had.

Mr. COLE of Kansas. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Kansas.

Mr. COLE of Kansas. Certainly, the gentleman knows that the HOLC was an emergency proposition.

Mr. MONRONEY. Certainly, it was. But, I am trying to say to the gentleman that if, in times of grave emergency, when people are out of work, when the factories are idle, when there are millions of unemployed, we assist people to hold on to their homes, then we are not taking any great risk loaning to the GI's at 4 percent now.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from California.

Mr. HOLIFIELD. We all know that the RFC has extended many hundreds of millions of dollars to industry on a lesser percent than 4 percent, and on long terms for the purchase of factories and other things, available under the War Assets Administration. So, in the making of this extension we are just putting the veteran on somewhat of a par with the favors that have been granted to industry.

Mr. MONRONEY. This is not a favor to the veteran. This is part of a program that Congress has enacted.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentlewoman from California.

Mrs. DOUGLAS. I just want to ask my question in relation to the other question that was asked. Does the gentleman not think that it is an emergency, if you have a job and you have a family, but the interest rates are so high that you cannot buy or build a home?

Mr. MONRONEY. Of course and also at that time it was the financial institutions that were in an emergency; they were going broke by the scores, so the Government acted quickly to save them. Today the emergency is on the part of the borrower, and he is certainly entitled to some consideration by the Government.

Mrs. DOUGLAS. The Federal Government also acted in that emergency and saved homes.

Mr. MONRONEY. Yes.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from New York.

Mr. JAVITS. I think the cause of the present emergency is the drastic housing shortage, and that is why you are in here with all these bills.

Mr. MONRONEY. If it was not for the housing shortage we would not be doing a lot of these things.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Georgia.

Mr. LANHAM. I want to join with the gentleman in saying that this, in some sections, is the only solution of the problem. In my own district the banks will simply not make a 4-percent loan over a long period of time, and all of the provisions made for the benefit of the veteran are of no avail because they cannot get the loan.

Mr. MONRONEY. I will say to the members of this committee that if we do not put back this stand-by direct-lending section in this bill then we are taking a chance of being criticized for writing a one-sided bill, a bill that will do a great deal to help the home-building business and help the private builder, and to help the veteran incidentally. But this stand-by loan authority is something that the veterans themselves want, where private financing for their homes at 4 percent is not available from private sources. I think we should legislate for all.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Arkansas.

Mr. HAYS of Arkansas Another illustration of the Government's success in direct lending is that of the farm-home ownership program under the Bankhead-Jones Act, which has been very impressive and practically all of that has been repaid.

Mr. MONRONEY. The American people will pay for their homes, if the terms are made within their reach, every time.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. DEANE].

Mr. DEANE. Mr. Chairman, following the excellent statement made by the gentleman from Oklahoma [Mr. MONRONEY] in which he discusses the amendment which he proposes to offer tomorrow to restore the direct lending to GI's, I think he would agree with me as well as the majority members of the committee that this bill has been so watered down that it could very well have been passed on the Consent Calendar. However, it does carry some very outstanding and far-reaching legislation.

I am going to direct my very brief remarks, and I am sure we all wish to hasten the conclusion of this day's work, to title I with reference to slum clearance. The members of the House Committee on Banking and Currency received within recent days from Mayor William O'Dwyer a report showing the wonderful and thrilling story of slum clearance in the city of New York. I am requesting that this publication be made available to every Member of the House, because to me it represents one of the most far-reaching housing programs ever contemplated or entered into by any State or political jurisdiction.

Briefly, in that great city as pointed out by the New York Times within recent days 42 public-housing projects valued at $540,000,000 have been started in 42 months, or 1 a month. At the end of the war 17,000 public-housing living units had been built and 20,700 had been planned. Now there are 63,000 built or under construction and more than 5,000 scheduled for an early start. In addition, 49 proposed sites for new public housing are being screened and cleared for action when funds are available.

I will not go into this report further, and I mention it with the hopes that various municipalities throughout this country will follow through and pattern a program after this great program as promoted by the New York City Housing Authority.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the gentleman from New York.

Mr. JAVITS. Does not the report show, as far as New York City itself is concerned, that it has used up all its money for housing, and all these projects the gentleman describes are projects financed by State and expected to be financed by Federal money, the very thing we are providing for?

Mr. DEANE. That is true.

My remarks now point up slum clearance under the Housing Act of 1949. This statement is placed in the RECORD and directed toward every American municipality to do something about its slums.

I might point out that 30 political jurisdictions in the United States have passed slum clearance and urban redevelopment enabling legislation. This statement will indicate those particular States. There are 21 States, including my own State of North Carolina, that have not passed such enabling legislation.

I recall that during the session of the last North Carolina Legislature there were those who contended that no action should be taken because no authority had been passed at the Washington level. Now under the provisions of title I it offers a challenge to those 21 States without enabling legislation as well as those Members of Congress who are interested in slum clearance to take advantage of this wonderful program.

In my statement, Mr. Chairman and members of the committee, I outline briefly the contents of my remarks, followed by a rather complete statement pointing out ways and means by which the various jurisdictions may take advantage of the slum-clearance feature of title I, and other significant data.

Introductory statement:

What is the basic authority provided in title I?

What local agencies can participate in this program?

What types of local projects can be assisted?

What kinds of work and redevelopment activity are eligible for Federal assistance?

What types of Federal loans are available under title I?

Facilities for private financing:

What are the requirements as to Federal capital grants and local grants-in-aid?

Legal authority required for local participation in title I program.

What are the other requirements for local participation in title I?

SLUM CLEARANCE UNDER THE HOUSING ACT OF 1949—A PRELIMINARY EXPLANATORY STATEMENT TO AMERICAN CITIES

With the enactment of the Housing Act of 1949 the Federal Government for the first time is in a position to extend financial aid to communities for the clearance of their slums and blighted areas so that those areas can be soundly redeveloped in a manner that will contribute to improved conditions for American families and to the healthy growth of American communities.

The authority for this new program is contained in title I of the Housing Act of 1949. Its approval by the Congress followed more than 4 years of intensive investigation and study by congressional committees, leading to the conclusion that Federal financial assistance is essential if progress is to be made by communities and private enterprise in overcoming the obstacles that have blocked the clearance and redevelopment of slum areas on any sizable scale during the past.

This legislation affords an unprecedented opportunity for a joint attack on the social and economic evils of the slums by communities and the Federal Government, with the active participation of private enterprise. It also presents an unprecedented challenge to local governments and to the Federal Government to carry out this pioneering program in a manner that will effectively accomplish the objectives laid down by the Congress. This challenge is high-lighted by the fact that actual operating experience in this field has by necessity been extremely limited. American communities have been devoting increasing attention to the problems created by their slums and blighted areas and to possible ways and means of eradicating these areas. While many of them have eliminated some slum housing as an incident to the provision of low-rent public housing and other public improvements, with

but few exceptions they have been unable to proceed with programs directed to the clearance of slums for general redevelopment by the reason that they have lacked the resources necessary for such undertakings. Likewise, while there has been intensive study within the Federal Government of the basic principles and problems of slum clearance and urban redevelopment, until now there has been no agency charged with operating responsibility and authority in this field.

The purpose of this preliminary statement is to provide American communities with information on the basic provisions, requirements and principles of title I of the Housing Act of 1949. It is also intended to acquaint those communities which are interested in planning specific projects with the main requirements of title I with respect to local responsibilities and preparations.

Since this is an entirely new Federal program, the development of definitive operating policies and procedures, rules and regulations, and application forms and contract forms for financial assistance must necessarily await action on the necessary appropriations for the administration of the program and on the subsequent recruiting and organization of an administrative staff. At the same time, there is much preliminary work which must be done by communities before formal application for financial aid can be submitted in accordance with the provisions of title I. It is hoped that the information contained in this preliminary statement will be of assistance to interested American cities in moving forward with their plans and preparations for slum clearance and urban redevelopment projects, without delay. During this interim period, the Housing and Home Finance Agency will be glad to confer with communities on their plans to the extent that its presently limited staff resources permit.

The Housing and Home Finance Agency will also proceed with the drafting of rules and regulations and with the initiation of actual operations under the program as rapidly as possible. The Agency intends to develop the operating policies of the program in close consultation with representatives of local government and with other interested groups so that the program may get into operation on a sound basis, responsive to the spirit and letter of the law and to the practical needs of communities.

WHAT IS THE BASIC AUTHORITY PROVIDED IN TITLE I?

Title I authorizes the Housing and Home Finance Administrator to make loans and grants to assist communities in eliminating their slums and blighted areas through the assembly, clearance, preparation, and sale or lease of land for redevelopment at its fair value for the uses specified in local plans. This financial assistance would not be available for new construction of buildings on the cleared sites, except for loans for public buildings and facilities needed to support the development of open land.

To obtain funds for loans the Administrator is authorized to borrow from the Treasury up to a total of $1,000,000,000 outstanding at any one time. This loan authorization becomes available over a 5-year period at the following rate: $25,000,000 on and after July 1, 1949; an additional $225,000,000 on and after July 1, 1950; and additional amounts of $250,000,000 on and after July 1 in each of the years 1951, 1952, and 1953. Subject to the over-all limit of $1,000,000,000, the President is authorized to increase the loan authorization in any one year by up to $250,000,000, if he finds such action to be in the public interest.

A total of $500,000,000 in Federal capital grants is authorized and the Administrator is authorized to enter into capital-grant contracts aggregating not more than $100,000,000 on and after July 1, 1949. This limit is increased by further amounts of $100,000,000 on and after July 1, 1950, 1951, 1952, and 1953. The President also is authorized to increase the contractual authority becoming available in any year by up to an additional $100,000,000, subject to the over-all limitation of $500,000,000.

WHAT LOCAL AGENCIES CAN PARTICIPATE IN THIS PROGRAM?

Contracts for loans and grants can be entered into only with duly authorized local public agencies with the necessary powers under State and local law to carry out the functions and fulfill the obligations of a slum-clearance and redevelopment program as provided for under title I. The act defines "local public agency" as meaning "any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought." Thus, depending on the requirements of State law or on local designation, the local agency may be a specially created local redevelopment agency, or a local housing authority, or a city or county itself. The program also includes the District of Columbia, and the Territories, dependencies, and possessions of the United States.

The legal authorities required for local participation in the program are discussed further on page 8.

WHAT TYPES OF LOCAL PROJECTS CAN BE ASSISTED?

The provisions of title I and of the declaration of national housing policy contained in the Housing Act of 1949, together with the reports of the congressional committees which considered this legislation, make it clear that the basic purpose of Congress in authorizing the title I program was to help remove the impact of the slums on human lives and that therefore the projects assisted should all be related to the improvement of housing conditions in the localities involved. Accordingly, Federal financial assistance is limited to the assembly and clearance of areas which either are predominantly residential in character prior to clearance or which will be redeveloped primarily for residential use.

Within this basic framework, the provisions of title I will permit assistance to a considerable variety of projects, in accordance with local plans for the development and redevelopment of communities. The four broad categories contained in title I are as follows:

First. Slums or blighted residential areas: Any slum area or any other deteriorated or deteriorating area which is predominantly residential in character prior to redevelopment may be eligible for loan and grant assistance without restriction as to the types or categories of new uses for which such an area is to be redeveloped. Accordingly, such areas may be redeveloped for whatever new uses are considered most appropriate by the community, whether they be housing, public uses, commercial or industrial uses, or any combination or mixture of such uses.

Eligible projects in this category will permit a high degree of flexibility in the types of redevelopment activity that can be carried out under the program. It is to be noted also that the test of eligibility is whether the area is predominantly residential in character rather than predominantly residential in use. For example, any eligible area under this criterion could include a number of old residential structures converted in whole or in part to commercial uses as well as other structures used for commercial purposes, provided the area as a whole remained predominantly residential in character. Likewise, such an area could include blighted industrial or commercial tracts within their boundaries, if the area as a whole met the above test.

Second. Nonresidential blighted areas: Any deteriorated or deteriorating area which, prior to redevelopment, is not predominantly residential in character is eligible for loan and grant assistance provided it is to be redeveloped for predominantly residential uses. This category of eligible projects may include blighted commercial or industrial areas which are isolated from residential slum areas and hence must be redeveloped separately. While the new uses of such tracts must be predominantly residential, some commercial or public uses could also be included.

Third. Predominantly open areas: Any land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of communities is eligible for loan and grant assistance provided it is to be developed for predominantly residential uses. Defunct or arrested subdivisions are typical of the areas which will be eligible for assistance in this category. While both loans and grants are available for such projects, it is anticipated that both the acquisition and write-down costs for this type of project will generally be much less than for a built-up slum area.

Fourth. Open areas: Any open land, within or without the corporate limits of a municipality, which is necessary for sound community growth and which is to be acquired and developed for predominantly residential uses is eligible for loan assistance but not for capital grants. The inclusion of open and predominantly open sites within the categories of eligible projects under title I was predicated

primarily on recognition of the fact that the clearance of congested slum areas and their redevelopment either in housing at decreased densities or for other uses will necessarily involve a considerable dispersion of the families now living in such areas, and consequently the development of new areas may be necessary to provide the housing required for the families displaced by such clearance.

WHAT KINDS OF WORK AND REDEVELOPMENT ACTIVITY ARE ELIGIBLE FOR FEDERAL ASSISTANCE?

In general, Federal financial assistance is available to assist communities in the necessary activities and work of a local public agency incident to a redevelopment project up to the point of sale or lease of the project land for redevelopment. These may include such activities as:

First. Administrative and planning costs and carrying charges, incident to the project.

Second. The acquisition of the land in the project area.

Third. The demolition and removal of existing structures and improvements.

Fourth. The installation, construction, or reconstruction of streets, utilities and other site improvements essential for the new land uses contemplated.

Fifth. Making the land available for development or redevelopment by private enterprise or public agencies for uses in accordance with the redevelopment plan.

Federal financial aid under title I for the construction of any of the buildings contemplated by the redevelopment plan is expressly barred except in the case of temporary loans for the provision of new schools or other necessary public facilities needed to support the new uses of land in open or predominantly open areas. In such cases, the temporary loans will be repaid as soon as the development of the area and of its tax base permits the school district or other appropriate body to issue its regular bonds to cover the cost of such construction.

WHAT TYPES OF FEDERAL LOANS ARE AVAILABLE UNDER TITLE I?

The Administrator is authorized to make loans or advances to local public agencies for four general purposes. In all cases, such loans or advances must bear interest at not less than the going rate of interest on long-term Federal bonds as of the date the loan contract is concluded—currently 2½ percent.

First. Advances of funds to local public agencies for surveys and plans in preparation of projects which may be assisted under title I: Such advances may be made upon the condition that they will be repaid, with interest, out of any funds made available to the local public agency for the undertaking of the project or projects involved. Since the purpose of these advances is to facilitate plans and surveys needed in preparation of projects eligible for assistance under title I, they would not be available for the purposes of general city planning, such as the preparation of master city plans. However, advances may finance general surveys necessary to bring out data needed for planning a project or projects to be assisted under title I. While these advances may be made only to local public agencies authorized to undertake projects under title I, they may be used to finance planning or surveys in connection with proposed projects by city planning commissions or other agencies if such arrangements are considered desirable and appropriate by the locality and are approved by the Administrator.

Second. Temporary loans to local public agencies to finance the expenditures to be made by those agencies in carrying out an eligible project under title I: It is contemplated that these loans will be repaid, with interest, from the proceeds of (a) the sale of land in the project area, (b) the long-term financing to carry any portion of the project site which is leased rather than sold, and (c) the Federal capital grants and local grants-in-aid.

Third. Temporary loans to municipalities or other public bodies for the provision of public buildings or facilities needed to support the new uses of land in connection with any project on land which is open or predominantly open. Such loans must be repaid with interest in not to exceed 10 years. For example, where a school district for an outlying area does not have a tax base sufficient to permit the issuance of bonds for building a new school until the project area is actually developed, this provision permits a temporary loan to be made to the school district itself, or alternatively a loan may be made to the local public agency undertaking the project which may then construct the school and lease it to the school district pending the ability of the district to acquire the building through the issuance of its own bonds.

Fourth. Long-term definitive loans to local public agencies. It is contemplated that these loans will generally be used only to finance that portion of a project site which is leased rather than sold for redevelopment and will be repaid through the revenues from the lease. These long-term loans must be repaid with interest within not to exceed 40 years.

FACILITIES FOR PRIVATE FINANCING

The administrator is also authorized to permit local public agencies to substitute private financing for Federal financing if at any time private funds are available at lower interest rates than those provided for in the Federal loan contract and to pledge the Federal loan contract as security for the repayment of the private loan funds. This provision is generally similar to the arrangement under which local housing authorities undertaking federally assisted low-rent housing projects secure temporary financing in the private capital markets at advantageous interest rates through the pledge of their loan contracts with the Federal Government.

WHAT ARE THE REQUIREMENTS AS TO FEDERAL CAPITAL GRANTS AND LOCAL GRANTS-IN-AID?

Title I of the Housing Act of 1949 recognizes that, in carrying out slum clearance and urban redevelopment projects, it will generally be necessary to write off a portion of the costs of acquisition, clearance, and the preparation of the sites for reuse in order that the land in project areas may be made available for sound redevelopment at its fair value for the uses specified in the local redevelopment plans and on a basis that will contribute to sound community development. Title I therefore provides for Federal capital grants to finance such write-offs, in conjunction with local grants-in-aid. Federal grants are not available, however, in connection with projects consisting of open land.

The Federal capital grants are limited in amount to not more than two-thirds of the aggregate write-offs or net project costs of all the projects assisted under title I in the locality involved. These net project costs represent the difference between the total costs of the projects and the proceeds received from the disposition of the land, including the capitalized value of the land that is leased or retained by the local public agency for use in accordance with the redevelopment plan. The local grants-in-aid contributed by the locality must amount to at least one-third of the aggregate net project costs.

Thus, under this formula, if the local grants-in-aid on the first project undertaken by this formula were in excess of one-third of the net project cost, the local contribution on a second project could be less than one-third, provided that the Federal capital grants did not exceed two-thirds of the net costs of both projects. This provision for the pooling of the Federal capital grants and the local grants-in-aid in terms of all the projects undertaken by a locality permits substantial flexibility in the planning of projects, particularly with reference to the provision of necessary public facilities by the city government.

With respect to any one project, the Federal capital grant cannot exceed the difference between the net project cost and the local grants-in-aid actually made to that project. Thus, if a project cost $1,000,000—including $150,000 in site improvements and public facilities paid for by the municipality as local grants-in-aid—and if the proceeds from disposition were $700,000, resulting in a net project cost of $300,000, the Federal grant would then be limited to $150,000—being the difference between the loss of $300,000 and the local grants-in-aid of $150,000—rather than $200,000—being two-thirds of the loss of $300,000. In the event that local grants-in-aid were sufficient to cover the entire loss, no Federal grant would be made for the project. However, in such cases, the Federal grant to a subsequent project could represent more than two-thirds of the net project cost, as explained in the preceding paragraphs.

Projects consisting of open land, which are not eligible for Federal grants, would be excluded in computing aggregate project costs, local grants-in-aid and net project costs for the purpose of determining the Federal and local grants for all other projects in the locality.

Under the provisions of title I, local grants-in-aid may consist of the following items:

First. Cash grants.

Second. Donations of land, at cash value.

Third. Demolition or removal work, or site improvements in the project area, at their cost.

Fourth. The provision, at their cost, of parks, playgrounds, and other public buildings or facilities which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area.

In connection with item 4, where such facilities are of direct and substantial benefit both to the project and to other areas, an appropriate portion of their cost may be allowed for in computing the local grants-in-aid for the project. Thus, if a new school were constructed at a cost of $300,000 to serve the project area and other areas and if one-half of the school's capacity would be required for children in the redeveloped project area, then one-half of the cost of the school could be credited to the local grants-in-aid for the project.

The following items may not be counted in computing local grants-in-aid:

First. The value of any land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project.

Second. Any low-rent public housing.

Third. Any demolition or removal work, improvement or facility for which a grant or subsidy is to be made by any department or agency of the Federal Government.

If any of the public improvements or facilities provided are charged to specific property owners through special assessments, the portion of the amount so charged would not be eligible for inclusion as a local grant-in-aid.

Local public buildings or facilities, which are otherwise eligible as local grants-in-aid, will remain eligible even though they are assisted by a temporary loan made under title I. This provision would be applicable to projects consisting of predominantly open land, which are eligible for Federal capital grants and not to projects consisting of open land, which are not eligible for capital grants.

LEGAL AUTHORITY REQUIRED FOR LOCAL PARTICIPATION IN TITLE I PROGRAM

As pointed out previously, the Housing and Home Finance Administrator may enter into loan and grant contracts under title I only with local public agencies—as defined in the statute—which are authorized to undertake the project for which assistance is sought. A determination whether the designated local public agency in any specific locality has authority under existing State or local statutes to meet the legal requirements of title I is therefore a prerequisite to the advance of funds for project planning or to the granting of loan and grant assistance. The Housing and Home Finance Agency will undertake a survey of State and local statutes for this purpose as soon as its staff resources permit. Communities interested in applying for assistance under title I should also examine their legal authority in this respect.

According to a preliminary survey, the following 30 political jurisdictions have enacted some type of slum clearance and urban redevelopment enabling legislation: Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Virginia, and Wisconsin.

In the case of Indiana, Missouri, and New York, the urban-redevelopment laws do not specifically authorize the borrowing of Federal funds and the acceptance of Federal grants. In Kansas and Kentucky, the urban-redevelopment laws do not create or provide for the creation of local public agencies with authority to undertake slum-clearance projects. In some of the other jurisdictions listed above, amendments may be necessary to comply with all of the Federal requirements that must be met under the provisions of title I.

The 21 States listed below do not have enabling legislation specifically authorizing the undertaking of slum-clearance and urban-redevelopment projects, as indicated by preliminary survey: Alabama, Arizona, Delaware, Idaho, Iowa, Maine, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, South Dakota, Texas, Utah, Vermont, Washington, West Virginia, and Wyoming.

In the States which do not have legislation expressly authorizing slum-clearance and urban-development projects in accordance with the requirements of title I, participation under the title I program may nevertheless be authorized under some of the State enabling laws for public housing, or in other general legislation. In such cases a judicial determination of such authority in a test suit may be necessary before the Federal Government could proceed to make loans and grants under the title I program.

Legal authority to comply with the Federal requirements must exist in the locality in some form before Federal assistance can be extended and should cover at least the following matters:

First. Establishment of a local public agency (which may consist of the city itself, a local housing authority, or a special redevelopment agency) with powers to engage in slum clearance and urban redevelopment undertakings.

Second. Authority for the development of a general or master city plan.

Third. Authority to make plans for the redevelopment of project areas which must be in conformity with the general plan and approved by the local governing body.

Fourth. Authority to acquire property for slum clearance and private or public redevelopment under the power of eminent domain, or otherwise.

Fifth. Authority to clear acquired sites and prepare them with streets, utilities, and other site improvements for ultimate redevelopment.

Sixth. Authority to sell and lease at reuse value property acquired, cleared, and improved to private persons for private use and to prescribe conditions governing such use, and to sell or transfer such property to public agencies for public use.

Seventh. Authority to borrow money and accept capital grants from the Federal Government and also to borrow funds from other sources and pledge such security as may be required. If State or local funds will be made available for project purposes, it may be possible for a community to receive Federal grants without any Federal loans.

Eighth. Authority to make local grants-in-aid to a project, including cash, land, services, and facilities.

Ninth. Authority to plan and accomplish the temporary and permanent rehousing of families displaced from project areas.

Tenth. Authority to comply with other conditions required by the provisions of title I and regulations which may be issued thereunder.

WHAT ARE THE OTHER REQUIREMENTS FOR LOCAL PARTICIPATION UNDER TITLE I?

The provisions of title I of the Housing Act of 1949 are based firmly on local responsibility, local initiative, and local operation. Every project assisted under title I must be a local undertaking, locally planned, locally approved, locally managed, and designed to serve local needs, with a maximum opportunity for participation by private enterprise in redevelopment activities consistent with the sound needs of the locality as a whole. The responsibilities of the Housing and Home Finance Administrator, in extending financial assistance under title I, are concerned primarily with assuring that the policies, standards, and requirements set forth in the law are fully carried out.

Communities interested in proceeding with projects under title I or in exploring the possibilities of participating in the program should therefore check their own plans and state of readiness against the local requirements specified in title I. In addition to those hitherto described in this statement, the principal requirements for local participation include the following:

First. A general plan for the development of the locality as a whole: Title I requires a finding by the governing body of the locality that the redevelopment plan for a proposed project area conforms to a general plan for the locality as a whole.

Second. Local programs to encourage housing-cost reductions and to prevent the spread or recurrence of slums and blight: Title I requires the Housing and Home Finance Administrator, in extending financial assistance under the title, to give consideration to the extent to which appropriate local public bodies have undertaken positive programs in furtherance of those two objectives. Steps toward the first objective would include the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design and construction, and the elimination of restrictive practices which unnecessarily increase housing costs. Steps toward the second objective would include the adoption, improvement, modernization, and application of local codes and regulations relating to land use and to adequate standards of health, sanitation, and safety for

dwelling accommodations. Communities should also examine their local police power ordinances relating to the compulsory closing or demolition of unsafe or insanitary dwellings.

Third. Metropolitan-area operations: Title I also directs the Administrator, in extending financial assistance under the title, to encourage the operations of those local public agencies which are established on a State or regional—within a State—or unified metropolitan basis or which are so organized as to contribute effectively toward the solution of commmunity development or redevelopment problems on a State, or regional—within a State—or unified metropolitan basis.

Fourth. Ability to furnish the required amount of local grants-in-aid for a proposed project or projects: Under title I, such local contributions may be furnished by a State, municipality, or other public body, or any other entity.

Fifth. A detailed redevelopment plan for the area in which the proposed project is located: Title I requires such a plan to be sufficiently complete, first, to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other building improvements; and, second, to indicate proposed land uses and building requirements in the project area. Title I also requires the Administrator to take such steps as are necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency, now the General Services Administration.

Sixth. Approval of the redevelopment plan by the governing body of the locality: Such approval is a requirement for the making of contracts for financial aid under title I. While approval of a detailed redevelopment plan is not required in connection with an application for advances of funds for plans and surveys in preparation of projects, such applications will be required to be accompanied by an official statement of intent by the local governing body that a project or projects will be undertaken within a reasonable period of time and by sufficient data to indicate generally that an eligible project can be developed through the planning advance.

Seventh. A finding by the local governing body that the financial aid to be provided is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan: Such a finding is a condition to the making of contracts for financial assistance under title I.

Eighth. A finding by the local governing body that the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise: Such a finding is also a condition to the making of contracts under title I. This requirement runs to all the proposed projects in a locality, considered as a group. While this requirement does not preclude the redevelopment of project land for public purposes, including the provision of low-rent public housing, where such uses are considered most appropriate by the community, it does express the fundamental intent of title I that there be major reliance upon private enterprise in the redevelopment of the projects as a whole which are assisted under the title. Where a low-rent public housing project is located on a site assisted under title I, the local public housing agency will be required to pay the fair value of the land for the uses specified in accordance with the redevelopment plan.

Ninth. Assurances as to redevelopment of project areas: Title I requires, as a condition to the making of contracts for financial assistance, that, when land in the project area is sold or leased for redevelopment by the local public agency, the purchasers or lessees shall be obligated, first, to devote such land to the uses specified in the redevelopment plan for the area; second, to begin the building of their improvements on the land within a reasonable time; and, third, to comply with such other conditions as the Administrator finds, prior to the execution of the loan or grant contract, are necessary to carry out the purposes of the title.

Tenth. Plans for the temporary and permanent relocation of displaced families: Title I requires, as a condition to the making of contracts for financial aid, that there be a feasible method for the temporary relocation of families displaced from the project area. It also requires, as a further condition to the making of such contracts, that there be assurance of adequate permanent housing for those families. In the latter connection, title I requires that decent, safe, and sanitary dwellings are available or are being provided for such families at rents or prices within their financial means, located either in the project area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and reasonably accessible to their places of employment. Private housing may be available for this purpose. For displaced families of low income, communities, if authorized by State public housing laws, may obtain Federal aid under title III of the Housing Act of 1949 for the development of low-rent public housing. Under title III, low-income families displaced by any public slum clearance or redevelopment project initiated after January 1, 1947, have first preference for admission to the low-rent projects assisted under that title. Communities interested in proceeding with slum clearance and redevelopment projects under title I should therefore examine their local public housing program and plan in relation to the requirement for permanent rehousing of the low-income families to be displaced by the title I projects. Such examination of rehousing needs is particularly important with respect to the needs of minority group families which may be living in project areas.

Deferment of clearance if hardship will be caused: Title I requires that each contract for financial aid entered into prior to July 1, 1951, shall provide that there shall be no demolition of residential structures in connection with the project prior to July 1, 1951, if the local governing body determines that such demolition would reasonably be expected to create undue housing hardship in the locality.

Public hearing prior to land acquisition: Title I requires that no land for any project to be assisted under the title shall be acquired by the local public agency except after public hearing following public notice of the date, time, place, and purpose of such hearing.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I arise to speak for a decent roof for every American family. The men and women of the district in Illinois that I have the honor to represent sent me as their representative to this Eighty-first Congress with the expectation that I would not return to their midst until I had done everything in my power to make possible just this—a decent roof for every American family.

I sat here in this Chamber in wonderment when my dear friend and distinguished colleague from Kansas was speaking. I heard sounding from the land of the sunflower the voice of the money changers in the temple. I thought of the days when in the land of the sunflower a cruel sun burnt up the crops, and the money changers came in, not with food and succor, but with foreclosure papers. In those days, Mr. Chairman, there was poverty on every farm and practically in every home in the land of the sunflower. Those were the days when "Sockless Jerry" Simpson, Governor Llewellyn, called from the plow to the executive office, and other great friends of the common people arose to give greatness to the land of the sunflower as the birth State of a great popular political upheaval which today finds expression in those termed "Liberal Democrats."

I have such high regard for the brilliant mind and the great integrity of my friend and colleague from Kansas that I regretted that, in his lack of close familiarity with the housing conditions in other States, especially in the urban centers, apparently he had taken too seriously the propaganda of the extravagantly paid experts in the advertising agencies employed by the dear old real-estate lobby.

It was, however, Mr. Chairman, with puzzled wonderment that I heard coming from the land of the sunflower the voice of the money changers in the temple. I agree completely and with enthusiasm with my dear friend and distinguished colleague from Kansas that the greatness of these United States was built upon the chance taking of our people. I cannot agree with him, however, that the chance taker who built America and who is to be glorified, as well as protected by law, is the banker who loans his money at interest rates determined

only by himself and on security which satisfies him that he is taking no risk.

Such a banker takes the minimum chance on the maximum of security. The young man and young woman starting out in the important business of adding another family unit to our national wealth takes the maximum chance on the minimum of security. They are starting out in life, they are to have children, they are to have the expense of rearing and educating and training these children, and usually they have no money. Their wealth is in the richness of love, of faith, of courage.

Why should they be left, when they need a decent roof over their family, why should they be left at the mercy of private bankers, who now object to direct loans for the purchase of homes merely because they desire to perpetrate their monopoly over money?

No one has more respect for private business, honestly and legitimately conducted with due regard of the public welfare, than have I, but, Mr. Chairman, I maintain that the private business of rearing a family is just as important as any other private business. I think I will go even further than that, Mr. Chairman; the most precious private business in all the world is the partnership of a man and woman which has for its purpose the building of a family unit. That is the private business that demands our first attention.

Let my colleagues in the Eighty-first Congress make no mistake about what the decency and honesty of the American people expect of us in the way of housing legislation. I know that I came to this body with a mission. That mission was to find a way by which our people could have homes, decent homes, within their means either to purchase or to rent.

What is the sense in maintaining that the necessary is the impossible? And how long do my distinguished colleagues think that the American people will remain patient when we remain under the spell of the fallacy that that which is absolutely necessary is the unattainable?

The beloved chairman of our Banking and Currency Committee, the great statesman and humanitarian, the gentleman from Kentucky [Mr. SPENCE], introduced a bill which provided on sane and constructive lines a complete legislative program for the attainment of our goal of a decent roof for every American family. Unfortunately for the fate of the bill, it was not written in obedience to the dictates of the money changers in the temple. It did make every possible provision for the proper functioning of private industry and the legitimate contribution of honest financing. There were six titles in the original Spence bill and included was one for direct loans to cooperatives. There were provisions which would have made it possible for a family in the city of Chicago to obtain a home of several bedrooms either by purchase or rental for approximately $50 a month.

A majority of the members of the Banking and Currency Committee had declared themselves in approval of this bill. We had spent days upon days listening to the testimony and studying every phase of the problem, and a majority of the membership of our committee was convinced that the program was sound and that definitely it promised a complete solution of the housing problem. Yet we were informed that if we approved the bill, the Rules Committee would refuse to give us a rule, and there was not sufficient time remaining to get it on the floor of the House without the rule. So the committee drafted another bill, retaining all the cream which the private bankers wanted, and also a few simple direct-loan provisions demanded by the American Legion, the Veterans of Foreign Wars, and other worthy and patriotic organizations. Then came word from the Rules Committee that even this simple bill, which gave the very minimum to our veterans and our other worthy home seekers, would not be granted a rule unless we took out the direct-loan provisions demanded by the American Legion, the Veterans of Foreign Wars, our veterans generally throughout the Nation, as well as by the millions of other decent and honest men and women who were looking for homes that private industry and private bankers kept outside of their ability either to purchase or to rent.

What is this interest that has set itself up in arrogance to defy the decency and honesty of America? From whence does this little band of willfulness derive its strength? I do not think there should be any doubt in any American mind on that point.

People have to have homes in which to live. As long as people needing homes can obtain them only on the terms of those who control the supply of money they must either accept the terms or sleep in the streets. Direct loans provide the only means for the escape of the American people from this situation.

I have no quarrel with the investment of private capital in home mortgages. I do not think that such private capital, legitimately invested and on fair terms, has any better friend on the floor of this body, but I do not regard as legitimate private capital the money changers in the temple who object to direct loans to veterans and others because such a procedure would operate to help veterans and also reduce the number of customers forced to come to the money changers in the temple.

As a member of the committee I have supported all provisions in the bill which it seemed to me were necessary in the interest of legitimate private industry and honest private financing. I shall continue to support as long as I am a Member of this Congress all legislation which will help private industry as long as such legislation is not a trespass upon the God-given rights of our people and is not predicated upon a theory of exploitation for selfish and privileged enrichment.

Let me digress a moment from the subject of financing in housing to touch upon the subject of the financing of the workers in their immediate needs, occasioned usually by sickness, deaths, or similar unusual circumstances. I refer to the financing known as salary loans. The usual interest rate charged the worker is 3 percent a month. Yet the large financing companies that loan out this money at 36 percent interest per year borrow the same money from the banks at not more than 4 percent per year. Upon what security do they borrow it? The security, Mr. Chairman, of the very same salary loan notes that they receive from the workers and on which they charge the workers 36 percent interest.

That sort of financing we do not want to stand between homeless American men and women and the decent roofs they have every right to expect to be within their means. I say to my colleagues and to the country that the only reason the original Spence bill which definitely would have made possible decent roofs for all American families never reached the floor of this House was because of the power of those who placed the dollar of unholy financing in priority to the right of human beings to find shelter under leakless roofs.

One-third and more of our population is earning from $2,500 to $4,000 a year, and yet not in Chicago or in any other place in this Nation are there homes to be found which are within their means to buy or to rent. Mr. Chairman, those people back home—one-third and more of them earning from $2,500 to $4,000 a year—expected us to do something about it here in the Eighty-first Congress. Yes, we did something. We did something to clear the slums and to open to the sunshine of hope the families in the low-wage brackets. That was a glorious thing we did—something that will redound forever to the credit of the Eighty-first Congress. But make no mistake; I never deceived myself; the clearing of slums and the furnishing of decent homes to these children of the slums was as a scratch upon the surface. We have taken care of the low-wage group; we have provided for a brighter tomorrow through the research provisions; and because of that every Member of the Eighty-first Congress is living more comfortably with his own conscience.

But what about the one-third and more of our population earning from $2,500 to $4,000 a year? The original Spence bill provides a sound and comprehensive program for them. Enact that bill and there will be decent roofs available for every family within this wage group either to buy or to rent. Keep that bill stamped down under the feet of the money changers in the temple, and millions of American families will continue to face the mockery of homes priced at $11,000 to $12,000 and upwards with payments they cannot make and on terms as impossible to meet as to reach up and touch the moon.

How long do my distinguished colleagues, who are bound to the money changers in the temple by the ropes of a similar philosophy, imagine the decency and honesty of America will continue to be patient?

There is one course open to us. The voice of the men and women of our country commands more attention from us than respect for the prestige and power of the Rules Committee, which despite the pleading of its great and beloved chairman, my distinguished colleague from my own State of Illinois [Mr. SABATH], has forced upon this floor

the kind of a bill the Banking and Currency Committee thought entirely inadequate, entirely one-sided, and by its omissions a direct slap in the face to our homeless war veterans. Mr. Chairman, the only course open to us in honor is to take matters into our own hands here on the floor and substitute the original Spence bill for that which came out at the point of the gun.

Leave out from the bill we pass the direct loans which the war veterans with one voice demand, and you may be sure that just as certainly as tomorrow's sun will follow the darkness of tonight those that we now kick around will take the rider's seat in the fall of 1950.

Leave out all the other provisions of the original Spence bill—provisions that will place decent roofs over every American family—and the eruption of the little people in November of 1948 will be as a pebble by the side of a mountain compared with what will come to pass in November of 1950.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. O'HARA] has expired.

Mr. SPENCE. Mr. Chairman, I yield 4 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, I think it would be well at this point in general debate to have further reference, if none has been made, to the provisions in the bill of which the gentleman from Oklahoma [Mr. MONRONEY] is author, providing for a new and perhaps experimental approach to the matter of financing farm homes.

Under the various programs that we have authorized in the last few years, there are about $18,000,000,000 of loans for the construction of urban homes, and scarcely any at all for farm homes. That is because the farm home is not only his home, but his factory—his source of living.

There is a situation where the equity in his farm could be used for security, and yet, because of the lien on his factory, his farm, there is difficulty in securing, through conventional methods, the money that he needs for an improved and adequate home.

I do not want to labor this point. I realize we are pressed for time, but I want, since the gentleman from Oklahoma [Mr. MONRONEY] is present, to have him take some of my time to elaborate on what I consider to be a very sound idea. From my point of view it is sound, of taking a part of the farm for a home site and securing a release from the lien that is on the entire farm. We try to approach it from the standpoint of separating the home site from the general farm mortgage. I think it is important during this general debate to have reference made to this approach.

Mr. MONRONEY. The approach is to try to divorce the farm plant from the farm site by carving out a 5-acre portion of the farm, somewhere at the crossroads, where it is accessible to transportation, and let the farmer secure a release from the whole farm mortgage of that 5 acres, or, if the mortgage holder will not release the site without cost, to allow him to use a part of his GI loan to pay for a release of the 5 acres. I admit it is a new and experimental approach. It may not work. The FHA was new when it started. But it is unreasonable to expect a farmer-veteran to put up the equity in 160 acres in order to get his home when the city man is putting up 50 feet in the outlying portion of a city to get his home. We believe that 5 acres, which we suggest as a reasonable home site, independent of the mortgage on the farm plant might prove the approach that might be workable.

I appreciate the gentleman's support of that provision.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. DEANE. I wonder if the gentleman from Oklahoma [Mr. MONRONEY] would further elaborate on this particular point. The objection that was raised in the Rules Committee was that the farm was one economic unit, and to separate one part, with a residence on it, from the other part of the farm, was not practical and was not sound.

Mr. MONRONEY. The objectors to this program, it would seem to me, would expect a Chinese wall or a Grand Canyon between the acres on which the farm home is located and the acres of farm worked.

I do not see why it would not be workable if the home is adjacent to and abutting the farm itself. One mortgage on the farm plant, and another on the farm home site, would not interfere with farming.

If you just divide the mortgage on a 5-acre tract from the farm plant acreage I believe you will start a new approach that might work. It may be an experiment. If it does not work, there will not be any loss. The only expense will be the cost of printing one paragraph in a bill, the first paragraph that will be designed to bring one thin dime to the farmer to improve his housing situation in this country.

Mr. HAYS of Arkansas. I thank the gentleman. I just wanted to focus attention on that part of the bill which the gentleman from Oklahoma has introduced. We did only a partial job in the former provisions of the public housing bill passed by this Congress. We need to complete that job by inserting these farm provisions in the pending bill.

Mr. MONRONEY. These farm home loans would apply only to GI's, too.

Mr. HAYS of Arkansas. And that applies only to GI's, of course.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. SPENCE. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. DAVENPORT].

Mr. DAVENPORT. Thank the Almighty God. At long last something is going to be done on housing for the middle-income groups. Seventy-five percent—not one-third, but 75 percent of American families are over the income limitation which would enable them to get into public housing. The cold fact simply is this: That families with incomes of from $2,500 to $4,500 are left out in the cold as far as housing is concerned; and remember that hundreds of thousands of workers in steel, in autos, in the electric plants, in the mines, and railways are also left out in the cold; office workers, teachers, nurses, salespeople, all white collar workers in the $2,500 to $4,500 per year income groups are neglected by Congress as far as housing legislation is concerned. And think of the millions of veterans, the boys who had only a fox hole to live in on the battlefields of Africa, Europe, and the Pacific. They, who deserve so much from us, should at least have the opportunity to have a decent home in which to raise a family.

A couple of months ago we passed a housing bill, but that was only half a bill. That took care of—not adequately, however—the problem of slum clearance and housing for the very low-income groups. If this bill is passed with the necessary amendments we will have at least given the great middle class a housing bill which they deserve and which we promised to them.

The CIO, the A. F. of L., the UEW, the United Mine workers, the railway brotherhoods, the National Catholic Charities Conference, the Social Action Committee, Protestant Congregational Church, the AMVETS, the American Legion, the Veterans of Foreign Wars, the National Council of Jewish Women, these organizations are in favor of the passage of a bill as good as that reported out by the Senate Banking Committee, and I do not know how any of us can go back home and face our constituents if we do not do everything in our power to pass a bill which will provide $1,000,000,000 in loans to nonprofit cooperatives to construct housing for the millions of families in the $2,500-to-$4,500-income groups. The middle class is the solid, bedrock foundation of democracy; let us do something for the middle class.

Mr. Chairman, may I take this opportunity to congratulate my colleagues who are so earnestly working to put some guts in this bill so that it will mean something. I refer to the very able gentleman from Pennsylvania, Mr. FRANK BUCHANAN; the gentleman from Oklahoma, Mr. MIKE MONRONEY; the gentleman from North Carolina, Mr. CHARLES B. DEANE; the gentleman from Kentucky, Mr. BRENT SPENCE; and the gentlemen from New York, Mr. ABE MULTER and Mr. JACOB JAVITS.

We must not allow the emasculated, emaciated, and watered-down-to-nothing bill that came out of the Rules Committee to pass without the amendments which will be presented by the above gentlemen. If all of us who are in favor of the kind of middle-income housing bill that came to the House from the Senate Banking Committee will just stay on the floor and drive hard we are going to win. Then we can go back home and have something to brag about.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I agree with my colleague from Kansas [Mr.

COLE] but only to the extent that he says that this country in large part owes much of its success and prosperity to the so-called chance takers. From that point on we disagree pleasantly and respectfully, but disagree we do, as to what should be done by this bill. We are a country of chance takers. I think one reason why we do not move forward fast enough probably is that we have not enough chance takers in this House. I believe when it comes to legislation of this kind that we should always resolve the doubt in favor of taking the chance; let us try the experiment. If it does not work we will try something else, but let us move forward and not stand still.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. NICHOLSON. Always taking chances with somebody else's money.

Mr. MULTER. We are not taking chances with anybody else's money; this is our money, yours and mine, and your constituents' and my constituents'; and I think that is what we were sent here for, and that is the job we are going to try to do. And do not overlook that there is not one single dollar of grants or subsidies in this bill or in this bill as we hope to amend it.

There is nothing new about this business of making direct loans. At this session we passed a bill making it possible to make loans for rural telephone service, direct loans. Those loans will be under the REA program, direct loans for rural electric power; $1,500,000,000 at 2 percent interest, loans at 100 percent of value for 35 years. The Farmers' Home Administration is making direct loans under our authorization of $330,000,000 for 40 years. FNMA makes direct loans. You can call it purchase, if you wish, but what are you doing? You are actually lending a billion and a half dollars to the lending institutions of this country by buying from them their mortgages and making that much more money available to them to lend again for housing and construction.

The Home Owners' Loan Corporation made direct loans of three and a half billion dollars. There are only $400,000,000 of them outstanding today. We made a profit on those transactions and saved the homes of our people at the same time.

RFC is making direct loans to business, loans to railroads, loans to cooperatives, commodity loans, facility loans, at 2 percent, 3 percent, and 4 percent interest to all of these American ventures, American enterprises. The Reclamation Service is making loans for irrigation purposes for a period of 40 years without interest.

There is nothing new in this direct loan proposition in the bill that your committee sought to report to you and did report and the bill which I hope will be the one that will finally pass rather than the one on which we now have the rule. I trust that by amendment we will put back into this bill the direct loan provisions we are talking about.

One of those will be direct loans to cooperatives if the cooperatives cannot get their financing in the regular business market.

The other direct loans are to veterans. And that is not new. I emphasize again what the gentleman from Oklahoma [Mr. MONRONEY] said so well a few moments ago, this is not a new program of direct loans to veterans. You have on the statute books today provisions for direct loans to veterans. They have not been able to take advantage of those provisions, they have not been able to get the homes that we said we would help them get.

We hope that by these provisions which will be offered by way of amendment to the pending bill we will be able to facilitate their getting those homes by means of these direct loans. Let me repeat the direct loans will not be made to them unless they cannot get the money in the lending market. If they go out and apply to the local lending institutions in their home communities and cannot get the loans, then they will go to the Administrator and say: "Mr. Administrator, I have exhausted the means in my community to finance my home purchase. Will you help me?" Then the Administrator will help him.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I have no further requests for time on this side.

Mr. WOLCOTT. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Housing Amendments of 1949."

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MANSFIELD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6070) to amend the National Housing Act, as amended, and for other purposes, had come to no resolution thereon.

VERMEJO RECLAMATION PROJECT, NEW MEXICO—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 316)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returing without my approval H. R. 3788, "To authorize the Secretary of the Interior to construct, operate, and maintain the Vermejo reclamation project, New Mexico."

The bill would authorize the Secretary of the Interior, through the Bureau of Reclamation, to construct, operate, and maintain the Vermejo reclamation project for the purposes of irrigating approximately 7,200 acres of semiarid land in Colfax County, N. Mex.; controlling floods; providing for the preservation and propagation of fish and wildlife; and providing recreational facilities.

The total cost of this project is estimated to be $2,959,000 with tentative allocations as follows:

Reimbursable: Irrigation	$1,788,080
Nonreimbursable:	
Sediment control	222,000
Fish and wildlife	718,590
Recreation	134,880
Flood control	95,450

The project report shows the benefit-cost ratio to be 1.76 to 1.

It is estimated that the reimbursable costs would be repaid by the water users without interest in 67 years (plus a 7-year development period). This estimate is based upon an economic analysis which indicates that the water users will be able to meet annual water charges of $6.30 per acre. Of this amount $2.61 per acre will be required for operation and maintenance, thus leaving $3.69 per acre available for application against construction charges.

These estimates of the ability of the water users to repay the costs allocated to irrigation were not officially reviewed by the Department of Agriculture in the usual manner before the Congress took action on this bill. Time has not permitted such review to be made within the period allowed for Presidential action on enrolled bills. Therefore, I am unable to report to the Congress whether the conclusions reached by the Bureau of Reclamation with regard to the agricultural and economic feasibility of the proposed plan are concurred in by the Department of Agriculture.

While I consider this to be a serious deficiency, I am more concerned about the fact that there are included in the $1,170,920, proposed to be charged off against nonreimbursable benefits, classes of such benefits not now permitted under federally constructed irrigation projects. Neither sediment control nor recreation is currently authorized as a benefit against which nonreimbursable allocations of costs may be made. It seems to me highly questionable to approve the inclusion of such benefits with respect to this one project before the Congress has reviewed the desirability of making charges to such benefits generally possible under basic reclamation law.

Furthermore, it is proposed to allocate $718,590 for fish and wildlife. While such nonreimbursable allocations are permitted in water resources development projects, they are usually restricted in scope to the prevention of loss of and damage to wildlife. In this project, about one-half of the allocation is proposed as a benefit from the creation of a wildlife management and development area of 5,200 acres not required for operation of the irrigation project or for protection of existing wildlife resources of this specific area. There are instances where waterfowl eventually discover and use some of the backwater areas of federally owned reservoirs where no allocation of cost is assigned for wildlife benefits. If such use develops into substantial proportions, an appropriate area may later be established as a refuge for such waterfowl without in any manner affecting cost allocations. Such areas are then operated and maintained by the Fish and Wildlife Service. The creation of new

wildlife areas is normally a part of the regular program of the Fish and Wildlife Service. In this instance, because the area is made up of low-lying land in the district and since it is located along an important fly-way, the establishment of resting and nesting areas for waterfowl has been included in the project. It seems to me this establishes a dangerous precedent for charging off an appreciable amount of the actual project costs.

The costs allocated to flood control are relatively small and permitted under reclamation law. However, they have been differently computed by the Secretary of the Army. His letter of May 19, 1949, to the Secretary of the Interior points out that assuming a 50-year useful project life and a 3 percent interest rate, the annual flood control benefits are considered to justify flood control costs of only $72,800 as compared with the $95,450 figure computed by the Bureau of Reclamation. The relationship between this allocation and that for sediment control, which was inserted by the Congress, is not apparent.

I wish also to point out to the Congress that H. R. 3788 deals with another issue which I believe should be first considered in basic law. I refer to the authorized period of repayment. There has been a tendency during our some 45 years of experience under the reclamation laws to increase the period of repayment of construction costs. Despite this trend I believe the matter of further extensions to periods greatly in excess of the 40 years—plus, in some cases, a 10-year development period—now generally authorized, is a matter of such vital concern to the Nation as a whole that it should be carefully reviewed as a principle of general application. It is not a matter to be treated in piecemeal and isolated consideration on the basis of apparent needs of one or another small project to which no need for urgent action is attached.

The policy with respect to the repayment period for rehabilitation and betterment of federally constructed reclamation projects has not yet been established although two measures dealing with this problem are now pending—H. R. 1694 and S. 1239. There seems to be no reason why rehabilitation and betterment of a single nonfederally constructed reclamation project should receive treatment which may be different from that finally authorized for Federal projects.

On July 29, 1949, when I approved the bill authorizing the Federal Government to take over the Fort Sumner irrigation project, I indicated that my action was in recognition of an emergency created by the unsafe condition of the dam, which is threatened with destruction if a flood should occur. I further pointed out that approval of that bill did not constitute a precedent for the approval in the future of other bills authorizing Federal assistance for individual projects where no emergency exists. None of the facts before me supports the conclusion of emergency in connection with the Vermejo project.

The Vermejo project can no longer be self-sustaining because the financial resources of the landowners are insufficient to accomplish the needed rehabilitation. Similar conditions undoubtedly prevail in other irrigation districts. I believe that an equitable and just basis for granting Federal aid to any irrigation district which is in financial distress should be established by enactment of legislation similar to that under which the Federal Government formerly carried on a program for extending assistance to non-Federal irrigation districts.

The records indicate that there are 86 landowners and 45 farm operators within the Vermejo district. I sympathize fully with the situation in which they find themselves, and I recognize that in disapproving H. R. 3788 I am taking an action which they may at first find it difficult to understand. Nevertheless, I believe that they will accept my action as an indication of the need for basic legislation under which all projects requiring Federal assistance will be treated alike. Recommendations for such legislation are being developed for presentation to the next session of the Congress. If the Congress acts upon them promptly, little time will have been lost and there will be established principles for Federal aid which can be equitably administered over the years as needs arise.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 23, 1949.*

The SPEAKER pro tempore (Mr. MONRONEY). The objections of the President will be spread at large upon the Journal.

Mr. PETERSON. Mr. Speaker, I move that the bill and message be referred to the Committee on Public Lands and ordered to be printed.

The motion was agreed to.

MRS. T. A. ROBERTSON—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 314)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, the enrolled bill (H. R. 1282) "for the relief of Mrs. T. A. Robertson."

The bill provides for payment of the sum of $3,000 to Mrs. T. A. Robertson, of Murfreesboro, Tenn., in compensation for the uninsured portion of the loss sustained by her when a fire destroyed her house and household goods on January 13, 1944, the fire department having been delayed by traffic congestion created by United States Army convoys.

It appears that on January 13, 1944, a fire truck, answering a call from Mrs. Robertson that her house was on fire, was delayed at an intersection in Murfreesboro, Tenn., by two Army convoys, one traveling east and the other west. The fire truck driver was finally able to break into the east-bound convoy which was proceeding at an estimated speed of 15 miles per hour. It appears that there was not sufficient room for him to pass to the left of the convoy he was following, for the reason that the other convoy was not far enough to the side of the street to allow for clearance.

It is stated that as a result the fire truck was delayed in arriving at claimant's house. Estimates as to the length of this delay range from 8 to 25 minutes. It further appears that the fire chief and several members of the fire department asserted that if they had been able to arrive at the fire earlier they could have saved the house except for part or all of the roof. The claimant valued the house and furnishings at $14,656.80, of which amount she was reimbursed $8,000 through insurance. The house was of frame construction and was not equipped with fire stops in the wall. It was old and covered with cedar shingles.

Regrettable as this incident was, there appears to be no grounds upon which the Government can be held responsible for the loss. Concededly, the presence of the Army convoys on the road was lawful and the operation of them, so far as appears, was without fault. The movement of military equipment and personnel in convoys is necessary to the national defense, particularly in time of war. Such activities, like other wartime and defense measures, have an inevitable impact upon the lives of private citizens which is sometimes unfortunate. The Federal Government should be liable in proper cases for direct damage or injuries resulting from such activities. But it should not be liable for the many indirect and remote repercussions of these activities. In the present case, it is significant that had the traffic in question been of a nonmilitary character and so heavy as to delay the fire equipment, the claimant would not have had any recourse against the civilian drivers involved.

Whatever delay was caused the fire department by the military convoys was not the proximate cause of the damage. Furthermore, the estimates as to the length of the delay vary widely and it is pure speculation as to how much of the house could have been saved if there had been no such delay. The enactment of this bill would open the door to a wide and uncharted field of Federal liability.

In view of these facts, I am constrained to withhold my approval from the bill.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 23, 1949.*

The SPEAKER. The objections of the President will be spread at large upon the Journal, and without objection the bill and message will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

PEARSON REMEDY CO.—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 313)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am withholding my approval of a bill (H. R. 4366) for the relief of Pearson Remedy Co. The bill would authorize a claim of the Pearson Remedy Co., Burlington, N. C., for draw-back under section 3250 (1), Internal Revenue Code, of tax paid with respect to distilled spirits

used in manufacturing nonbeverage products to be considered and acted upon as if it had been filed within the period of limitation applicable thereto.

The records of the Bureau of Internal Revenue show that the claim was rejected for the reason that it was not filed within the time prescribed by the statute. The statute, section 3250 (1), Internal Revenue Code, provides that no claim thereunder shall be allowed unless filed with the Commissioner within the 3 months next succeeding the quarter for which the draw-back is claimed. This limitation was apparently intended to protect the Treasury by enabling the Bureau of Internal Revenue to make timely investigation of such claims.

The claim was rejected under a statute having general application. Special legislation would, therefore, be in contradiction of the general policy. It would also be discriminatory. During the calendar year in which the claim was disallowed 70 other draw-back claims were similarly disallowed because they were not filed within the required time. Legislative relief in this case would discriminate against such of the other 70 taxpayers who may not secure the benefit of special legislation. No facts appear in connection with this case which warrant a departure from the general policy of the law.

In view of the foregoing, I am withholding my approval of the bill.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 23, 1949.*

The SPEAKER. The objections of the President will be spread at large upon the Journal and without objection the bill and message will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

JANSSON GAGE CO.—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 315)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, the enrolled bill (H. R. 1034) "for the relief of the Jansson Gage Co."

The bill provides for payment of the sum of $59,899.22 to the Jansson Gage Co., Detroit, Mich., in full settlement of all claims against the United States for reimbursement of labor cost increases over its contract with the Treasury Department, Procurement Division, entered into during 1943, for the manufacture of essential war materials.

The Jansson Gage Co. is a manufacturer of measuring instruments. Assertedly at the request of the War Production Board, this company entered into a contract for the manufacture of vernier calipers, in which the company had not had previous experience. The company delayed in completion of the contract, assertedly due to difficulties in obtaining equipment and material and in training additional labor force. After expiration of the contract delivery period, but prior to the completion of delayed performance by the company, the War Labor Board issued a directive increasing the labor rate. At the company's request, the contract was amended to give it an increase in the price of articles delivered after March 2, 1945. The company apparently suffered a net loss under the contract.

A claim in the amount of $75,970 filed by the company with the Treasury Department was disapproved on the ground that the facts did not warrant a further increase, particularly, because the action of the War Labor Board would not have affected the cost of performance if the company had adhered to the delivery schedule agreed to in the contract. The claim was subsequently submitted to the General Accounting Office which advised the company that it had no authority to grant relief. A claim in the amount of $74,248.58 filed by the company with the Treasury Department under the Lucas Act (60 Stat. 902), which claim was subsequently reduced to $57,522, was ascertained to be defective because it did not prove or allege, as required by section 2 (a) of the act, that the company had suffered a net loss on all contracts and subcontracts held by it under which work, supplies, or services were furnished for the Government between September 16, 1940, and August 14, 1945. Claimant was given an opportunity to amend its statement to correct this defect but failed to do so. The Treasury Department then concluded that the claimant must have realized a profit on all of its war contracts taken together. Therefore, relief under the Lucas Act was not authorized, and no further action was taken on the claim.

The company's claim is not based upon any failure of the Government to live up to its contract obligations. The increase in its labor costs following the War Labor Board directive was a risk assumed in its contract and represents a type of additional expense incurred by a great many war contractors. Furthermore, it appears that this expense would not have been incurred if the company had not delayed in performance of the contract, since, in that event, it would have completed performance before the effective date of the labor increase. While the company's delay in performance may have been due to causes beyond its control, it was not caused by any fault of the Government. Increased expenses as a result of delays due to wartime conditions were frequently incurred by large numbers of war contractors.

In its enactment of the Lucas Act, Congress adopted a general and, what seems to me to be, a very liberal policy of relieving war contractors against any over-all net loss suffered on their war contracts and subcontracts. But even under this policy, a contractor would not be relieved against a loss on a particular contract when he made profits on other contracts that offset the loss. The justice of this would seem apparent. A contrary rule would permit a contractor to realize large profits on hundreds of contracts and, in addition, be reimbursed for a loss he suffered on a single contract. Although the company suffered a loss under this contract, it has not pursued the opportunity afforded it by the Lucas Act to secure relief by a showing that it suffered a net loss on all of its war contracts including this one. Therefore, enactment of this bill would place this one company in a preferential position as compared with many other war contractors who failed to make a profit on individual contracts. It would be difficult to justify departing from the rule of the Lucas Act in the case of a single company unless the Congress was prepared to do the same for all others similarly situated.

For the foregoing reason, I am constrained to withhold my approval from the bill.

If, however, the Jansson Gage Co. is now barred by statutory limitation from pursuing its remedy under the Lucas Act, I should not, in view of all the circumstances, object to special legislation authorizing that company to file a new claim under the Lucas Act, subject, of course, to the requirements of that act that, in order to obtain relief, it must make a showing of a net loss on all its wartime contracts.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 23, 1949.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Without objection, the bill and message will be referred to the Committee on the Judiciary, and ordered to be printed.

There was no objection.

COMMITTEE ON PUBLIC WORKS

Mr. SABATH. Mr. Speaker, I call up House Resolution 326 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Committee on Public Works of the House of Representatives is authorized and directed to conduct investigations and surveys of certain works of improvement under its jurisdiction, and located in the United States with a view to determining if legislation relating to such projects should be enacted.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigations, together with such recommendations as are deemed desirable.

For the purposes of this resolution, the committee or any subcommittee thereof is authorized to sit and act during the present Congress at such times and places, whether or not the House is sitting, has recessed, or adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member designated by him and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

Mr. SABATH. Mr. Speaker, I favored this investigatory resolution in the sincere hope that it would be considered before any action might be taken on the rivers and harbors-flood control.

I felt that the Committee on Public Works would make investigations of the Columbia River Basin project and many others while holding in abeyance the discriminatory, lopsided, pork-barrel rivers and harbors bill. Unfortunately, the latter bill passed this body. Notwithstanding this fact, I hope that the Committee on Public Works will now, in the interest of the country, conduct the investigation called for in this resolution. I hope the committee will use outstanding engineers in their investigation—engineers who are not dominated or controlled by the interests or by the most reckless spending unit of our Army, the Corps of Army Engineers. I hope too, that this investigation will bring about close harmony and cooperation between the Corps and the Bureau of Reclamation, for the latter Bureau has for years maintained a splendid and outstanding record of economy and efficiency.

WHERE WILL THE RIVERS AND HARBORS AUTHORIZATIONS GO?

Some of my southern colleagues felt that I unjustly attacked the rivers and harbors pork barrel bill, and further that I was unfair in pointing out that of the major portion of the $1,100,000,000 authorization, namely, $93,000,000 of the rivers and harbors section, and $500,000,000 of the flood control section, would go to 11 Southern States. The remaining 37 States share in the balance of $26,000,000 under rivers and harbors, and about half of the flood control items of the $995,000,000 called for in the bill. Had the gentleman from Mississippi, the chairman [Mr. WHITTINGTON] and others, not laid such great stress on the fact that most of the projects provided for would inure to the benefit of the entire Nation from the East to the West to the North to the South, I would not have been obliged to call attention to these startling and discriminatory authorizations.

IN REPLY TO CHAIRMAN WHITTINGTON

Consequently, the chairman, Mr. WHITTINGTON, in answering me, stated among other things that I did not have very much to say in opposition to the Corps of Engineers when the Congress authorized the development of the Illinois waterway and the Calumet River and Harbor improvements. He pointed out that the city of Chicago is one of the greatest ports on Lake Michigan.

In answer to the chairman's statement I wish to point out that the great waterway that connects the Great Lakes with the Gulf of Mexico not only originated in Chicago by the city of Chicago but has been constructed by the district of Chicago at their expense, expending some $280,000,000 thereon.

As to the amount authorized for the Calumet River sag I wish to say that this project should have been built by the railroads and steel companies whose interest it serves and who benefit directly therefrom.

Unfortunately, I could not answer Mr. WHITTINGTON'S remarks at the time they were made, since the time for debate expired immediately thereafter. I am, however, availing myself of the opportunity so to do at this time.

WONDERFUL RECORD OF THE CORPS

Several of the gentlemen who spoke on the river and harbor bill in answer to my justified criticism of the Corps of Engineers, no doubt recommending some projects in their own respective districts, maintained that my criticism of the corps was unwarranted. To these gentlemen I say that I agree with them when they state that the corps has a wonderful record. They have a wonderful record for reckless spending. If they are as familiar with the corps record as I am, I am sure they would not lend their support to the corps' reckless and wasteful suggestions.

CHICAGO SANITARY DISTRICT CANAL

When I was quite a young man, the city of Chicago started a project to link the lake—Lake Michigan—to the Illinois and Mississippi Rivers and construct a deep waterway so as to enable trade and commerce to reach the Gulf of Mexico. As I said before, the city of Chicago spent over $280,000,000 to build that great canal which links Chicago and the Great Lakes with the Illinois and Mississippi River. We provided a great waterway which is of great benefit to the entire Nation, and in particular to the Middle West. But in order to do so, we were obliged to reverse the flow of the Chicago River because at that time the Lake waters were being polluted by the river emptying into the Lake. At the same time that we built the great waterway we also made it a sanitary waterway to relieve the sanitary conditions of Chicago and safeguard the lives of almost 4,000,000 people.

At that time, I was one of those who helped obtain a permit from the Secretary of War to use 10,000 cubic feet of water per second from Lake Michigan for this great canal. Some of our friends, however, from Michigan, Ohio, and Wisconsin, working in the interest of the navigation companies, complained that this canal was lowering the level of Lake Michigan so as to adversely affect navigation on the Lake. A great deal of trouble ensued and finally the sanitary district, which is the title of the organization which helped construct this great canal, was sued for using too much water on the theory that it was lowering the level of the Lake. Those great and respected engineers, of whom I previously mentioned in passing, maintained and testified that if we continued using any more than 2,000 cubic feet of water per second, Lake Michigan would be lowered to such an extent that it would endanger navigation.

Finally, upon the evidence presented by this body of engineers, the United States Supreme Court held that we must cease and desist from utilizing that amount of water, and consequently we were restricted to only one-fifth of what was originally approved by the then Secretary of War Taft. Thirty-five years have elapsed and we have been using that water right along. Yes; we increased that amount to 3,000 cubic feet per second, but lo and behold, the level of the lake is higher today than it was then, all this notwithstanding the evidence presented by this Corps of Army Engineers.

REMEMBER THE PANAMA CANAL

I recall vividly another blundering experience attributed to the Corps of Engineers. Witness the building of the Panama Canal, when the corps used a tremendous amount of dynamite that rocked the entire mountain and Culebra Cut, bringing about landslides and destruction which cost our Government over $50,000,000 and delayed the opening of the Canal for about 2 years. Is this efficiency?

VOCATIONAL AND EDUCATIONAL REHABILITATION PROJECT AT STOCKTON, CALIF., AFTER WORLD WAR I

As to the corps record of designation and construction of sites for vocational and educational rehabilitation, I remember vividly what took place in this regard after World War I near Stockton, Calif., when the Corps of Engineers approved a site on the river near Stockton to be used for this purpose. Many millions of dollars were expended and a great deal of construction was done without ever being utilized. An outstanding Republican leader named Lindley happened to own this property and consequently the work was done on that site by the engineers. Mr. Lindley succeeded in having the engineers reinforce a mile or two of his levees surrounding the site at a great expense to the taxpayers, by building cement to strengthen these levees which within 2 years was washed away. It should be remembered by you gentlemen that the then Colonel Forbes and several others were indicted for fraud in connection with this vocational and educational rehabilitation program.

KINGSFORD HEIGHTS, IND.

I also remember when the corps built the Kingsford Heights project in Indiana. They erected 3,000 homes of which only 300 were ever occupied or used. They also built a plant there which was never utilized, and they insisted on the need for these 3,000 homes and this project.

GARY, IND., PROJECT

Yes, I also recollect when the corps started to construct a plant in Gary, Ind., for making synthetic rubber at a cost of $110,000,000 of the taxpayers' money. This brought the resignation of several engineers who called attention to the fact that other plants could be erected at one-half the cost and yet be more advantageous from all aspects. The Government canceled the erection of the $110,000,000 plant upon a showing that it could be done at less expense. I could call attention to many other examples of recklessness on the part of the corps.

CORPS ADVISORY BOARD

I also am aware of the fact that the corps appointed a so-called Advisory Board. The Board consisted of all the corps' favorite contracting firms who invariably received the contracts for construction. These plants were in most instances away from transportation and housing accommodations and required the spending of millions of dollars for roads, sewers, improvements, and so forth. Upon completion it was discovered that many of these plants could

not be utilized to advantage and they were consequently abandoned and sold for 10 and 15 cents on a dollar. The end result was a loss of millions of dollars to the Government.

SOME NOT ENTITLED TO RETIREMENT PAY

Mr. Speaker, from time to time I have heard complaints about the retirement pay that is being drawn by officers of the Corps of Engineers; they were in a position to befriend and in some case favor corporate interests while in the service of their country. In return for their friendship many have been engaged by these corporate interests. I will in the near future present the membership with the actual number of field grade officers and up who were parties to this abuse of our retirement system. In many cases an understanding was reached while the particular officer was in service, that upon retirement his services would be utilized by these companies. Many of these field-grade officers have obtained lucrative positions which pay, in many instances, as much as $25,000 per year or more. It is my sincere feeling that whenever or wherever such an officer has retired and obtains compensation from an outside source in excess of the amount he would draw under the retirement laws, such an officer should not continue to draw such retirement pay. We must eliminate the unjustifiable and unwarranted retirement payments to these officers of the Corps of Engineers who accept these highly paid positions from private interests.

I do not maintain they should not be permitted to utilize their knowledge and experience, but I feel that in view of what the Nation has done for them by way of experience, education at West Point, and knowledge that they have obtained in the service of their country, when they retire and engage in private business at great salaries they are not entitled to the retirement pay.

MOST POWERFUL LOBBY IN WASHINGTON

But unfortunately for the country, the corps is still very powerful, yes, more so than any other unit of the Army or the Government. Yes, they excel, they have real ability when it comes to imposing upon the Congress. As is written by many papers and stated many times, the Corps of Engineers is the most powerful lobby in Washington. They have in the past overridden Presidential orders, and continue to override and ignore the orders of the President. They even ignored the report of the Hoover Commission and opposed the reorganization proposed by President Truman, which would bring about efficiency and economy in that unit.

EXCELLENT RECORD OF THE BUREAU OF RECLAMATION

I dislike criticizing and finding fault, but when this corps displays such indifference to every proposal that means economy and efficiency, I feel it is my duty to call attention to their transgressions.

As I pointed out previously, the Bureau of Reclamation has built some of our greatest dams and has some of the finest engineers. Roosevelt Dam, Boulder Dam, Grand Coulee Dam, Shasta Dam, and Elephant Butte Dam are examples of the Bureau's splendid work. Instead of cooperating in the reclamation activity, the corps prefers to usurp the authority of the Bureau of Reclamation.

HARPER'S MAGAZINE AND THE CHICAGO SUN-TIMES

I have called attention to the article that appeared in the August issue of Harper's magazine entitled, "The Lobby That Can't Be Licked," which referred directly to the Corps of Engineers. I also inserted in the RECORD on August 22, 1949, an editorial that appeared in the Chicago Sun-Times on August 10, 1949, on this very point, which bears out what I have been alleging about the corps. Anyone reading the Harper's article or the editorial above mentioned must come to the same conclusion, that something must be done in the very near future to stop this reckless corps from proceeding along such a wasteful path.

All in all, one thing is quite evident and that being that the power companies have greater influence with the corps than the President of the United States. There is no question about the fact that the Corps of Engineers have had a great deal of influence on the former rivers and harbors committee and flood control committee, now known as the Committee on Public Works. They will continue unless we intercede.

I do not know whether gentlemen on the other side desire any time on this resolution. I think it will be passed, but I had hoped it would pass before we voted on the river and harbor bill, as I said before.

With that I conclude my remarks, Mr. Speaker, and I ask unanimous consent that I may have the right to revise and extend my remarks and insert a few of my personal experiences and knowledge showing specifically where they have failed the country, notwithstanding the recommendations and the confidence that some other gentlemen have displayed in this reckless unit.

The SPEAKER. Without objection, the gentleman may revise and extend his remarks.

There was no objection.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TREATY BETWEEN THE UNITED STATES AND MEXICO REGARDING THE JOINT DEVELOPMENT OF HYDROELECTRIC POWER AT FALCON DAM

Mr. KEE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5773) to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam, on the Rio Grande, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I wonder if the gentleman from West Virginia will explain the bill and also tell us whether this has the unanimous approval of the minority as well as the majority members of the Committee on Foreign Affairs.

Mr. KEE. Mr. Speaker, this bill has the unanimous approval of all of the members of the Committee on Foreign Affairs.

Mr. WOLCOTT. Will the gentleman give us a brief report of the purpose of the bill?

Mr. KEE. I shall be very happy to have the author of the bill, the gentleman from Texas [Mr. BENTSEN] explain the bill.

Mr. BENTSEN. Mr. Speaker, I will try to give a brief history of the bill so the membership may know the reason for this authorization.

In 1944 the United States and Mexico entered into a treaty after extensive hearings in the Senate for the building of a dam on the Rio Grande called the Falcon Dam. Under the treaty the first dam is to be completed in 1953.

The treaty also provided for negotiations with Mexico on the building of a hydroelectric plant. This hydroelectric plant is the only means the United States has of getting its funds out of the dam. Attorneys in the State Department have informed me that it is necessary that this technicality be complied with, that authorization of Congress be given to section 7 of this treaty to provide for the authorization of the hydroelectric plant, although negotiations are already under way and the plans are drawn up to include it; it is an integral part of the plan and the only way we can get our money out of the structure.

The Committee on Foreign Affairs wisely adopted the amendment to the bill providing that this hydroelectric plant must be self-liquidating.

The estimate of experts before the committee shows the United States share of the annual revenue was about $437,500, although the Federal Power Commission estimates that the annual revenue will be somewhat higher. Under this plan the hydroelectric plant will pay out the United States share in 45 years.

Mr. WOLCOTT. Then, I understand that there is no additional authorization for expenditure on the part of our Federal Government in respect to this bill?

Mr. BENTSEN. This authorization is for the building of the hydroelectric plant for which we have already appropriated a little over $9,000,000. The building of the Falcon Dam has been approved by the Congress.

Mr. WOLCOTT. This does not increase that appropriation?

Mr. BENTSEN. The plant is figured in as part of the cost of the dam. The total cost for both Mexico and the United States will be around $12,000,000, but the money for the plant is completely reimbursable to the United States. Mexico, of course, has already appropriated money for her part.

Mr. WOLCOTT. In view of the fact that this bill has unanimous support of the Committee on Foreign Affairs and

I have been informed, the approval of the leadership or at least has received clearance from our leadership, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in accordance with the provisions of understanding (a) of the Senate resolution of ratification of the treaty of February 3, 1944, between the United States and Mexico, the approval of the Congress is hereby given to the negotiation of an agreement, in accordance with the provisions of article 7 of said treaty, for the joint construction, operation, and maintenance, by the two sections of the International Boundary and Water Commission, United States and Mexico, of facilities for generating hydroelectric energy at the Falcon Dam on the Rio Grande being constructed by the said Commission under the provisions of article 5 of the said treaty.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this act: *Provided*, That funds heretofore appropriated to the Department of State under the heading "International Boundary and Water Commission, United States and Mexico" shall be available for expenditure for the purposes of this act.

With the following committee amendment:

Page 2, line 1, after the word "maintenance" insert the following: "on a self-liquidating basis for the United States share."

This committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING TIME LIMIT FOR CERTAIN ADMIRALTY SUITS

Mr. HOBBS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 483) to extent the time limit within which certain suits in admiralty may be brought against the United States.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, will the gentleman explain the bill and also the attitude of the minority members of the committee, in view of the fact I see no one on the floor to speak for the minority Members at the present time.

Mr. HOBBS. Mr. Speaker, this bill carried a unanimous report in the Eightieth Congress and also has a unanimous report in the Eighty-first Congress. It also has the unanimous approval of the leaders, so far as I know, as it has been "cleared" with both sides.

This is a technical bill relating to the subject of admiralty litigation. There have been four decisions of the Supreme Court—the Lustgarten case, the Brady case, the Hust case, and the Caldorola case. Then there were a group of decisions handed down by the Supreme Court just before recessing this summer, headed by the McAllister case. That is why the Committee on the Judiciary has been waiting, until those decisions were rendered, so that we would know exactly what the law would be.

We reached the conclusion that the same bill which the House passed in the Eightieth Congress was the identical measure we cared to recommend at this time.

Mr. Speaker, in the whole Nation, as far as we have been able to discover, this bill affects only 12 cases, but those 12 individual cases have become barred by reason of decisions of the Supreme Court. For instance, the Lustgarten case held that the Suits in Admiralty Act precluded suits against agents of the Fleet Corporation for their maritime torts, arising out of the operation of merchant vessels. But since the Brady case it has been thought that the Suits in Admiralty Act by furnishing an in personam remedy against the United States did not free the agent from liability for his own torts. Many claimants, relying on the Brady decision or upon the Hust case, have not sued the Government, but have sued the general agents.

In the Hurst case the Supreme Court unequivocally held that a seaman could maintain an action under the Jones Act for negligence resulting in personal injuries, against a War Shipping Administration general agent. The court further held that for purposes of the Jones Act, the seaman and the general agent were in the relationship of employee and employer. The Court took occasion to comment that the opposite conclusion would resurrect the Lustgarten ruling in the face of the Brady decision.

In the Caldarola case the Supreme Court held that a War Shipping Administration general agent was not liable to a stevedore's employee for injury aboard a War Shipping Administration vessel. The Caldarola case limited the general agent's liability for negligence to seamen. Obviously no question of the application of the Jones Act was involved, since the case did not deal with a seaman. However, the Court distinguished but did not overrule the Hust decision.

Now the McAllister decision denies recovery to seamen against general agents.

This bill seeks to restore to those who have lost their rights of action by trying to comply with the Supreme Court's decision.

It gives them their day in court in lieu of one they lost through no fault of their own. It restores to them their day in court, and makes it clear that they must sue the United States Government and no other, which the Supreme Court in its latest decision says is the proper party defendant. Second, it lays down for the guidance of the public the rule as to interest which the Supreme Court has uniformly approved, I believe.

If there are any others who need a remedy they are at perfect liberty to have their day in court in hearings before our committee. We have had seven solid days of hearings on this bill. It is reported in exactly the same form that it passed the House in the Eightieth Congress. There was no action in the Senate.

Mr. WOLCOTT. Mr. Speaker, in view of the gentleman's statement, and the further fact an identical bill passed the Eightieth Congress, which is a further testimonial for it, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 5 of the Suits in Admiralty Act (41 Stat. 525, 46 U. S. C. 741–745), approved March 9, 1920, is amended to read as follows:

"SEC. 5. That suits as herein authorized may be brought only within 2 years after the cause of action arises: *Provided*, That where a remedy is provided by this act it shall hereafter be exclusive of any other action by reason of the same subject matter against the agent or employee of the United States or of any incorporated or unincorporated agency thereof whose act or omission gave rise to the claim: *Provided further*, That the limitations contained in this section for the commencement of suits shall not bar any suit against the United States brought hereunder within 1 year after the enactment of this amendatory act if such suit is based upon a cause of action whereon a prior suit in admiralty or an action at law was timely commenced and was or may hereafter be dismissed solely because improperly brought against any person, partnership, association, or corporation engaged by the United States to manage and conduct the business of a vessel owned or bareboat chartered by the United States or against the master of any such vessel: *And provided further*, That after June 30, 1932, no interest shall be allowed on any claim prior to the time when suit on such claim is brought as authorized by section 2 of this act unless upon a contract expressly stipulating for the payment of interest."

With the following committee amendments:

Page 1, line 4, after "1920", insert "as amended."

Page 1, line 5, after the word "is", insert the word "hereby."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. CRAWFORD asked and was given permission to extend his remarks in the RECORD and include an address by Mr. Spruille Braden.

Mr. HALE asked and was given permission to extend his remarks in the RECORD and include an article by Stewart Alsop.

Messrs. DAVENPORT and O'SULLIVAN asked and were given permission to extend their remarks in the RECORD.

CALENDAR WEDNESDAY

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House today for 3 minutes following any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. D'EWART asked and was given permission to extend his remarks in the RECORD and include a resolution.

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. JAVITS] is recognized for 15 minutes.

MODERN ART—A REPLY TO A COLLEAGUE

Mr. JAVITS. Mr. Speaker, my distinguished colleague, Representative DONDERO, of Michigan, has on a number of occasions attacked modern art as a medium for the infiltration of communism. The final attack, entitled "Modern Art Shackled to Communism" was made on the floor of the House on August 16, 1949.

Criticism of the record of individuals as citizens or residents of the United States and discussion of their political backgrounds and present beliefs is one thing, but an effort to discredit all modern art forms is quite another and one of which note should be taken and which should be deprecated, for my colleague's personal opinion of modern art is his privilege, but my colleague's suggestion that it should all be lumped together and discredited — perhaps suppressed — because he believes it is being used by some—even many—artists to infiltrate Communist ideas is a very dangerous use of the word "communism." The very point which distinguishes our forum of free expression from communism is the fact that modern art can live and flourish here without state authority or censorship and be accepted by Americans who think well of it. I point out to my colleague that the work of Grandma Moses, John Steuart Curry, Grant Wood, and Thomas Hart Benton is also modern art. These are among our most outstanding Americans by anyone's standards.

It is very significant that the very example given by my colleague, the $30,000 contest of the Hallmark Co., of New York City, is concentrated on modern art showing that it is getting broad-scale acceptance among our people. Grandma Moses' modern painting Christmas card put out last year sold more copies to the American people, I am informed, than any other of the year. In his day, Rembrandt was a modern artist, as witness his painting of The Night Watch, which almost deprived him of his livelihood under much the same kind of attack as my colleague is now making on modern art generally. It is also an example, not infrequent, of an academic artist turning to modern art.

That my colleague is not confining his attack to individuals and their political or ideological beliefs—which he is perfectly justified in doing—but rather to the whole of modern art is shown by these excerpts from his address:

> The human art termites, disciples of multiple "isms" that compose so-called modern art, boring industriously to destroy the high standards and priceless traditions of academic art, find comfort and satisfaction in the wide dissemination of this spurious reasoning and wickedly false declaration, and its casual acceptance by the unwary.
>
> So-called modern or contemporary art in our own beloved country contains all the "isms" of depravity, decadence, and destruction.

In seeking to discredit modern art by its wholesale condemnation as communistic my colleague—I am sure unwittingly—falls into the trap of the same propagandistic device the influence of which we have all decried in the Soviet Union, Nazi Germany, and Fascist Italy, for it is condemnation by class and broad-scale labeling without individual evaluation and, beyond everything else, without a patient confidence in the ultimate judgment of our people and their capability for discerning the good from the evil, the artistic from the propagandistic and the true from the false.

In a distinguished editorial in the Art Digest, issue of June 1, 1949, Peyton Boswell, the editor, under the title of "A Plea for Tolerance" has analyzed this point of view as follows:

> You hate communism and you hate modern art. Therefore, according to mathematical principles, the two are equal to each other and per se, modern art is communistic.
>
> The truth is the opposite. Misnamed "modern" art is one of our strongest outposts of rugged individualism, or private enterprise and the valuable human desire to build that better mouse trap—even in the face of public censor and private hunger. It takes indeed a rugged individual to resist the temptation to rewrite another's best seller. On such meat it has been proved that conformity is the opiate of the masses.
>
> Perhaps more acres of canvas have been ruined in the name of modern art than ever suffered from academic brushes, but it was not because of the politics of the artists. No number of words or political connections will ever make a bad painting good, or hide a good one from the generations to come.

Mr. Boswell's editorial produced a flood of approving comment from among the most distinguished museums. I am appending a number of these letters to my remarks.

It is my purpose in these brief remarks to endeavor to contribute a sense of hearing both sides of the case in respect to my colleague's remarks. In this way, under the same circumstances, the voice of modern art may be heard in response to the effort to destroy it on political or ideological grounds.

It is very significant that the overwhelming majority of our young people are devotees of contemporary and modern art. I have a profound confidence in their balance, their good sense, and their spirit of freedom. I do not believe that they will be contaminated by modern art and I do believe that they themselves will evaluate and reject the art which is being used as a propaganda front.

I would fight to the last breath to preserve to my colleague the right to make his case against any particular artist or his work, but I feel it my duty to protest just as vigorously any effort to smear all modern art and contemporary art with one brush as communistic. It is the essence of reliance on the judgment of the people that such sweeping and unselective condemnation should not be left unanswered.

NATIONAL ACADEMY OF DESIGN,
New York, N. Y., June 16, 1949.

Mr. GEORGE BURNLEY,
Art Digest, New York, N. Y.

DEAR MR. BURNLEY: * * *

* * * * *

As president of the Academy for many years, I have been constantly associated with a large number of artists, among whom I note some named by Mr. DONDERO as being either Communists or fellow-travelers. As many of those thus stigmatized are distinguished for outstanding traditional work, Mr. DONDERO's thesis is not convincing. He demands that we cleanse our organization of this subversive element, but I hope we will continue to hold to our criterion of artistic integrity only.

* * * * *

Sincerely yours,

HOBART NICHOLS,
President Emeritus.

THE BALTIMORE MUSEUM OF ART,
Baltimore, Md., June 8, 1949.

Mr. PEYTON BOSWELL, Jr.,
Editor, the Art Digest,
New York City, N. Y.

DEAR MR. BOSWELL: I add my commendations to the many others that should come pouring into your office for your splendid plea-for-tolerance editorial. It is indeed timely, and needs to be shouted from the housetops to keep our Nation vital and free, in its art channels as well as its expression through the press.

* * * * *

Sincerely,

ADELYN D. BREESKIN,
Director.

CALIFORNIA SCHOOL OF FINE ARTS,
San Francisco, Calif., June 13, 1949.

Mr. PEYTON BOSWELL,
Editor, the Art Digest,
New York, N. Y.

DEAR MR. BOSWELL: May I compliment you on your editorial of June 1, in which you promptly counter recent statements against freedom of the press and the maintenance of responsible standards of criticism. No doubt there is room for improvement in art criticism today, but the term "supervision", which you quote, suggests conditions that would degrade what we have.

A politically imposed directive that falls short of full allowance for optimum consideration and expression in this field would be unfaithful to the values on which the cultural institutions of this country, including its political system, are based. One of the major functions of scholarship and criticism, through the mediums of museum and university as well as the printed word, is to develop and maintain public access to the events of our environment. Standards of value, which are formed in relation to an awareness of such events, could be stunted to the point of atrophy by curtailment of accessibility to what is happening in the world. Reports of the slow and painful progress of postwar educational programs in western Germany may well indicate the lasting mental effects of totalitarian supervision.

Identification of modern art with communism is not even plausible. Officials of the U. S. S. R. have been engaged for many years in an unremitting attack on modern art and forbid it within their frontiers. Their attitude is entirely comprehensible because the very implications which make modern art a positive and enlightening activity in a democratic country are the ones which do not accord with the principles of thought control by which a totalitarian state survives. Nazi Germany, as we know, acknowledged this risk by forcibly excluding the forms we call modern and by fostering art styles that closely resemble the ones favored in Russia today. Indeed, the recognized vitality of modern art in the United States may be taken as an emblem of the liberty and progress we prize.

The interests of national security in the face of current world conditions have made the location of potential enemies within the borders a matter of indisputable importance. There is no doubt that some individuals in

this country would work for totalitarian interests which are at variance with our standards of value. But we should take exacting precautions against defensive techniques that could land us in a totalitarian straightjacket of our own making. I take it that your plea for tolerance is in fact a plea for intelligent investigation of a matter of national importance, and that autopsy is a fateful prelude to diagnosis where American culture is concerned.

Yours sincerely,

DOUGLAS MACAGY, *Director.*

THE MUSEUM OF MODERN ART,
New York, June 16, 1949.

Mr. PEYTON BOSWELL,
The Art Digest, Inc., New York.

DEAR MR. BOSWELL: * * *

Because a large part of the public is unfamiliar with the background of modern art, such attacks are extremely dangerous if they remain unchallenged. The assumption that the political affiliation of a few modern painters makes the entire movement of modern art a tool of a political party would seem absurd to everyone if it were applied to a field better known by the general public. Nobody would believe that sports are subversive activities because a few sportsmen have been known to associate with Communists. This accusation, if applied to art, becomes even more ludicrous if one realizes that modern artists have been ruthlessly persecuted by all totalitarian governments and that the Kremlin has officially branded modern art as a danger to Communist society.

Can both the Kremlin and the Congressman be right?

Faithfully yours,

RENE D'HARNONCOURT.

WHITNEY MUSEUM OF AMERICAN ART,
New York, N. Y., June 15, 1949.

Mr. PEYTON BOSWELL, Jr.,
The Art Digest, New York, N. Y.

DEAR MR. BOSWELL: * * *

If critics demand the right of free expression, they should extend this right to artists, according them the utmost liberty in the choice of subject and treatment. Painters have the same right as Congressmen and spokesmen for the National Association of Manufacturers to comment unfavorably on what they believe to be faults and injustices in our political system. We have laws to protect us if artists as citizens engage in subversive activities that are seditious and treasonable. Obviously the function of art critics is to criticize art. They should not be asked to assume the responsibility of guarding the public against the almost limitless range of aesthetic, moral, and political ideas Mr. DONDERO brands as subversive in art.

Yours sincerely,

HERMON MORE, *Director.*

PORTLAND ART MUSEUM,
Portland, Oreg., June 9, 1949.

Mr. H. GEORGE BURNLEY,
Business Manager, the Art Digest,
New York, N. Y.

DEAR GEORGE: Thanks for yours of June 7. I enclose copy of a letter I have just written to Senator MORSE, which you are at liberty to use as you wish,

* * * * * *

Sincerely,

THOMAS C. COLT, Jr., *Director.*

JUNE 9, 1949.

The Honorable WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: * * *.

The essense of the matter, however, is deeper than these incidentals. Modern art is the product of our democratic society, which grants each man the right and freedom to search his own soul, discover his own values, and to express his findings. It could not have happened in a totalitarian society.

Our society for the past 150 years has been largely concerned with scientific, technological, and material advancement. The more fundamental thinkers of today diagnose the ills of today as based on too much materialism in the face of delayed development in the fields of values and human relationships. Unless we develop rapidly in these latter fields, the future is dim.

But it is expressly in the fields of values and human relationships that our more important contemporary artists are concerned. To quote your own wisdom, "the spiritual value of the individual citizen is the very core of self-government" and the core of the democratic principle.

Modern art is not concerned with politics or communism; it is engaged in a deeper quest, a quest very fundamental to our future, in illuminating new beauty, clarifying new relationships in nature, and extending mankind's values.

* * * * * *

With highest respect, dear Senator, I am

Sincerely yours,

THOMAS C. COLT, Jr.

The SPEAKER. Under previous order of the House, the gentleman from Iowa [Mr. DOLLIVER] is recognized for 15 minutes.

REPORT ON REORGANIZATION, EXECUTIVE BRANCH OF THE GOVERNMENT

Mr. DOLLIVER. Mr. Speaker, the following is a summary of my remarks on the reorganization of the executive branch of the Government:

First. The Commission on Organization of the Executive Branch of the Government was created by act of Congress on July 7, 1947.

Second. Its work was essential because of the huge size, complexity, overlapping, and inefficiency existing in our Government.

Third. Task forces revealed astounding conditions, and recommendations were made by the Commission in a series of 19 reports, to correct and alleviate the situation.

Fourth. The Congress and the Executive have taken important action to carry out the Commission's recommendations.

Fifth. The work is not completed but must go on in the never-ending task of securing better government.

I

Mr. Speaker, in Iowa and throughout the country there is widespread interest in the proposals made for the reorganization of the executive branch of the Government. These proposals come as a result of the legislation enacted on July 7, 1947, setting up a 12-man commission to report upon the executive branch and make recommendations for its reorganization.

The fact is, the United States Government is the largest enterprise on earth. It is charged with carrying out vast and complex programs affecting not only this country, but also many other parts of the world. The Federal Government employs 2,200,000 people, the vast majority in the executive branch. By far the largest part of the huge Federal budget of $42,000,000,000 is spent by executive agencies. A multitude of commissions, branches, departments, and corporations carry on the work of the United States Government.

II

Because of its huge size and the importance of its activities, it becomes the more important that the executive branch of the Federal Government be operated in an efficient, economical, and understandable manner.

The reorganization of the executive branch has been a subject of much discussion over a long period of time. For example, Franklin Roosevelt said in 1937:

> Neither the President nor the Congress can exercise effective supervision and direction over such a chaos of establishments, nor can overlapping, duplication, and contradictory policies be avoided.

United States Comptroller General Lindsay Warren said in 1945:

> The present set-up is a hodgepodge and crazy quilt of duplications, overlappings, inefficiencies, and inconsistencies with their attendant extravagance.

Successive Presidents from Theodore Roosevelt, William H. Taft, Woodrow Wilson, and Herbert Hoover had made repeated but not wholly successful attempts to deal with the problem.

Pursuant to the action of the Eightieth Congress, the Commission on Organization of the Executive Branch of the Government was appointed with the following personnel:

Herbert Hoover, Chairman, President of the United States, 1929–33.

Dean Acheson, Vice Chairman, Secretary of State since 1949.

Arthur S. Flemming, Civil Service Commissioner, 1939–48.

George H. Mead, board chairman, the Mead Corporation.

George D. Aiken, United States Senator from Vermont since 1940.

Joseph P. Kennedy, Ambassador to Great Britain, 1937–41 (resigned November 1948).

John L. McClellan, United States Senator from Arkansas since 1943.

James K. Pollock, professor of political science, University of Michigan.

Clarence J. Brown, United States Representative, Ohio, since 1939.

Carter Manasco, United States Representative from Alabama, 1941–48.

James H. Rowe, Jr., assistant to the President, 1939–41.

Four of these men were appointed by the President of the United States, four by the President of the Senate, and four by the Speaker of the House of Representatives. They chose their own chairman. For nearly 2 years this Commission worked unceasingly and untiringly to study and recommend what ought to be done to reorganize the executive branch of the Federal Government. They made the most comprehensive examination ever undertaken in the history of this country. They enlisted to help them, make inquiry and recommendations, the most distinguished and ablest experts in the country; more than 300 of them. These so-called "task forces" were in turn assisted by professional research and management organizations.

III

The reports of the task forces were the basis on which the Commission formed its own analysis and made its reports. Those reports were submitted to the Congress of the United States in 19 installments from January to April 1949.

There is no doubt but that big Government offers one of the gravest long-term issues of our time. Over the period of more than a generation, there has been an ever-increasing personnel in Government, an ever-increasing number of agencies and constantly increasing intrusion of the Federal Government into local and private affairs. Looked at over a period of time, it becomes a definite trend. Federal Government unfortunately has become so large, so sprawling, so variegated, and so constantly increasing, that it presents a great threat, if not a menace, to the continuation of free government. It has become so big that scarcely anyone can realize its scope and ramifications.

The earliest task forces came up with some revealing and alarming findings. For example, in the general management of the executive branch, the principles of good administration had been violated. There is no clear line of command nor clear line of responsibility in the Government. Its multitudinous agencies make for divided responsibilities, engender wasteful conflict and duplication, and are too numerous for effective direction from the top.

With respect to budgeting and accounting of Government funds, it is difficult and sometimes impossible to tell how much any particular Government project is expected to cost or, after its completion, what it actually has cost. This trouble stems from the outmoded and ancient Federal budget system. Some of the practices date back to the first days of the Republic. Government accounting is a hodgepodge of varying systems among different agencies.

Management of the supplies, equipment, and property of the Federal Government likewise is a complex and confusing operation. Nobody can even guess the amount of Government property actually in use. For example, there is no inventory of the motor vehicles. Many agencies do not know what supplies they have or what condition their supplies are in. Approximately 50 percent of the 3,000,000 Government purchase orders issued each year are for $10 or less, but the paper work and red tape involved in each order far exceeds the $10 cost of the purchase.

The State Department is sadly in need of reorganization to simplify its structure, so as to eliminate duplication and conflicting authority.

In the Department of National Defense, clearer lines of authority are urgently needed. With our peacetime defense spending at an all-time high, such expenditures may wreck the national economy and renew the ancient danger of national domination by a military clique.

The Treasury Department has had an increasingly complex task, because of the rise of big Government, and the increase in Federal revenues and expenditures. The Treasury should function as the real fiscal center of the Government. This requires a reorganization and reshuffling. For example, there are now, believe it or not, 30 agencies actively engaged in lending, guaranteeing, or insuring loans.

In the case of river development there is a constantly recurring conflict between the Bureau of Reclamation, Department of Interior, and the Army's Corps of Engineers. There are serious rivalries between these two agencies and they duplicate each other's surveys and other activities, each outbidding the other for local support at the Federal Government's expense. Because of this situation, natural resources are wasted, and the best possible development of the Nation's resources is impeded.

In the Department of Agriculture, vast new responsibilities have been taken on during this present generation. In 1928 this Department spent less than $26,000,000. In 1948 it spent $834,000,000. As a result of this gigantic growth, there are many wasteful overlappings in the Department and between it and State and county farm services.

The Post Office Department runs the world's biggest business. Its income is a billion and a third dollars per year. But it has an obsolete and overcentralized administrative structure, clogged by a maze of outmoded laws, regulations, and traditions. It needs to be modernized and ought to make much better use of modern equipment.

The Department of Labor is one which has been largely stripped of its powers and functions in recent years. There is room here for strengthening and building up this Department.

Despite the fact that we have a Department of Commerce, there is nowhere an agency in the Government which is empowered to look at our transportation system as a whole and to study it in all its many phases. The Department of Commerce was originally intended to do this. But with the development of new forms of transportation the task of over-all determination of the best public interest has been parcelled out among a great many different departments and agencies. The result has been wasteful duplication and lack of unified plan.

In addition to these various departments of Government, the United States is engaged in various enterprises to an extent that makes our large corporations look insignificant. There are about 100 important enterprises that the Government owns or is financially involved in. Through this maze of varying activities, each one of them needs to be run more efficiently and economically.

The unnecessary number of agencies is deplorable and results in wasteful confusion and duplication. In addition there are several regulatory agencies as well as special agencies, administering the great fields of social security, public health, veterans' affairs and overseas administration. And superimposed upon this whole gigantic hodgepodge are the intricate questions of State and Federal relationships. The situation is such that it demands and must receive the earnest attention of the American people and decisive action to improve the situation.

The conditions just related are only a few of those making for waste and confusion in our Federal Government, as revealed by the task forces.

As a matter of fact, the Commission made 318 recommendations in its voluminous report. Obviously, only a small number of those recommendations can be referred to in this statement.

Of the 318 recommendations, about 25 percent can be carried out by the executive departments themselves without any intervention on the part of the Congress. Between 35 and 40 percent of the recommendations require legislative action on the part of the Congress and the remainder of the recommendations take permissive action by the legislative body. Thus it appears that the Congress of the United States has a major responsibility in carrying out the recommendations of the Hoover Commission.

IV

As this session comes to a close, the question immediately arises as to what has thus far been accomplished, and if the Eighty-first Congress has taken any real steps to carry out the recommendations of the special commission set up more than 2 years ago.

It is a pleasure to report that very substantial steps have been taken in connection with the Hoover Commission report. Without attempting to deal chronologically or exhaustively with the situation, let me mention some of the important matters that have been accomplished thus far in the reorganization of the executive branch of the Government.

First. Public Law 109 was enacted on June 20, 1949. This law directs the President to prepare and transmit to the Congress reorganization plans by which the agencies may be regrouped, coordinated, or otherwise altered, within certain limitations. This is basic enabling legislation. It permits the President to use his own initiative in bringing about economical and efficient operation. Plans may be submitted by the President up to April 1, 1953, and each plan, unless it is rejected by a constitutional majority of either House of Congress, will go into effect as the law 60 days after its submission. This is the most important act so far passed and perhaps the most important piece of legislation that will be passed in connection with the report of the Hoover Commission. It is fundamental to carrying into effect the recommendations for organizing the executive branch.

Second. Public Law 152 enacted June 30, 1949, establishes a new agency called the General Services Administration. This deals with the so-called housekeeping functions of the Government. Purchase, storage, disposal of property, keeping of records, management of buildings, and other services of this character are brought together under one head. The new agency consolidates the War Assets Administration, Federal Works Administration, Bureau of Federal Supply, Office of Contract Settlement, and Office of National Archives.

It is one of the largest consolidations in Government history.

Third. Public Law 73, enacted May 26, strengthens the staff of the Secretary of State and prepares the way for consolidation of the foreign services and the regulation and administration of departments of the State Department. This law was in compliance with the recommendations of the Hoover Commission. Some measures have also been taken by the Secretary of State himself.

Fourth. The National Security Act of 1947 and Public Law 36 enacted April 2, 1949, provide for a unified Department of Defense. These are the first steps in the better organization of the armed services. A further step was taken by the Congress and was approved by the President, in Public Law 216, which became law August 10, 1949. This law contains fiscal and budgetary provisions involving the National Military Establishment. The major items in this legislation concerning the unification of the armed services are these:

(a) As to the powers of the Secretary of Defense.

(b) As to the Chairman of the Joint Chiefs of Staff.

(c) As to the transformation of the National Military Establishment into a Department of Defense. The ramifications and effects of this legislation are of extreme importance to all branches of the armed services and to the defense of our country. It is the hope and expectation that this legislation will make possible the saving of from a billion to a billion and a half dollars in the Defense Establishment. It is so estimated by Secretary of Defense Johnson.

Fifth. Under the provisions of Public Law 109, the President has sent to Congress seven reorganization plans, all of which were subject to the veto of a constitutional majority of either House of Congress. Only one of these plans—No. 1—has been rejected by the Congress. On August 16, 1949, the Senate by a constitutional majority passed a resolution vetoing plan No. 1.

All the other six plans went into effect as of August 20, 1949. A résumé of these reorganization plans is as follows:

RÉSUMÉ OF REORGANIZATION PLANS TRANSMITTED TO THE CONGRESS JUNE 20, 1949

Reorganization Plan No. 1 of 1949—Welfare Department:

(a) Transforms the Federal Security Agency into the Department of Welfare.

(b) Provides for a Secretary of Welfare, an Under Secretary of Welfare, and three Assistant Secretaries of Welfare.

(c) Transfers to the Secretary the functions of all officers and constituent units of the Department, subject to delegation by the Secretary.

NOTE: This plan has been rejected by Senate vote.

Reorganization Plan No. 2 of 1949—Bureau of Employment Security:

(a) Transfers the Bureau of Employment Security from Federal Security Agency to Labor Department. This Bureau administers the employment service and unemployment compensation programs.

(b) Transfers to the Secretary of Labor the functions of the Veterans' Placement Service Board and of its Chairman and abolishes the Board. This Board determines policies for the Veterans' Employment Service in the Bureau of Employment Security.

Reorganization Plan No. 3 of 1949—Post Office Department:

(a) Transfers the functions of all subordinates to the Postmaster General, subject to delegation.

(b) Creates a Deputy Postmaster General and reestablishes four Assistant Postmasters General (omitting numerical designation of rank).

(c) Abolishes the Bureau of Accounts of the Post Office Department and the offices of Comptroller and Purchasing Agent.

(d) Creates an Advisory Board on Post Office matters, consisting of the Postmaster General as chairman, the Deputy Postmaster General, and seven persons appointed by the President.

Reorganization Plan No. 4 of 1949—National Security Council and National Security Resources Board:

Transfers the National Security Council and National Security Resources Board to the Executive Office of the President.

Reorganization Plan No. 5 of 1949—Civil Service Commission:

(a) Makes the Chairman, who is designated by the President, the chief executive and administrative officer of the Commission and transfers to him the functions of appointing—with certain exceptions—supervising, and directing the personnel of the agency, preparing and executing the budget, executing and administering the civil-service rules and regulations, and performing other activities not reserved to the Commission.

(b) Reserves to the Commission as a body the promulgation of rules and regulations, the enforcement of the Hatch Act, the hearing of appeals, the investigation of civil-service administration, the making of recommendations to the President for improving the service, and the revision of the budget.

(c) Creates an Executive Director appointed by the Chairman.

Reorganization Plan No. 6 of 1949—United States Maritime Commission:

(a) Makes the Chairman the chief executive and administrative officer of the Commission.

(b) Transfers to the Chairman the functions of the Commission as to appointing, supervising, and directing the personnel of the agency and determining the internal organization.

Reorganization Plan No. 7 of 1949—Public Roads Administration:

Transfers the Public Roads Administration to the Department of Commerce.

Thus it will be seen that substantial progress has been made both in the Congress and in the executive department in carrying out the recommendations of the Hoover Commission for the reorganization of the executive branch of the Government.

v

It cannot be too greatly emphasized that the work is not completed and that it may take a period of a good many months, even stretching into years to complete the task. For example, there are at least nine reorganization proposals which have yet to be considered and acted upon:

First. Integration of transportation agencies.

Second. Assignment of responsibility for public works planning and construction.

Third. Integration of natural resources activities, both water and land.

Fourth. Disposition of lending and financial functions.

Fifth. Organization of the health activities of the Government.

Sixth. Strengthening the authority and responsibility of the President and agency heads for general management.

Seventh. Improvement of budgeting and accounting organization and procedures.

Eighth. Decentralization and other changes in the administration of the civil-service laws.

Ninth. Changes in the financial operation and control of the post office, putting the postal service on a business basis.

This list of nine actions remaining to be taken is not necessarily meant to be complete, but merely to suggest that much, much more remains to be done.

It is hoped that in this recital of the progress of the Hoover reorganization plans, it will be remembered that the work of the Government is never ending. In a very real sense the task of achieving efficient and economical Government is a continuous work. With an organization so complex as the executive branch of the Government, with changes in our domestic economic situation, with our relations to foreign powers, there is ever present a problem of securing economy, competence, and efficiency.

The work of the Hoover Commission is a monumental one. The task of carrying out its recommendations has been well begun, and will continue into the future. It is most encouraging for Members of Congress to know that there is a great interest in this matter among the people of the United States. The support of the voters is essential to carrying out any great and lasting program for the public benefit. Their interest and comments are solicited.

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 3 minutes.

TRANSPORTATION FOR AMPUTEES

Mrs. ROGERS of Massachusetts. Mr. Speaker, the Committee on Veterans' Affairs reported some eight bills this morning. All should be passed, but there is special need for immediate passage for S. 2115. Mr. Speaker, I know that most of the Members of the House will rejoice with me that the bill S. 2115, that passed the Senate, to provide transportation for the amputees, the blind, certain paraplegics, and so forth, passed our Committee on Veterans' Affairs today. It was amended to include World War I veterans.

Mr. Speaker, many, many promises have been made by Members of the House that they would support this legislation when it came to the floor. There is whispering that we are going to recess

soon. This bill should be brought up and passed before recess.

I remind the House that many of these men have been in hospitals and have just had operations on their legs there, on their stumps, and it is very difficult to use their artificial prosthetic appliances, particularly in the hot months, and that transportation would be invaluable to them. Transportation is very difficult and very painful to these veterans included in S. 2115 at all times.

I alone have received some 5,000 letters regarding the passage of this legislation, and some 15 Members have introduced bills of this kind. Last year our Committee on Veterans' Affairs reported out a similar bill. The Senate in two sessions of Congress passed favorably similar legislation unanimously. Veterans ask, Does the Senate care more for us than the House. They say the Senate understands our problems better than the House.

We have heard so much about helping the seriously disabled, but judging by the lack of time that has been spent in discussing that legislation, the men in the hospitals who are badly disabled must feel very cynical. I know, Mr. Speaker, the House really is interested in these men. They must show it by action, and while other legislation seems to have crowded this to the background, I know Members will arise and beg for its passage soon. It is something that we can do for these men who are so pitifully disabled and something that will require merely a "yea" vote when the bill is up for passage. It means so much to these disabled—so little to the taxpayers. It will be hard to face these men if we recess without taking action. Lip service is so easy in promises. It should be just as easy to use the lips to keep those promises. So many, many promises were made to pass this legislation to the amputees.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. LODGE (at the request of Mr. MARTIN of Massachusetts), for 1 month, on account of official business.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 4177. An act making appropriations for the Executive Office and sundry independent executive bureaus, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1950, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 259. An act to discontinue divisions of the court in the district of Kansas; and

S. 331. An act for the relief of Ghetek Pollak Kahan, Magadalena Linda Kahan (wife), and Susanna Kahan (daughter, 12 years old).

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 21 minutes p. m.), the House adjourned until tomorrow, Wednesday, August 24, 1949, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

AUGUST 18, 1949.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of rule XXVII, I, Hon. ROBERT J. CORBETT, move to discharge the Committee on Rules from the consideration of the resolution (H. Res. 319) entitled "A resolution providing for the consideration of H. R. 4495, a bill to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion; and for other purposes," which was referred to said committee August 8, 1949, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Robert J. Corbett.
2. James G. Fulton.
3. George P. Miller.
4. Thurman C. Crook.
5. Earl T. Wagner.
6. Hugh B. Mitchell.
7. Anthony F. Tauriello.
8. Karl Stefan.
9. Jacob K. Javits.
10. Abraham Ribicoff.
11. Harold C. Hagen.
12. James J. Heffernan.
13. Eugene J. McCarthy.
14. Richard Bolling.
15. Charles A. Wolverton.
16. H. R. Gross.
17. Richard J. Welch.
18. Clair Engle.
19. Louis B. Heller.
20. Donald L. O'Toole.
21. Arthur G. Klein.
22. William J. Green, Jr.
23. Isidore Dollinger.
24. Harold D. Donohue.
25. Vito Marcantonio.
26. Adam C. Powell.
27. Franck R. Havenner.
28. Philip J. Philbin.
29. Homer D. Angell.
30. Cecil F. White.
31. George M. Rhodes.
32. Harry P. O'Neill.
33. Barratt O'Hara.
34. Frank A. Barrett.
35. Thomas J. Lane.
36. Hugh J. Addonizio.
37. Chester A. Chesney.
38. Charles E. Bennett.
39. John Davis Lodge.
40. Roy W. Wier.
41. John H. Marsalis.
42. Joseph R. Bryson.
43. Norris Poulson.
44. Ralph E. Church.
45. James F. Lind.
46. Carroll D. Kearns.
47. Donald W. Nicholson.
48. Andrew J. Biemiller.
49. A. L. Miller.
50. Bernard W. Kearney.
51. Dean P. Taylor.
52. Paul W. Shafer.
53. James H. Morrison.
54. Thomas H. Werdel.
55. Ernest K. Bramblett.
56. James W. Trimble.
57. Winfield K. Denton.
58. Toby Morris.
59. Walter B. Huber.
60. Frank M. Karsten.
61. Henry J. Latham.
62. Thomas S. Gordon.
63. James V. Buckley.
64. Ray J. Madden.
65. Chester C. Gorski.
66. Mike Mansfield.
67. George H. Fallon.
68. Neil J. Linehan.
69. Eugene J. Keogh.
70. Edward A. Garmatz.
71. Augustine B. Kelley.
72. Francis E. Walter.
73. J. Hardin Peterson.
74. Dwight L. Rogers.
75. George A. Smathers.
76. Lansdale G. Sasscer.
77. Ben F. Jensen.
78. Merlin Hull.
79. Martin Gorski.
80. Carl D. Perkins.
81. Gardner R. Withrow.
82. Morgan M. Moulder.
83. Clare Magee.
84. Foster Furcolo.
85. Robert L. Ramsay.
86. Harley O. Staggers.
87. George D. O'Brien.
88. John C. Kunkel.
89. William Lemke.
90. Clinton D. McKinnon.
91. Charles R. Howell.
92. Peter W. Rodino, Jr.
93. Pat Sutton.
94. Henry O. Talle.
95. John A. Carroll.
96. Carl T. Curtis.
97. Anthony Cavalcante.
98. Michael A. Feighan.
99. George H. Christopher.
100. Abraham J. Multer.
101. Gordon L. McDonough.
102. Cecil R. King.
103. Helen Gahagan Douglas.
104. Boyd Tackett.
105. John B. Sullivan.
106. Harry R. Sheppard.
107. Hubert B. Scudder.
108. Prince H. Preston.
109. Clement J. Zablocki.
110. John A. Blatnik.
111. Overton Brooks.
112. Christopher C. McGrath.
113. John W. Heselton.
114. Reva Beck Bosone.
115. Walter K. Granger.
116. Walter A. Lynch.
117. Raymond W. Karst.
118. Aime J. Forand.
119. Thomas J. O'Brien.
120. John R. Walsh.
121. James C. Auchincloss.
122. Carl Elliott.
123. Usher L. Burdick.
124. Herbert A. Meyer.
125. Wayne L. Hays.
126. Robert Crosser.
127. Charles P. Nelson.
128. John J. Rooney.
129. Clyde Doyle.
130. Lawrence H. Smith.
131. Tom Steed.
132. Charles E. Potter.
133. Leonard Irving.
134. Walter S. Baring.
135. Paul Cunningham.

136. C. W. (Runt) Bishop.
137. George H. Wilson.
138. Katharine St. George.
139. Edwin Arthur Hall.
140. Edgar A. Jonas.
141. Victor Wickersham.
142. Chester E. Merrow.
143. W. F. Norrell.
144. Hamilton C. Jones.
145. Ivor D. Fenton.
146. E. C. Gathings.
147. John C. Davies.
148. John A. McGuire.
149. E. H. Hedrick.
150. Alvin E. O'Konski.
151. H. Carl Andersen.
152. Gerald R. Ford, Jr.
153. A. S. J. Carnahan.
154. John Kee.
155. Dayton E. Phillips.
156. Thomas H. Burke.
157. Frank B. Keefe.
158. Harry J. Davenport.
159. Jack Z. Anderson.
160. Melvin Price.
161. L. Gary Clemente.
162. Sidney R. Yates.
163. Oren Harris.
164. Leon H. Gavin.
165. John E. Fogarty.
166. Wesley A. D'Ewart.
167. Wayne N. Aspinall.
168. Antoni N. Sadlak.
169. Norris Cotton.
170. Lowell Stockman.
171. Herman P. Eberharter.
172. Daniel J. Flood.
173. Carl Albert.
174. Jesse P. Wolcott.
175. William A. Barrett.
176. William T. Granahan.
177. Michael J. Kirwan.
178. James G. Polk.
179. John Jennings, Jr.
180. James E. Van Zandt.
181. Harold O. Lovre.
182. Joe L. Evins.
183. Frank Buchanan.
184. Adolph J. Sabath.
185. Joseph L. Pfeifer.
186. Hardie Scott.
187. Franklin H. Lichtenwalter.
188. Lindley Beckworth.
189. Cecil M. Harden.
190. Edward T. Miller.
191. Edward H. Kruse, Jr.
192. Andrew Jacobs.
193. Hugh D. Scott, Jr.
194. Edwin E. Willis.
195. Earl Chudoff.
196. J. Glenn Beall.
197. Gordon Canfield.
198. Chet Holifield.
199. James T. Patterson.
200. Walter Norblad.
201. Earl Wilson.
202. James J. Murphy.
203. Hugo S. Sims.
204. Albert M. Cole.
205. Charles B. Hoeven.
206. John Lesinski.
207. Compton I. White.
208. Peter F. Mack, Jr.
209. Charles A. Buckley.
210. Clifford P. Case.
211. Henry M. Jackson.
212. James B. Hare.
213. Angier L. Goodwin.
214. Robert B. Chiperfield.
215. Fred Marshall.
216. J. Caleb Boggs.
217. Edward deGraffenried.
218. Stephen M. Young.

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, August 23, 1949.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. Interim report pursuant to House Resolution 44, Eighty-first Congress, first session. Resolution to prescribe tolls to be levied for the use of the Panama Canal, and for other purposes; without amendment (Rept. No. 1304). Referred to the Committee of the Whole House on the State of the Union..

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FUGATE:

H. R. 6096. A bill to amend the Trading With the Enemy Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MURPHY:

H. R. 6097. A bill to amend section 8 of the act of June 25, 1936; to the Committee on Merchant Marine and Fisheries.

By Mrs. NORTON:

H. R. 6098. A bill to reincorporate the Girl Scouts of the United States of America, and for other purposes; to the Committee on the District of Columbia.

By Mr. RANKIN (by request):

H. R. 6099. A bill to amend the Servicemen's Readjustment Act of 1944 to extend the period during which readjustment allowances may be paid in certain cases, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. RODINO:

H. R. 6100. A bill to extend to July 25, 1950, the time within which readjustment allowances may be paid under section 700 of title V of the Servicemen's Readjustment Act of 1944, as amended; to the Committee on Veterans' Affairs.

By Mr. TALLE:

H. R. 6101. A bill to provide for the operation of general surgical and medical hospitals at the Veterans' Administration domiciliary facility, Clinton, Iowa, and at the Veterans' Administration domiciliary facility, Medford, Oreg; to the Committee on Veterans' Affairs.

By Mr. THORNBERRY:

H. R. 6102. A bill to provide for the payment of compensation for overtime service to substitute post-office employees, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WITHROW:

H. R. 6103. A bill to determine what credit the Post Office Department should have for the diversified services it is rendering to other departments of our Government; to the Committee on Post Office and Civil Service.

By Mr. SMITH of Virginia (by request):

H. R. 6104. A bill to authorize the establishment of an educational agency for surplus property within the government of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. DAVENPORT:

H. R. 6105. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. FULTON:

H. J. Res. 347. Joint resolution to exempt State clubs and fraternal organizations from filing form 990; to the Committee on Ways and Means.

By Mr. DOUGHTON:

H. Res. 338. Resolution authorizing the printing of additional copies of House Report No. 1300 on the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, etc.; to the Committee on House Administration.

By Mr. WHITTINGTON:

H. Res. 339. Resolution providing expenses for conducting the investigations and surveys authorized by House Resolution 326 of the Eighty-first Congress; to the Committee on House Administration.

By Mr. DAVIS of Georgia:

H. Res. 340. Resolution to authorize the Committee on the District of Columbia to investigate and study crimes committed in the District of Columbia in recent years; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FULTON:

H. R. 6106. A bill for the relief of Daniel Kokal; to the Committee on the Judiciary.

By Mr. MAHON:

H. R. 6107. A bill for the relief of Mrs. Billy J. Knight and Dorothea Knight; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1449. By the SPEAKER: Petition of Walter L. Blatchford and others, Ellwood City, Pa., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1450. Also, petition of Mr. and Mrs. Alfred Samdahl and others, Montevideo, Minn., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1451. Also, petition of Tymie T. Fulford and others, Enterprise, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1452. Also, petition of Mrs. Lela Clay Owen and others, Miami, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1453. Also, petition of Mr. and Mrs. Tim Donohue and others, Enterprise, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

WEDNESDAY, AUGUST 24, 1949

(Legislative day of Thursday, June 2, 1949)

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

Rev. H. Frank Ledford, D. D., minister, First Methodist Church, Ashland, Ala., offered the following prayer:

O God, our Heavenly Father, our speech is failing when we try to express our great thanks for Thy manifold blessings. Continue Thou Thy mercies upon us!